



ANNUAL REPORT 2019 / 2020



Shellharbour
CITY COUNCIL



Acknowledgment

Shellharbour City Council recognises and respects the traditional custodians of this land, the Wodi Wodi and Dharawal people and acknowledge them as the First Peoples of this region. Shellharbour City Council would also like to pay respects to all Elders past and present. Council works together with our Aboriginal community to ensure our local cultural heritage is recognised, protected and celebrated.

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About this report

This annual report provides an overview of Shellharbour City Council's operational and financial performance during the period 1 July 2019 to 30 June 2020. In particular, this report focuses on Council's work and achievements in implementing the **strategies** detailed in our four year *Delivery Program 2018-2022*. These strategies and actions are developed by Council in response to the expectations of the community (resulting from extensive community engagement) expressed as **objectives** in our ten year *Community Strategic Plan (CSP) 2018-2028*. These objectives are summarised into four focus areas reflecting the priorities of the local community – Community, Environment, Economy and Leadership. In summary, the strategies are **how** Council will achieve **what** the community needs and wants.

This report also contains statutory reporting as prescribed by the Local Government Act 1993 and Local Government (General) Regulation 2005 as well as other legislation for which Council is required to report annually. The statutory reporting includes audited financial reports providing details of Council's **financial performance** for the year.

More information about our Integrated Planning and Reporting framework including current as well as past plans and reports, is available on Council's website www.shellharbour.nsw.gov.au/council/news-and-publications





Mayor's message

I am proud to present Shellharbour City Council's 2019/20 Annual Report. It shows Council's significant investment in infrastructure and community programs, while continuing its strong financial position.

I am proud of the way Councillors, staff and our community responded to the COVID-19 pandemic. Council showed leadership in protecting the health and wellbeing of our residents. A key element was our 'Kindness Campaign' and our residents rose to the challenge. Council responded with innovative COVID-safe programs to support local businesses and our creative community.

Our 'Library at Home' initiative helped people to connect and inspire others with online programs and services. Council's 'PosARTivity Project' streamed a series of art projects and performances online, showcasing local talent and spreading positivity. I was also proud of Council's involvement with OzHarvest, which helped residents affected by the economic crisis caused by COVID-19. Staff assisted in packaging food parcels for local organisations and charities.

Despite the challenges presented by COVID-19, Council achieved a great deal in 2019/20. We formalised plans for our outdoor spaces, including the adoption of an Open Space and Recreation Needs Strategy and a Dog Friendly Spaces Strategy. We also adopted the Shellharbour Local Housing Strategy, which addresses our city's future housing needs.

Council's cultural life was enriched with the adoption of the city's first Public Art Strategy, the completion of the new Warilla Library and a beautiful mural at the Warilla lifeguard tower. There was a focus on our community's young people and families, with new playgrounds at Reddall Reserve, Barrack Point, Albion Park, Skiway Park and Oak Flats. Council also held the region's first Youth Summit and the city's first Shellharbour Surf and Skate Festival.

Council started a road-resurfacing trial project at Albion Park Rail, using over 210 tonnes of plastic, glass and other waste materials, approved for use by the NSW Environmental Protection Authority, which would have otherwise gone to landfill. We also replaced 2279 streetlights with LED technology, saving approximately \$165,000 in energy costs and reducing emissions by over 800t CO2 annually. Additionally, Council began replacing its passenger fleet with hybrid vehicles, with 60% expected to be swapped over by end of the 2020/21 financial year.

The year also saw Council receive the highest honour in NSW local government – the A R Bluett Memorial Award. Shellharbour was selected against 15 Councils in the 'City and Regional Councils' category. The award recognised our strategic planning, financial sustainability, innovation, continuous improvement and community engagement. The Shellharbour Civic Centre won an architecture prize in the 2019 NSW Architecture Awards and the Minister for Local Government Award for Engineering Excellence. Dunmore Resource Recovery Centre also received an excellence award for an Environmental Enhancement Project/Initiative.

I am very proud of the projects and services Council has provided, especially with the challenges our community faced. I look to the coming year with optimism and I know our partnership with the community will continue to deliver positive results for our residents.

Marianne Saliba
Mayor, Shellharbour City



Chief Executive Officer's message

The 2019/20 Annual Report highlights Council's achievements and continued delivery of new and renewed assets, infrastructure and services, while ensuring the financial sustainability of the Council.

The 2019/20 financial result saw Council achieve all 9 of the Office of Local Government's performance indicators with associated benchmarks. These excellent results demonstrate Council's financial strategies are sound, our long-term plans work, the expertise of our staff is assured and the leadership of the elected Council is strong.

Council achieved a strong net operating result and came in under the forecast original budget set for the 2019/20 year. A surplus of operational funds can be used to provide services to the Community in line with Council's ten-year long-term financial plan.

In October 2019, Council received the A R Bluett Memorial Award, a prestigious prize, awarded annually since 1945. The prize is given to the Council judged the most progressive in NSW in the past 12 months. It takes into consideration all aspects of Council's operation. Our consistent achievements are the result of long-term vision, excellent project planning, dedication, expertise and commitment. It is an indicator as well, of a Council that works with the executive and staff to achieve results for our Community and Customers.

I am proud of the way Council rose to meet the recent difficulties presented by COVID-19. Thanks to our long-term commitment to fiscal sustainability, Council was well placed to meet the financial challenges it presented. Our staff successfully adapted, delivering services to our Community, Customers and Councillors, albeit in a different way.

To stimulate the economy and with the support of Councillors, we brought forward \$1.5M worth of capital works from the 2020/21 financial year. This included the replacement of the Beverley Whitfield toddlers' pool, significant maintenance of all chlorinated pools, redevelopment of The Links Shell Cove and renewal of the amenities buildings at Blackbutt Reserve. Major improvements to Shellharbour Airport continued, with work completed on runways, adjoining roads and the start of construction of the new passenger terminal.

Council also provided a significant financial relief package to help residents and businesses experiencing hardship caused by COVID-19. The assistance included the waiving of interest applying to all outstanding rates until 30 September 2020, now extended to 31 December, and waiving and deferral of rents in cases of hardship for a number of tenants.

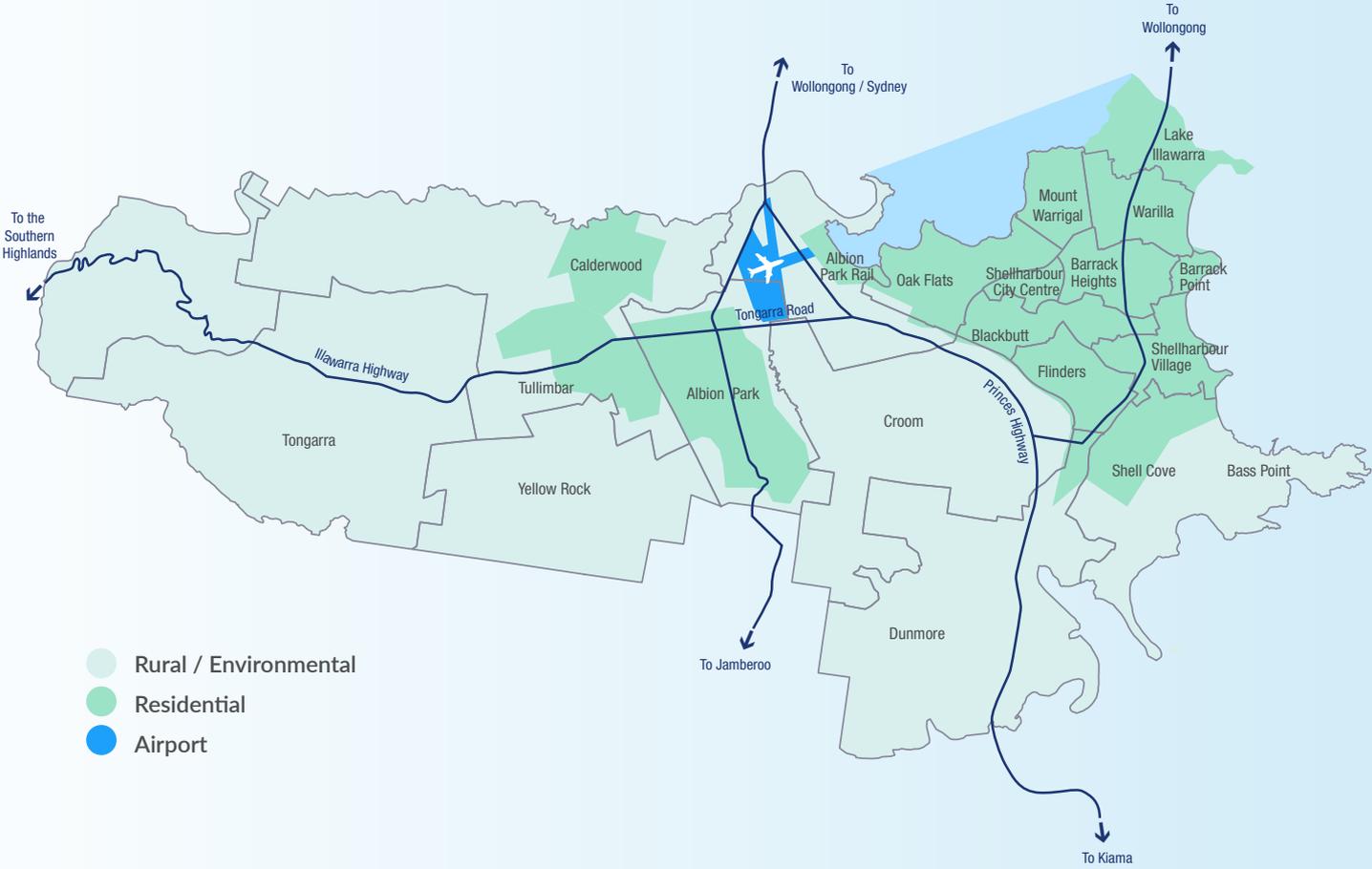
Major projects delivered in 2019/20 include the completion of new play facilities at Ski Way Park and Central Park and the construction of the new Warilla Library.

The Waterfront Shell Cove Project continued to make strides, with significant works on the Shellharbour Marina and commencement of the Waterfront Tavern.

Shellharbour City Council is well positioned to continue its delivery of important infrastructure and services to the community. I thank the Community, the Councillors, our Customers and the staff at the Council for their support and look forward to the opportunities the next year will bring.

Carey McIntyre
Chief Executive Officer
Shellharbour City Council

Who we are Our Local Government Area



Who we are Our place, Our people

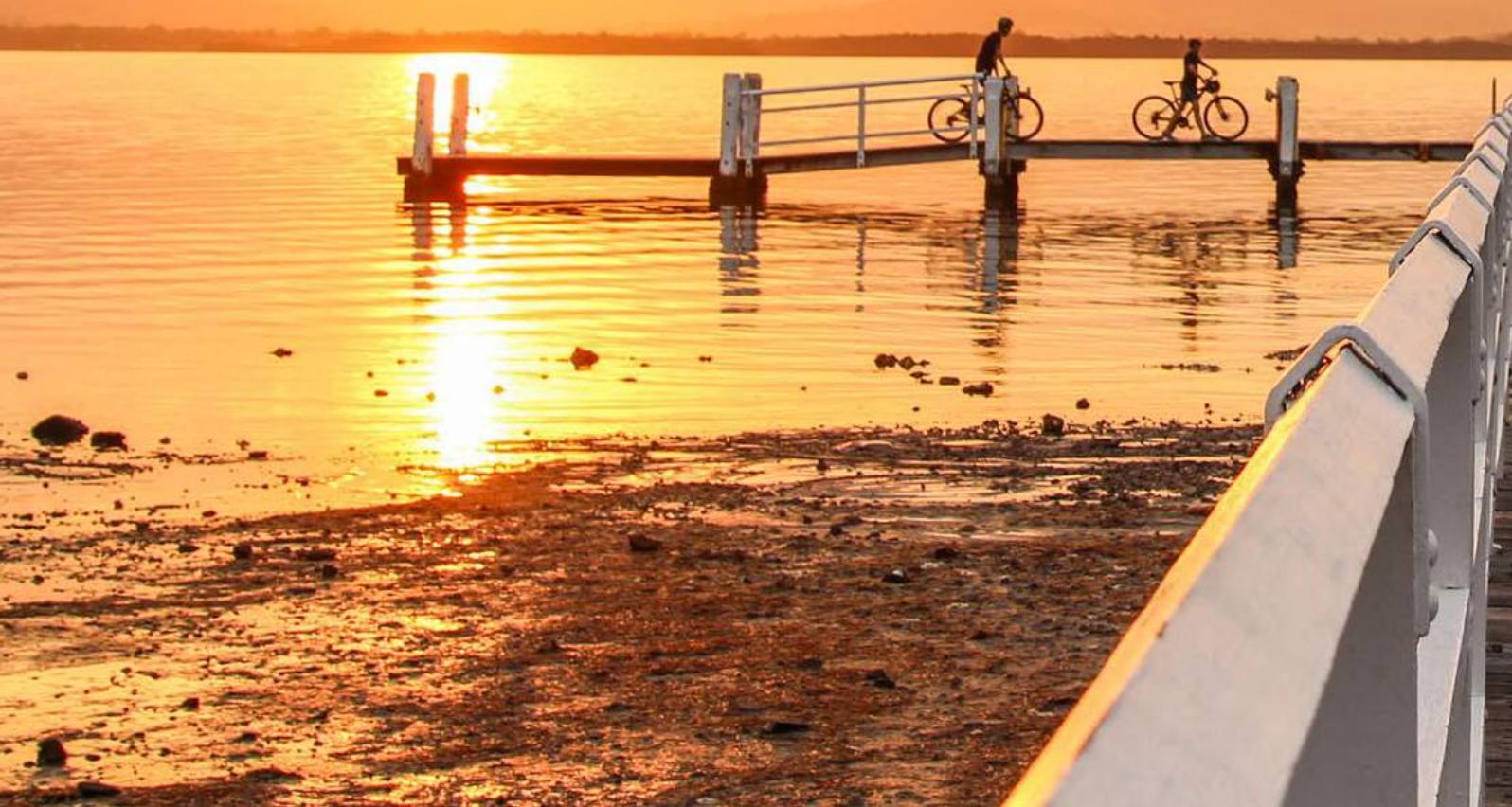
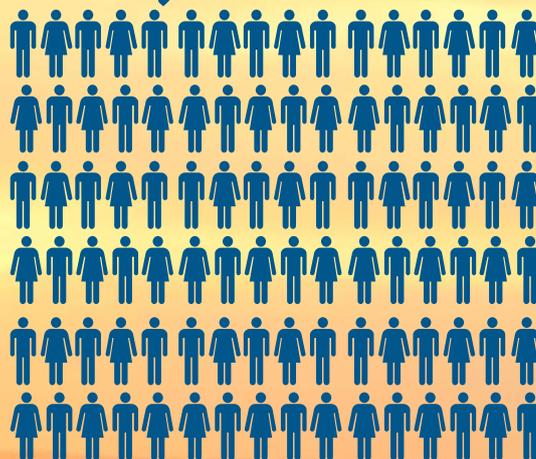
Shellharbour City is an expanding urban area with significant rural areas and some industrial and commercial land uses. The City encompasses a total land area of about 147 square kilometres, including beaches, rivers, National and State parks and other significant parklands. The original inhabitants of the Shellharbour area are the Wodi Wodi tribe of the Thurawal Aboriginal people. The main urban centres are Shellharbour City Centre, Shellharbour Village, Albion Park, Warilla and Oak Flats. Most of the rural areas are in the south and west, with rural land used mainly for dairy farming and grazing.

During the 1990s, growth took place particularly in the eastern areas of the City, around the suburbs of Warilla, Mount Warrigal, Barrack Point and Barrack Heights, however, within the last ten years, growth has been greatest in the new release areas of Calderwood, Tullimbar and Shell Cove.

It is expected that population changes in the future will be influenced by two key factors. The older established suburbs such as Warilla and Oak Flats will undergo a new cycle of population growth and change as older persons leave their homes and make their way for younger households, including families. Meanwhile, development will continue within Shell Cove (particularly the Marina Precinct), Tullimbar, Calderwood and parts of Shellharbour City Centre.

ESTIMATED 2019 RESIDENT POPULATION

73,233





12
Community
Centres and Halls

2,279
Number of residential
street lights upgraded to LED

20
Suburbs

30,542.83
Tonnes of waste collected

50
Sporting Facilities

26
Schools

408
Kilometres of
sealed pavement

434,000
Visitors to the City

222
Parks

109
Playgrounds

34
Exercise equipment stations
(including the Ninja equipment)

9
Pools

10
Beaches
(7 sandy, 3 rocky)

296,432
Kilometres of
drainage pipeline

1863
hectares of zoned nature
reserves and national parks

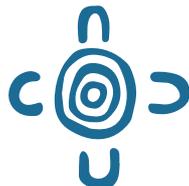
170
Number of heritage
listed properties

Who we are



90%

of residents are Australian citizens
(NSW 82.7%)



3.8%

of residents are Indigenous Australians
(NSW 2.9%)



16.7%

of residents are were born overseas
(NSW 27.6%)



10.3%

were from non-English speaking backgrounds
(NSW 25.1%)

METHOD OF TRAVEL TO WORK



Car as driver

73.5%
57.8%



Car as passenger

4.9%
4.3%



Worked at home

2.8%
4.8%



Train

2.1%
11.2%



Walked

1.3%
3.9%



Bus

0.9%
4.4%

Shellharbour
NSW

HIGHEST LEVEL OF SCHOOLING



	Year 10	Year 12	TAFE	University
Shellharbour	34.1%	34.7%	2.1%	2.8%
NSW	21.6%	52.1%	1.9%	5.0%



18.5%

of residents are low income households
(NSW 17.8%)

976

Index of relative socio-economic disadvantage
(NSW 1,001%)

EMPLOYMENT



Shellharbour
NSW

	Full time employment	Part time employment	Unemployed
Shellharbour	55.5%	36.1%	6.9%
NSW	59.2%	32.7%	6.3%



Homes with internet connection

77.5%

NSW 78.2%



Need for assistance with core activities

6.7%

NSW 5.4%



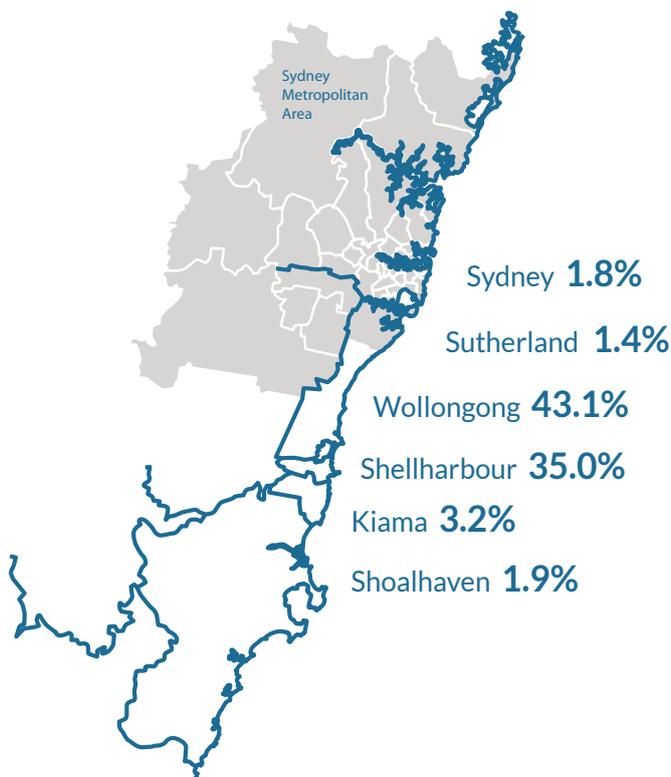
Persons aged 15+ who volunteer

14.7%

NSW 18.1%

Source: Australian Bureau of Statistics Census 2016 (using .id Profile)

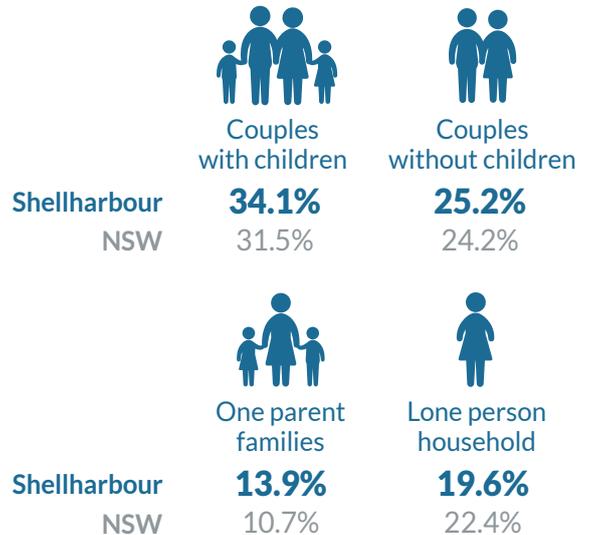
WHERE OUR RESIDENTS WORK BY LGA



TOP 5 INDUSTRY SECTORS FOR LOCAL JOBS

Icon	Industry Sector	Jobs	%
	Health Care & Social Assistance		
	Shellharbour	4,289	14.5%
	NSW		12.5%
	Retail Trade		
	Shellharbour	3,634	12.3%
	NSW		9.7%
	Construction		
	Shellharbour	3,300	11.1%
	NSW		8.4%
	Education & Training		
	Shellharbour	2,295	7.8%
	NSW		8.4%
	Accommodation & Food Services		
	Shellharbour	2,119	7.2%
	NSW		7.1%

FAMILY STRUCTURE



AGE GROUPS



Age Group	Shellharbour	NSW
(0 to 11) Babies, pre-school, Primary schoolers	15.8%	15.0%
(12 to 24) Secondary schoolers, Tertiary education and independence	17.1%	16.1%
(25 to 59) Young workforce Parents and homebuilders Older workers & pre-retirees	44.5%	47.1%
(60 to 85+) Empty nesters & retirees Seniors Elderly aged	22.5%	21.9%

Source: Australian Bureau of Statistics Census 2016 (using .id Profile)

Who we are Our Council

Shellharbour City Council comprises six elected members who represent the community.



Cr Marianne Saliba
Mayor



Cr John Murray
Deputy Mayor



Cr Kellie Marsh



Cr Moira Hamilton



Cr Peter Moran



Cr Rob Petreski

Who we are

Our Organisation



■ DIRECTOR

■ MANAGER

■ GROUP MANAGER

Who we are Our Employees



413
Permanent/temp
employees

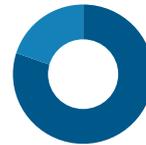


90.5%
(374)
Permanent

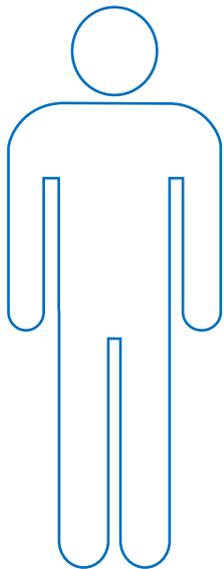
9.5%
(39)
Temporary

59.81%
of employees
live locally in
Shellharbour LGA

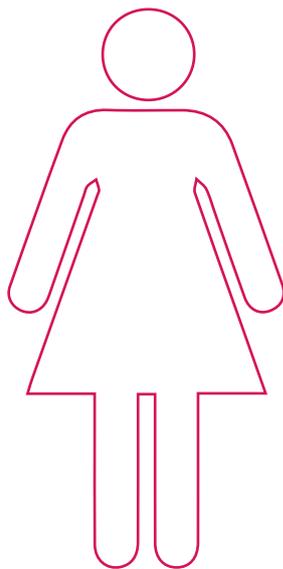
Full
time **80%**
(331)



Part
time **20%**
(82)



55%
Male (228)



45%
Female (185)



15-24	5.57%
25-34	19.85%
35-44	26.63%
45-54	29.06%
55-64	16.22%
65+	2.66%

Baby boomers
(1946 to 1964)
17.19%

Generation X
(1965 to 1976)
34.14%

Generation Y
(1977 to 1995)
43.10%

Generation Z
(1996 and later)
5.57%

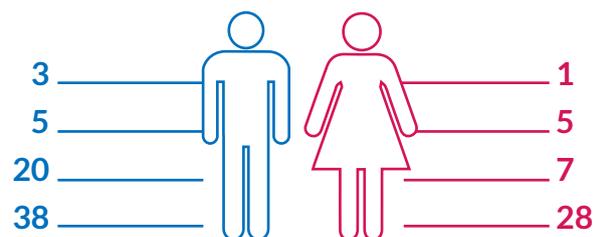
Gender breakdown in management roles

Executive (CEO + Directors)

Senior (group managers)

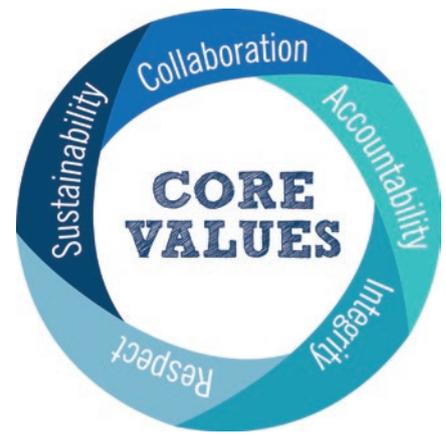
Middle (managers)

Supervisory (incl team leaders)



Staff turnover rate (based on permanent staff only) **6.79%**

Who we are Our Values



Shellharbour City Council's Core Values provide the foundation for our organisational culture and the way in which we interact with, and provide services to, our Community, Councillors, Customers and Council.

This includes guiding the way in which we deliver the strategies and actions outlined in this document.

<h2>COLLABORATION</h2>	<p>We seek opportunities to develop teamwork and cooperation to support high performance.</p>	<p>We work together with our Community, Councillors, Customers and Council to achieve shared goals and the best outcomes.</p>	<p>We communicate and listen openly and honestly to ensure information is shared in an efficient, transparent and timely way.</p>
<h2>ACCOUNTABILITY</h2>	<p>I take responsibility for what I do and what I don't do.</p>	<p>I demonstrate my commitment to deliver quality, reliable and professional services to our Community, Councillors, Customers and Council.</p>	<p>I recognise my responsibility to learn, change and improve performance.</p>
<h2>INTEGRITY</h2>	<p>We behave professionally, ethically and reliably in everything we say and do.</p>	<p>We are genuine, honest and transparent.</p>	<p>We have the courage to do what is right when it's not the easiest route.</p>
<h2>RESPECT</h2>	<p>I embrace diversity and welcome differences in backgrounds, experiences and viewpoints.</p>	<p>I am friendly, open and polite in all my communications. I listen to and value the contributions of others.</p>	<p>We support a safe and healthy work environment that treats everyone with fairness and equity.</p>
<h2>SUSTAINABILITY</h2> <p>I seek to reflect community needs in the services I deliver.</p>	<p>We make decisions today that will positively impact on Shellharbour City and it's environment for generations to come.</p>	<p>We adopt a long term view in the decisions we make and the actions we take so we can deliver enduring benefits to our community well into the future.</p>	<p>We encourage creativity, innovation and continuous improvement to achieve a lasting impact.</p>

Who we are

Our 4C's

The Community Strategic Plan (CSP) seeks to provide benefits to four key stakeholders - Community, Councillors, Customers and the Council (the 4C's). Everything Council does and the actions we take to is to the benefit of one or more of the 4C's.

Community

The organisation is communities focused in all that it does.

OBJECTIVES

- To be communities focused in our strategic planning via the Community Strategic Plan.
- To be responsive to the needs of communities when allocating resources via the Long Term Financial Plan, Delivery Programs and Operational Plan.
- To engage and build relationships in a way that responds to the needs of communities.

OUTCOMES

- Our communities see the organisation as relevant
 - Our communities feel listened to by the organisation
 - Our communities feel empowered and enabled by the efforts of the organisation
-

Councillors

The organisation is Councillors focused and helps elected representatives to do their work

OBJECTIVES

- To listen to Councillors and understand their needs and aspirations
- To appreciate the work they do on behalf of communities
- To provide Councillors with all the assistance the organisation can
- To help Councillors connect with their stakeholders

OUTCOMES

- Councillors are able to rely upon the organisation and its staff
 - Councillors work outcomes are improved by the efforts of the organisation and its staff
 - The work of Councillors is not unnecessarily limited
 - The relationship between Councillors and staff is strong
 - Councillors feel respected and listened to
-

Customers

The organisation is focused on its customers and the success of the transactions and interactions it undertakes with them

OBJECTIVES

- To provide a positive experience to customers where we can (all customers – including our colleagues)
- To truly listen to our customers and be responsive and adaptable to their needs.
- To be agile and able to respond to change on behalf of the customer.
- To be relevant to our customers
- To be empathetic to our customers
- To provide customers with all the assistance the organisation can

OUTCOMES

- Customers are able to be confident in the work of the organisation and its staff.
 - Customer outcomes are benefited by the efforts of the organisation and its staff.
 - Council value-adds for the customer
 - The relationship between Council and its customers is good
 - Customers feel respected and listened to
 - Customers would come back – even if they didn't have to
 - Customers have a range of ways to engage, including social media and push-data technology
-

Council

The organisation is sustainable

OBJECTIVES

- To ensure our financial management achieves the goals it seeks to reach
- To ensure our asset maintenance, renewal and growth is responsible, planned and paid for
- To ensure our finance and asset management are community, customer and Councillor responsive
- To be seen as an environmental leader by our communities
- To be accountable for our actions and advice

OUTCOMES

- Council is seen as Fit for the Future, not just by the Office of Local Government, but also our Councillors, our communities and our customers
 - Our assets are managed within our financial means
 - Our financial means are protected and are grown
 - The impact we have on the environment is minimised and mitigated
 - The organisation's resource management is able to be respected
-

Year in review

Events

July

- NAIDOC Week
 - NAIDOC Community Event
- Blackbutt Youth Centre 20th Anniversary Celebration
 - Illawarra Regional NADOC Awards
 - Local Government Week
 - Threatened Species Art Competition
 - **School Holidays**
 - Trivia Night
 - Mad Hatter Tea Party
 - Enchanted School for Princesses and Princes
 - Skate Park Events
 - Art after hours
- Royal Australian Historical Society Regional Seminar

August

- Civic reception to honour the young athletes who received a scholarship to the Illawarra Academy of sport
- Art after hours
- What's in the Box?

September

- Shellharbour Youth Summit

October

- Carers Week
- Dogs Day Out
- Day of Silly Hats

November

- Day of Silly Hats

December

- Carols by Candlelight
- Shellharbour Surf n Skate Festival

Year in review

Events

January

- Pool Open Days
- Slide into Summer
- Australia Day Awards Dinner
 - Festival of Small Halls
- Australia Day Breakfast by the Lake

February

- Seniors Festival

March

- International Womens Day Breakfast

April

- **The PosARTivity Project:**
 - Kay Proudlove online - 'Song from my Teenage Diary'
 - Art with Evan Newby – online learn how to draw workshop series
 - Marcelo Baez Comics workshop

May

- **The PosARTivity Project:**
 - Free in spirit creative - 6 week intensive fluid art course
 - Lizzie Jack and the Beanstalks live online performance 'Shiraz Mouth'
 - Together apart portrait series
 - The Pandemonium project
 - Neisha Murphy

June

- **The PosARTivity Project:**
 - Film to Folk song – online song project by LEO
 - Bibliotherapy with South Coast Writers
 - Michele Elliot online textile workshop
 - Callum Ellis 3D online artwork

COVID-19 PANDEMIC

Year in review Community Engagement

Online engagement



33,574
visits

59
projects

531
followers

TOP VISITED PROJECTS

- Playground renewals and upgrades
- Reddall Reserve Master Plan
- New Warilla Library
- Tripoli Way Extension Project
- Draft Lake Illawarra Coastal Management Program

Social media engagement



13,600+
followers



Reddall Reserve playspace design reveal

52,700
people reached

10,000
engagement
(comments, likes,
shares, clicks)

PosARTivity project

5,200
people reached

1,800
viewed events

Face to face engagement

Ideas Lounge



6 DROP IN SESSIONS viewed events

- Stronger communication and engagement
- Get involved in City Planning – draft housing strategy
- Get involved in City Planning – Reddall Reserve and McDonald Park Masterplan

Other engagement

**PUBLIC ART
CREATIVE MIXER**

**NEW WARILLA
LIBRARY COMMUNITY
PUBLIC ART PROJECT**
and Come & Try sessions

**LOCAL
GOVERNMENT WEEK
YOUTH ENGAGEMENT**
City Planner for the day

Year in review Awards and Recognition

Shellharbour City Council received the following awards and recognition in acknowledgement of several outstanding achievements and initiatives:

WINNER

AR Bluett Memorial Award -
Most progressive Council
in NSW

WINNER

The Minister for Local
Governments Award for
Innovation in Local
Government Engineering -
Civic Centre

WINNER

Institute of Public Works
Engineering Australia
-(Environment Enhancement
Project Award) – Dunmore
Waste Depot – Transfer Station



WINNER

Samantha Shaw
LG Professionals (Finance
Professionals Member Network
Executive) - 2019 Dick Cahill
Memorial Award

WINNER

2019 CivicRisk Mutual
Excellence in Risk
Management Award

FINALIST

2019 Waste and Resource
Recovery (WARR) Award

Year in review

Key Financial Results

Total Expenditure	Total Capital Spend	Net Operating Result
2019/20 \$ 113.485 M	2019/20 \$ 34.883 M	2019/20 \$ 70.346 M
2018/19 \$127.708 M	2018/19 \$16.754 M	2018/19 \$70.895 M
2017/18 \$112.428 M	2017/18 \$38.760 M	2017/18 \$48.967 M
2016/17 \$103.618 M	2016/17 \$59.903 M	2016/17 \$43.585 M

Income breakdown \$'000

	Rates & annual charges	User fees & charges	Interest & investment revenues	Other revenues	Operating grants & contributions	Capital grants & contributions	Net gains from disposal of assets
2019/20	\$ 63,947	\$ 16,273	\$ 3,369	\$ 40,977	\$ 8,253	\$ 51,012	0

Expenses breakdown in focus areas \$'000

	Community	Environment	Economy	Leadership
2019/20	\$ 19,873	\$ 28,488	\$ 43,610	\$ 21,513

A further breakdown of expenses with reference to the Special Rate Variation and capital works is provided in the *Statutory Reporting* section of this report.

Year in review

Key Performance Results

In addition to the Community Strategic Plan **objectives** and Delivery Program **strategies** on which this report focuses, Council also monitors its progress against the **actions** identified in its annual Operational Plan throughout each financial year.

In our 2019-2020 Operational Plan 138 actions were tracked and reported on a quarterly basis in Council's *Quarter Review of the Operation Plan*. All four reports are available on Council's website.

Following is a progress summary of the 138 actions as at 30 June 2020. **On track** indicates actions that were completed, or were on schedule to be completed by end of the financial year. **Off track** indicates actions that experienced delays due to various factors described in the aforementioned reports.

% Actions on track

2018/19 - 90% 2017/18 - 86% 2016/17 - 81%

2019/20

78%

No. of actions on track

2018/19 - 141 2017/18 - 135 2016/17 - 143

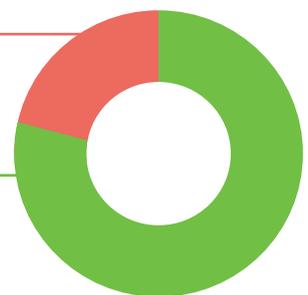
2019/20

107

Total Performance Progress (%)

OFF TRACK
22%

ON TRACK /
COMPLETED
78%



Our Achievements 2019/20

In this section of the Annual Report, Council's performance is outlined in more detail focusing on outcomes achieved against each **strategy** listed in our Delivery Program 2018/2022 taking into account the results of our Operational Plan 2018 – 2019.

This information is categorised into the four focus areas of **Community, Environment, Economy and Leadership** with the following details provided:

- Summary of key facts for each focus area
- Achievements and/or progress against each strategy including a financial results breakdown and a percentage indicator of total performance met
- Highlights showcasing key achievements



Community

Our objectives & strategies

1.1 Vibrant, safe, creative and inclusive

1.1.1 Deliver and promote events and activities for our community

1.1.3 Keep Shellharbour a friendly environment where people feel safe

1.1.4 Provide a liveable community that is accessible and inclusive

1.1.5 Nurture a creative community participating in arts and cultural activities

1.1.6 Provide responsive community services and programs across the City

1.1.7 Provide dynamic and responsive library and museum services

1.2 Active and healthy

1.2.1 Provide access to services and facilities where people can live, learn and play

1.2.2 Provide diverse opportunities for sport, recreation and enjoyment in the City's parks, open spaces and facilities

OBJECTIVE 1.1

Vibrant, safe, creative and inclusive

STRATEGY 1.1.1

Deliver and promote events and activities for our community

Council continues to facilitate a number of civic events, community-led activities and open days that encourage and support residents to gather and celebrate. Highlights over the past 12 months include: NAIDOC celebrations, Shellharbour Surf and Skate Festival, Carols by Candlelight, Festival of Small Halls, , Australia Day 'Breakfast by the Lake', Citizen of the Year presentation, International Women's Day, Blackbutt Youth Centre 20th Anniversary Celebration, Shellharbour Youth Summit, Pool Open days and Seniors Week.

Council also supported the presentation of the annual Sculptures at Killalea event which took place from 13 to 22 September. As part of the wider support for the event, the Civic Centre played host to an independent 'recycled art' sculptural exhibition.

The Festival of Small Halls was held on 20 January at Centenary Hall, Albion Park. The Festival of Small Halls is a series of tours that takes the best contemporary acoustic and folk artists performing at two of our country's largest festivals, and sends them on the road to tiny halls in communities all over Australia. The event included local artists Aodhan (winner Tipple J Unearthed High Indigenous Imitative 2019) and Elana Stone (All Our Exes Live in Texas), as well as Siobhan Miller from Scotland and Australian songwriter Jack Carty.

Council's annual International Women's Day event was hosted on 6 March in the form of a young women's breakfast. The primary audience included young women from local high schools, community groups and advocacy organisations. The event is designed as a point of difference in the region by targeting women aged 25 and under. The focus is on emerging leaders and provides an excellent opportunity to ensure that this voice is both represented and heard in the community.

During the last quarter of the year Council was unable to deliver the events scheduled in our events calendar due to COVID-19. However, resources were redirected to other events and artistic support online including the development of The PosARTivity Project. The PosARTivity Project comprised a series of art projects and online streaming from a virtual gallery. In total 11 online events were held including: Art lessons, fluid art resin workshop, comic workshop, circus video, music from local bands, 3D Artwork and writers workshops.



Total performance progress met





Australia Day Awards Dinner

A highlight of the year is always the presentation of Shellharbour's Citizen of the Year and Young Citizen of the Year. These awards happen through a community nomination process, with the Australia Day Committee members tasked with shortlisting nominees and deciding on the eventual winners. This year's winners included two extraordinary local women:

Tasha Armour – Winner Citizen of the Year

Tasha Armour is the founder and CEO of Rare Ovarian Cancer Incorporated (ROC inc.) since its inception in 2018. ROC inc. is a not for profit organisation formed by Tasha in response to her daughter's diagnosis with rare ovarian cancer at the age of 16, and after discovering that this type of cancer has historically received no funding and no research into understanding how to treat the condition and finding an effective cure.

In 18 months from the inception of ROC inc., Tasha coordinated events that helped raise \$50,000 in funds for vital research.

Tamieka Garcia – Winner Young Citizen of the Year

Tamieka Garcia is the youngest boxing promoter in Australia. Tamieka ran her own gym from age 20, training both young and old. Although being a Type 1 diabetic since age 13, Tamieka has shown you can still accomplish great things through adversity. Tamieka has set a great example to others while working with the youth of the Illawarra including students at St Joseph's High School and Warilla High School.



Surf and Skate Festival

The inaugural Shellharbour Surf and Skate Festival was held across the City for 2 weeks in December 2019. The festival officially opened with a rare exhibition of vintage skateboard decks in the Civic Centre. The exhibition, known as Board Hoarders 3, celebrated the vintage era of skateboarding art and was the third instalment of local South Coast collector Callum Crinis' prized selection of original 80s boards, along with additional shapes and styles originating from the 90s and 2000s. The exhibition ran throughout the festival and was well attended throughout. The weekend of 7-8 December saw the first ever Shellharbour professional skate competition at the world-class Shellharbour Skate Park. The competition saw entries from as far as the USA, however local pro skater Kieran Woolley took out the overall prize on the day. The skate weekend included 2 days of free workshops and demonstrations. It was well attended, with every workshop booked to capacity.

As part of the surfing elements to the festival, the Hidden Forest music event was held on 14 December in Blackbutt Forest Reserve. The event was a full day festival of delicious food, craft beer and wine, hand-made markets, relaxation and, of course, great music featuring national and local bands. It was a very positive for a first-time event, with over 1200 attendees and a high level of goodwill and positive feedback generated from local community. The festival rounded out with a local Boardriders Surf Comp held at Warilla Beach on 15 December. The competition featured local clubs from Stanwell Park right down to Ulladulla and was hosted in partnership with Southbridge Boardriders.

OBJECTIVE 1.1

Vibrant, safe, creative and inclusive

STRATEGY 1.1.3

Keep Shellharbour a friendly environment where people feel safe

Council continued to implement a range of community safety and crime prevention initiatives in accordance with the Community Safety Strategy, Crime Prevention Plan Domestic Violence Management Plan, Graffiti Management Plan, Compliance and Enforcement Policy and the Companion Animals Act.

Council plays a key role in delivering important safety information to the community to promote greater safety outcomes. Awareness of domestic violence was promoted during November through White Ribbon Day and 16 Days of Activism, events included the annual White Ribbon Day Walk, White Ribbon Day Ride, the film screening of The Bystander Moment and an author talk with Jess Hill (author of “ See what you made me do”).

Community safety pop-up meetings were held throughout the City on a regular basis addressing a number of issues including personal safety, illegal camping, cyber safety and scams. Additionally Council partnered with the Police on the ‘Breakfast with the Boys and Girls in Blue’ program that provided breakfast and community engagement opportunities at a range of schools across the City.

Council undertook regular patrols in relation to Companion Animals. These patrols provide a strong presence in the community and result in addressing issues ranging from barking, roaming unregistered dogs and dog attacks. In addition to regular patrols Council also undertook a number of face to face community engagements and web based public education programs. Some of these including dogs on beaches, responsible pet ownership and giving out dog bag holders.

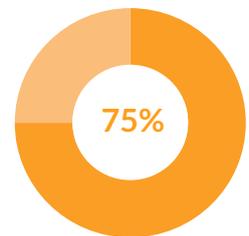
Council Rangers maintained a strong presence across illegal parking hotspots and school zones with additional patrols around problematic schools, targeting both illegal and dangerous parking.

A number of road safety programs were undertaken throughout the year including a variety of young driver focused programs such as the Graduated Licencing Scheme, parent workshop and an interactive Learner Log Book Run. Investigations and discussions with various local schools also took place to improve road safety management.

The standard of construction continues to remain high for Council controlled building sites. The number of inspections have been steadily increasing and this is expected to continue. Certification work increased significantly during the last quarter of the year with the majority of work coming from the development in Tullimbar and Calderwood.

Operational Income	\$1.414M
Operational Expense	\$2.268M
Capital Spend	\$252K

Total performance progress met



Percentage of seized animals reunited with their owner

46%
(target 45%)

Number of building inspections conducted

888
(target 840)

Participants satisfied with road safety programs

100%
(target 80%)

School zone safety patrols undertaken

170

OBJECTIVE 1.1

Vibrant, safe, creative and inclusive

STRATEGY 1.1.4

Provide a liveable community that is accessible and inclusive

Council maintained a focus on diverse open spaces across the city, diverse both in location and service provided. With this year seeing the breaking of the drought as well as many users working from home with limiting normal social activities the focus was on ensuring these spaces remained usable. With this we saw areas across the city well utilised and many returning to pre-drought condition.

During the year the \$2.7 million upgrade at The Links Shell Cove and The Tavern at Shell Cove continued which, once complete, will be an important step in creating a community hub at the facility. The upgrades involved the Tavern receiving a complete internal refurbishment and a new social and function patron space called 'The Shed'. Also included in the upgrade is a dedicated area for Shellharbour golfers, an updated and extended players' lounge, an updated boutique retail liquor outlet and a refurbished retail space for golf operations.

A new outdoor entertainment area has been constructed which includes a built in barbeque and outdoor family play space aimed at providing entertainment for young children.

Work also occurred to gain all required approvals associated with the construction of a new mini golf circuit. All approvals have now been obtained and construction will begin in October 2020.

A draft land use proposal for other vacant areas of the acreage has also been prepared and this document will be further refined to determine the best use of vacant areas over the next financial year.

On the golf course, the ongoing course maintenance plan continued with work occurring on the 4th and 5th holes, the nursery green and rectification and realignment work on cart paths on holes 12 and 14.

Shellharbour City Stadium continued to provide a strong service to the community with both sporting and non-sporting activities held in the stadium for the majority of the year. The stadium did however close for a period of time as a result of COVID restrictions. During this time Council kept in contact with their client base by advising them of the progress of restriction easement and the forecast of when competitions and programs will resume.

The Stadium hosted a variety of events and activities including school holiday basketball competition, school basketball training and school sports, birthday parties, a cricket conference, netball and wheelchair basketball competitions.



Total performance progress met



Number of golf rounds played at The Links Shell Cove

31,821

Non regular sporting events held at Stadium

57

OBJECTIVE 1.1

Vibrant, safe, creative and inclusive

STRATEGY 1.1.5

Nurture a creative community participating in arts and cultural activities

Council continued to deliver on the arts and cultural development strategy, *Make, Play Grow 2015-2019: A strategy for a more creative Shellharbour.*

A number of works were installed throughout the City which included a sculptural work on the rooftop of the Shellharbour Exhibition Space, a mural depicting the native Blue-Banded Bee and at the new Warilla Library and a mural at the rear of a private residential block which aims to reflect the changing face of the Shellharbour area.

A community art program with local schools was also installed in the new library. Students at Lake Illawarra South Public School and Warilla Public School took part in a series of workshops to design and paint artwork onto decorative plates which are displayed in the children’s area of the library.

The City’s first Public Art Strategy was endorsed by Council. The primary purpose of this strategy is to clearly articulate Shellharbour’s public art goals and provide a basis for a considered approach to the acquisition and management of our current and future public art collection. The strategy will facilitate effective planning, advocacy and promotion to maximise high quality public art opportunities that reflect the unique and diverse characteristics of the City. The strategy provides a valuable toolkit and set of guidelines for the commissioning, engagement and management of the City’s public art collection over the next 5 years.

The Shellharbour Village Exhibition Space was rebranded. “The Imaginarium” is located in the heart of the village and is available to hire for all creative activities including exhibitions, workshops, performances, gigs, readings, networking events and more.

The PosARTivity Project

In light of restrictions on public gatherings due to COVID-19, Council developed a new online program. The PosARTivity Project. The PosARTivity Project is a new series of art projects and/or performance for online streaming from a virtual gallery.

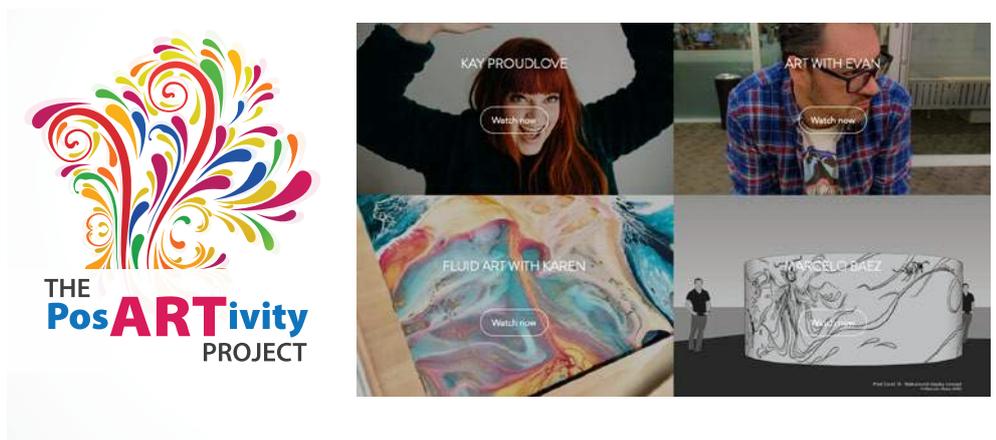
This project commissioned local, performers, authors and artists to carry out events and programs online. The projects ran for 3 months and was successful in engaging artists and promoting local creative practice.

Operational Income
-

Operational Expense
\$97K

Capital Spend
\$89K

Total performance progress met





The Blue-Banded Bee by local artist Kane "Trait" Horspool

Fluidity by artist Orlando Norrish



OBJECTIVE 1.1

Vibrant, safe, creative and inclusive

STRATEGY 1.1.6

Provide responsive community services and programs across the city

Council provides a number of community services and programs across the City to meet the diverse needs of the community.

Council contributes to a child friendly city in a variety of ways including coordinating the Parent Services Interagency which is held every 3 months. The interagency provides a valuable opportunity for local services to network and share information about the services they provide for families. Council also supported the Communities for Children’s – State of Shellharbour’s Children Report. This event was held at the Civic Centre and was attended by many local and regional services providing great insight into the wellbeing of the children of Shellharbour.

Councils committed to supporting young people to live, grow and play in Shellharbour. Council hosted a number of events targeting young people including hosting the inaugural Shellharbour Youth Summit, Youth Network meeting highlighting the importance of prevention services (like Council) for the wellbeing of young people.

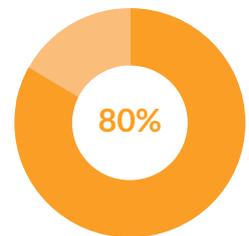
While face to face youth services delivery was temporarily suspended due to COVID-19 Council was able to achieve the Shellharbour Youth Plan goal of designing and updating spaces for local young people. Specifically the renewal of Blackbutt Youth Centre following consultation and collaboration with local young people.

Support is provided to our aged community through the provision of both events and information. A number of Age Well information sessions were held covering topics such as handling a neighbourhood disputes, managing chronic pain, dealing with diabetes, healthy skin and dementia awareness. Council also hosted a number of events to celebrate the NSW Seniors festival.

The Shellharbour Connect website delivered provided community information and connectivity with a total of {insert number} of unique users and a total of {insert number} of page views recorded.



Total performance progress met



Number of people taking part in Youth Services-run activities

2,428

Percentage of young people taking part in Youth Services-run activities express satisfaction with the activity

76.5%



Youth Summit

The Youth Summit is a key action from the Shellharbour Youth Plan 2018-2021 that aims to provide young people with the opportunity to develop leadership skills and share their priorities for the City. The inaugural Youth Summit, was held at the Civic Centre on 6 September. The Summit, was attended by 21 students from across 4 high schools, plus an array of Civic Leaders including Councillors and Members of Parliament. The event provided a valuable opportunity for local young people to tell local Civic Leaders what they want for their community and for the Civic Leaders to ask questions of the young people.

The outcomes from the Youth Summit were so great that Council has committed resources to running this as an annual event and looks forward to broadening and growing the participation in the years ahead.

2020 Seniors Festival

The NSW Seniors Festival encouraged seniors in NSW to enjoy new experiences, continue learning, stay active and connect to their communities. The 2020 theme was 'Love to Celebrate' and the Shellharbour program had much to celebrate. The 2020 Seniors Festival was held 10 February to 18 March 2020 (finishing a little earlier than planned due to COVID-19 restrictions).

The Festival included 94 varied activities with Shellharbour Libraries being major contributors. The libraries provided a record number of activities in partnership with over 20 local organisations, businesses and individuals and attracted more than 900 participants. Other popular Council activities included the free use of pools for seniors, including Aqua Aerobics, and the annual Trivia Festival.

Shellharbour Food Hub

Council assisted to establish a food hub at the Civic Centre to help residents affected by the economic crisis caused by the COVID-19 pandemic.

The Shellharbour Food Hub initiative is a partnership with OzHarvest, NSW Health and Healthy Cities Illawarra / Food Fairness Illawarra. OzHarvest collects quality excess food from commercial outlets and delivers it directly to more than 1300 charities supporting people in need across the country.

The program included a weekly food drop off to the Civic Centre by OzHarvest, Australia's leading food rescue organisation. Council staff were responsible for packaging up and distributing food parcels to local community organisations and charities.

A total of 360 food parcels were put together, each parcel included a selection of fruit, veg, meat/eggs, baked goods and a few treats. The parcels were distributed to families through the three local neighbourhood centres – Warilla, Albion Park and Albion Park Rail. The quantity and types of foods varied and typically included a combination of perishable and non-perishable foods from Woolworths and ALDI and a range of other smaller businesses.

OBJECTIVE 1.1 Vibrant, safe, creative and inclusive

STRATEGY 1.1.7 Provide dynamic and responsive library and museum services

Shellharbour City Libraries continued to deliver a diverse range of programs and activities at our libraries across the city. These included regular early literacy programs, family history workshops, art and craft programs, environment programs and a multitude of school holiday activities.

In the early part of the year, books and literacy were celebrated with author talks that included with high profile writers including Tara June Winch for NAIDOC week, Ben Quilty for Australian Reading Hour and Heather Morris, author of The Tattooist of Auschwitz. Their visits offered the community the opportunity to engage first hand in diverse stories and ask questions of their favourite authors. For younger readers, Children's Book Week was an important celebration promoting the best in Australian children's literature.

Libraries delivered Seniors Festival activities across February and March with events and programs hosted by all libraries across the city. A record number of activities in partnership with over 20 local organisations and businesses attracted more than 900 participants.

Other key activities included the Nature Talk series, regularly attracting over 100 participants; Art After Hours gave the community the opportunity to try their hand at a different artistic technique each month; while a panel discussion from local organisations and individuals for Dying To Know Day addressed important end-of-life issues.

Libraries continued to expand the community's access to technology as part of an ongoing to commitment to lifelong learning and new technologies for local residents. Our libraries began showcasing Virtual Reality (VR) experiences, and new STEM programs included Robolink workshops at Albion Park Library, a 3-D maker club at Warilla Library and Steam Studio sessions at City Library. A new program called Story Box Library is now being offered to give families another online option to engage children with books.

During the temporary closure of Shellharbour's physical libraries as part of the COVID-19 lockdown, our libraries maintained strong connections with the community and championed Council's tagline 'same service, delivered differently'. In response to the COVID closure, the library website was immediately re-framed to become a one-stop digital branch – an online portal for the community to access eLibrary services, information and digital programs. Usage of eBooks tripled during this period, while the new Library At Home initiative quickly became a source of interactive programs and activities to keep the community inspired and engaged.

During the year, the number items loaned by our libraries increased by 10% over the previous year to 461,497 while 4,221 new members joined the library to take advantage of the broad range of physical and online services offered by our libraries.

Operational
Income

\$275K

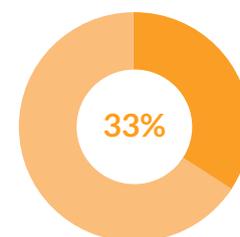
Operational
Expense

\$2.220M

Capital
Spend

\$2.750M

Total performance
progress met



Items loaned

461,497

Visitors to the
Library

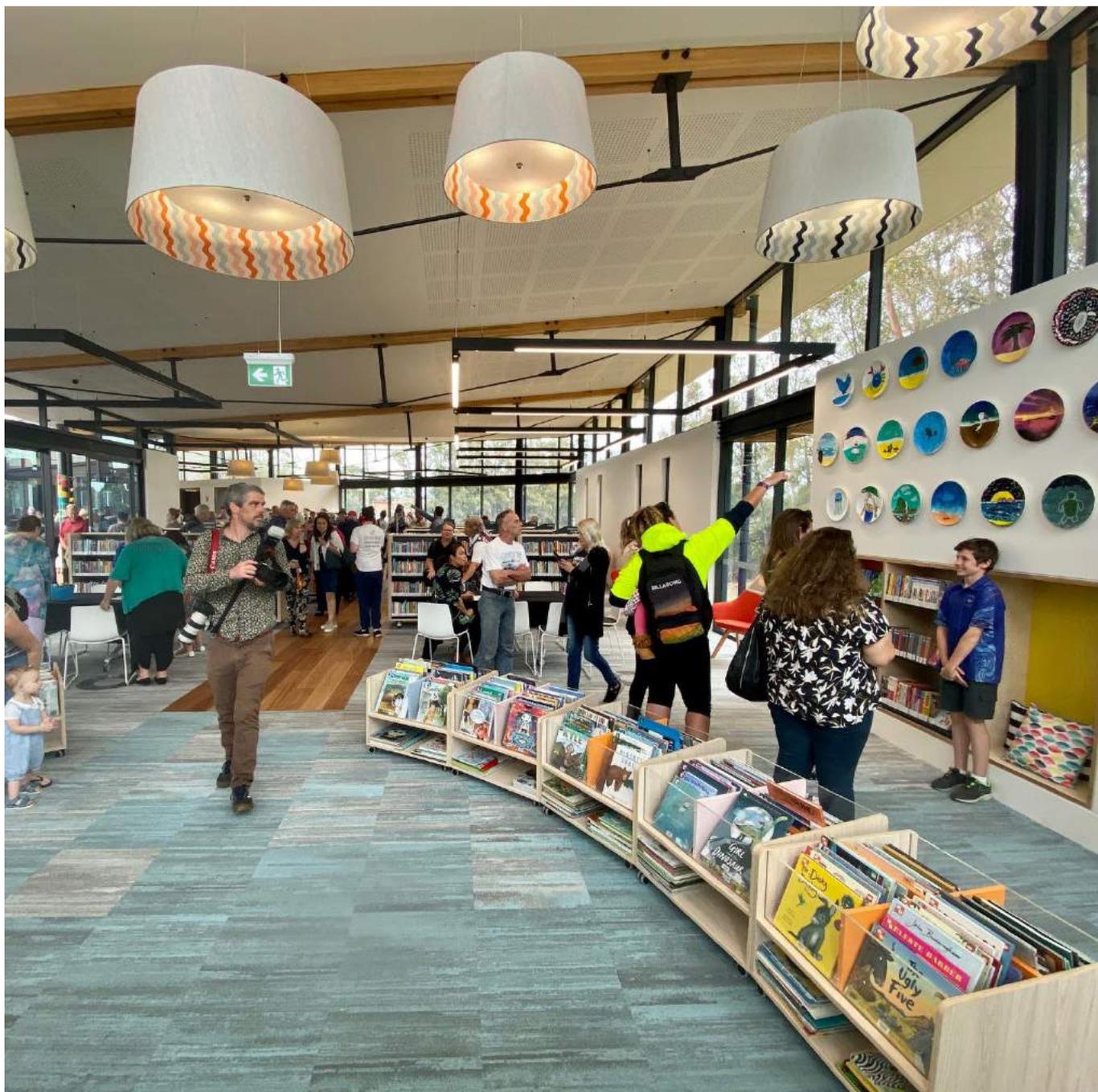
193,563

Participants in
Library programs

27,895

New Library
members

4,221



Opening of Warilla Library

The new Warilla Library, situated behind the Warilla Grove shopping centre, was officially opened on Wednesday 11 December 2019. There was a huge crowd for the opening ceremony who then enjoyed exploring the vibrant new facilities and a diverse range of technology and craft activities as a taste of library programs to come. Local children were also thrilled to attend the first story time in the new library, hosted by the Mayor of Shellharbour accompanied by Bangu, the Shellharbour reading mascot.

The new Warilla Library provides 998 square metres of indoor and outdoor space with a light and airy coastal ambience that delivers on the community's aspirations, as outlined in Council's Libraries & Museum Strategy.

The library wraps around a garden courtyard which serves as a reading and activity space complete with an eye-catching display of potted plants. Inside, the library features a large meeting room, two smaller meeting/study rooms and a technology zone, along with comfortable seating and relaxation areas throughout. The library's collection of over 25,000 items is displayed in popular subjects to make items easier to find. Other features include parking, an access ramp and a recharge point for mobility scooters.

The new Warilla Library quickly became a popular destination for local residents with over 24,000 visitors welcomed through the doors during the first three months from opening and more than 500 new members registered.



Library at Home

The closure of Library buildings in response to the COVID-19 pandemic brought new challenges and opportunities for the delivery of library programs.

Without physical spaces to deliver programs to our community, the library's immediate strategy was to move to an online model to sustain programming for an indefinite period. This was achieved through the development of a new initiative called Library At Home, dedicated to the delivery of digital programs and activities. The key objective was to keep our community 'feeling connected, engaged and inspired' at this challenging time.

Library At Home enabled the continuation of the library's flagship programming for customers of all ages; such as Story Times and STEM activities for children or adult programs such as Brain Training.

Each week a new Story Time page was added to the site and featured direct links to the eLibrary and the Story Box Library resources. Book selections and suggestions were supported by free custom content including downloadable templates, videos and activities. Special community events were also celebrated on Library At Home during the period including Easter, Law Week and Refugee Week, as well as a diverse range of activities for the autumn school holidays.

Library At Home has uncovered new and exciting ways to engage a wider audience than ever through online delivery and has become an important channel for continued interaction between the community and their library.

OBJECTIVE 1.2 Active and healthy

STRATEGY 1.2.1

Provide access to services and facilities where people can live, learn and play

Council has delivered a range of services, activities and facilities where people can live, learn and play including the Healthy Ageing Newsletter; numerous aquatics programs at on offer at our pools and beaches – super slide day, aqua aerobics, learn to swim, inflatable days, pool open days and Department of Education Intensive Learn to Swim.

Three new outdoor exercise equipment stations were installed at new locations across the City, including Beverly Whitfield Pool, Shellharbour Village; Frasers Reserve, Albion Park and Wilson Memorial Park, Albion Park Rail. 'Come and Try' sessions took place at each of these locations with over 40 participant's completing the program.

The Winter Healthy Ageing newsletter was sent to over 350 residents containing information on local support services to access during COVID-19, upcoming events, healthy recipes and information on current health and wellbeing initiatives and programs.

Council adopted the Shellharbour Space and Recreation Needs Study and Strategy and The Shellharbour Dog Friendly Spaces Strategy. The Dog Friendly Spaces Strategy details what dog-friendly spaces are, how Council manages these spaces and identifies actions over the short, medium and long term including the ongoing management and regulation of these areas.

Council also provided feedback on the review of the NSW Ageing Strategy to the NSW Government as part of their consultation process.

Shellharbour Opens Space and Recreation Needs Study and Strategy

The Shellharbour Open Space and Recreation Needs Study and Strategy (OSRNS) was adopted by Council in [April].

The OSRNS supports residents to remain active, healthy, connected and relaxed. The Strategy guides Council's decision making in respect to planning, investment and use of its open space and recreational facilities and ensures that we will have adequate provision over the next 10 years. The strategy was prepared with extensive community engagement which assists Council to understand the community's desired future for Shellharbour City and identifies how Council can work towards delivering the community's vision.

Operational
Income

\$419K

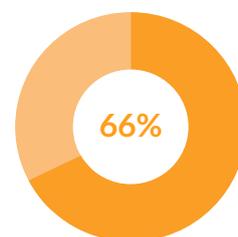
Operational
Expense

\$2.387M

Capital
Spend

\$64K

Total performance
progress met

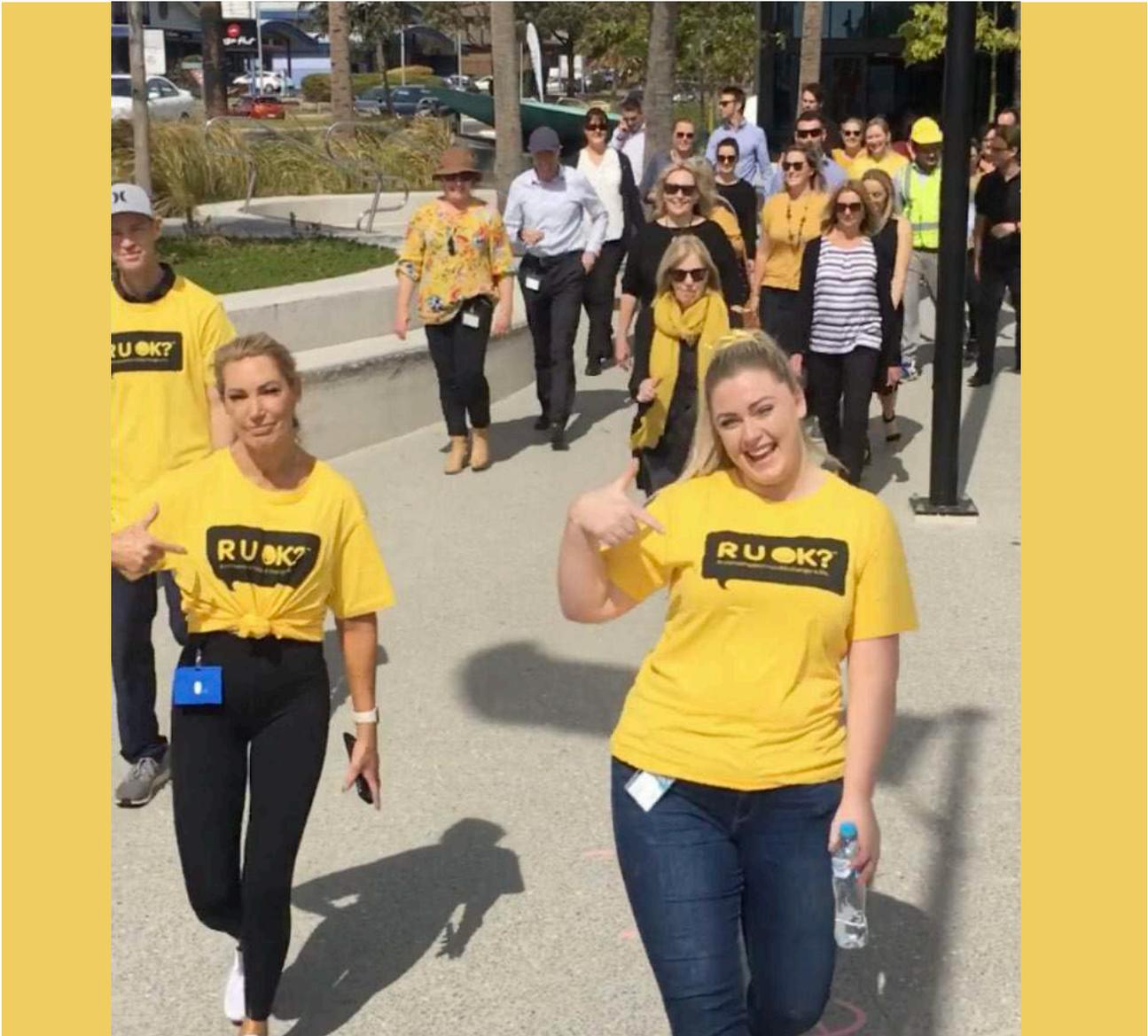


Visits to the
City's pools

146,941

Visits to
patrolled beaches

276,436



R U OK Day

On 12 September 2019, Shellharbour City Council encouraged staff and members of the community to engage the national awareness day by getting involved in fun and healthy activities. R U OK? is an awareness day driven by the National Suicide Prevention Charity with a vision to inspire and empower meaningful conversations. The message of asking a friend R U OK? is intended to support anyone struggling with life and give people tools to reach out to someone they believe is in need. Shellharbour City Council placed information and pop-up posters in staff lunch rooms and its internal communication platform to give staff access to important information, tips and services. Staff were also provided with fresh fruit in lunchrooms within the Civic Centre and off-site to encourage healthy lifestyle practices within the workplace.

A group of almost 30 staff, councillors and community members wearing various shades of yellow then walked together, following a 1.2km path marked every few meters with encouraging messages written in chalk. Following the walk, people were then invited to participate in the interactive envelope exchange wall. The display was placed in the library and available for staff and community members to interact with by taking a message of support from an envelope and then writing an inspiring message to leave for someone else to find. The envelope exchange wall was also taken to Warilla high School as an engagement activity for their R U OK? day activities.

OBJECTIVE 1.2 Active and healthy

STRATEGY 1.2.2

Provide diverse opportunities for sport, recreation and enjoyment in the City's parks, open spaces and facilities

During the year the \$2.7 million upgrade at The Links Shell Cove and The Tavern at Shell Cove continued which, once complete, will be an important step in creating a community hub at the facility. The upgrades involved the Tavern receiving a complete internal refurbishment and a new social and function patron space called 'The Shed'. Also included in the upgrade is a dedicated area for Shellharbour golfers, an updated and extended players' lounge, an updated boutique retail liquor outlet and a refurbished retail space for golf operations.

A new outdoor entertainment area has been constructed which includes a built in barbeque and outdoor family play space aimed at providing entertainment for young children.

Work also occurred to gain all required approvals associated with the construction of a new mini golf circuit. All approvals have now been obtained and construction will begin in October 2020.

A draft land use proposal for other vacant areas of the acreage has also been prepared and this document will be further refined to determine the best use of vacant areas over the next financial year.

On the golf course, the ongoing course maintenance plan continued with work occurring on the 4th and 5th holes, the nursery green and rectification and realignment work on cart paths on holes 12 and 14.

The Shellharbour City Stadium is pleased to report that attendance and participation in Council run competitions at Shellharbour City Stadium during non COVID19 periods was excellent and at records levels, particularly in netball and basketball. Non-sporting bookings for the stadium also exceeded target.

The Stadium hosted a variety of events and activities during the year including school holiday basketball competition, school basketball training and school sports, birthday parties, a cricket conference, netball and wheelchair basketball competitions.

Other events included, junior basketball development, outrageous mini games, men's basketball competition, futsal, ladies netball, South Coast netball trials, Kelly mini sports, festival of sport OMG games, Illawarra Hawks training, Kids Wish, Disability Trust, Greenacres, school groups and orienteering.

Additional enhancements for the Stadium infrastructure, branding and service offering are being compiled for consideration in the new financial year.

Operational
Income

\$4.060M

Operational
Expense

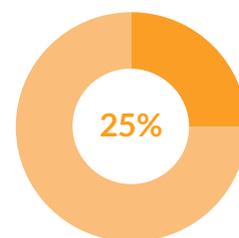
\$10.282M

Capital
Spend

\$2.414M

(\$7.1M transferred to
Cost of Sales related to
the Links Subdivision)

Total performance
progress met





Environment

Our objectives & strategies

2.1 Protects, promotes and enhances its natural environment

2.1.1 Manage and improve catchments cleanliness, health and biodiversity of creeks, waterways and oceans

2.1.2 Deliver plans and programs that enhance and protect biodiversity in our natural areas

2.1.4 Facilitate active community engagement in caring for the natural environment

2.2 Practices sustainable living

2.2.1 Provide community engagement and education on environmental sustainability

2.2.2 Provide effective and sustainable waste operations and services for the City

2.3 A city that is connected through places and spaces

2.3.1 Activate a vibrant City Centre

2.3.2 Undertake land use planning in a socially, economically and environmentally responsive manner

2.3.3 Provide and promote a sustainable, safe and connected transport network

2.3.4 Facilitate the development of the built environment to meet community needs

2.3.5 Recognise, protect and celebrate our heritage

2.3.6 Deliver sustainable whole of life asset management for the community

OBJECTIVE 2.1

Protects, promotes and enhances its natural environment

STRATEGY 2.1.1

Manage and improve catchments cleanliness, health and biodiversity of creeks, waterways and oceans

Industrial audits were undertaken on 4 occasions to ensure industrial premises are complying with relevant environmental legislation and avoiding stormwater pollution. All premises audited were found to be in compliance.

Capital and maintenance works progressed as planned. Stormwater pits and pipes were cleaned as required. Pits and pipes were maintained as required. Various pipes and pits were cleaned by contractors and numerous areas across the City were inspected by CCTV.

Progress on the Smart Cities Grant occurred with sites being identified for catchment modelling and the installation of monitoring technology. Three EXO3 stationary water quality SONEDS were positioned in waterways throughout the City, collecting data every half an hour on the quality of the wetlands. Whilst routine water sampling continued across the city.

Wetland maintenance comprised of ensuring water edges were monitored for emerging weeds and weed growth managed. Obstructing vegetation was removed from drain outlets to ensure flow and functionality of the wetland systems along with removing rubbish accumulating after rain events.

Assessment of the Beachwatch (bacteriological) quarterly data received for Shellharbour North Beach, Warilla Beach and the Lake Illawarra Entrance lagoon has been completed against the NSW Beachwatch programs star rating system. Shellharbour North Beach and Warilla Beach consistently received the highest rating of four stars. Lake Illawarra Entrance lagoon also received a four star rating. All three locations were rated as suitable for swimming throughout the year.

Operational
Income

\$654K

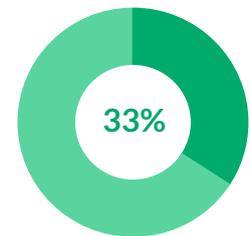
Operational
Expense

\$945K

Capital
Spend

\$1.034M

Total performance
progress met



Environmental
assessments undertaken
of industrial premises

4

Beachwatch
star rating

4

Plans of management
developed/ reviewed

2

Percentage of
Stormwater management
program completed

100%

OBJECTIVE 2.1 Protects, promotes and enhances its natural environment

STRATEGY 2.1.2 Deliver plans and programs that enhance and protect biodiversity in our natural areas

Plans of management reviews completed this year included the Light Rail Museum site, Elizabeth Brownlee Reserves, Bass Point, Stoney Range, Picnic Island and Windang Island.

Monitoring undertaken for threatened plants included a number of surveys for Greenhood Orchid (*Pterostylis gibbosa*), Eastern Flame Pea (*Chorizema parviflorum*), Spiked Rice-flower (*Pimelea spicata*) and Illawarra Zieria (*Zieria granulata*) were conducted to monitor health and presence of populations.

Over 1,500 species of native trees, shrubs and grasses were planted in conjunction with local schools as part of National Tree Day.

Council collaborated with the Illawarra District Weeds Authority to ensure significant and emerging weeds within our Local Government Area are identified and treated. This work ensures Council's obligations are met under the Biosecurity Act. It ensures our community is not adversely effected by new weed incursions in our bushland and agricultural areas.

Targeted weed treatments were completed in the dune areas at Warilla, Shellharbour North and Shellharbour South Beaches targeting Asparagus and woody weeds such as Bitou bush, Acacia saligna and Tuckeroo's.

Quarterly monitoring of the Blackbutt Reserve Grey-headed Flying-Fox camp was undertaken with around 1,150 animals in camp. Additional welfare checks were undertaken to assess the health of individual Grey-headed Flying-Foxes. Council was successful in receiving funding through the Department of Planning Industry and Environment for a Grey-headed Flying-Fox educational project consisting of interpretative signs and educational workshops

Operational
Income

\$12K

Operational
Expense

\$233K

Capital
Spend

-

Total performance
progress met



Plans of Ecological
Management developed/
reviewed

18

OBJECTIVE 2.1

Protects, promotes and enhances its natural environment

STRATEGY 2.1.4

Facilitate active community engagement in caring for the natural environment

Council provided community engagement and education on environmental sustainability through the Sustainable Shellharbour and Environmental Leadership programs and Small Environmental Projects Fund.

The Sustainability Shellharbour Program engaged over 2,930 people in 33 events and initiatives. Highlights included:

- The regional Connecting Over Fair Food event
- Nursery Open Days
- Launch of the Birds of Illawarra brochure
- Guided spotlight walks at Blackbutt Forest
- Threatened orchids talk and a display of threatened species artworks
- The National Pollinator week bee education event.

As a result of COVID-19 Face-to Face delivery of the Sustainable Shellharbour program was adapted. The program focused on developing a new self-guided nature walk, environmental resources and adapting to on-line workshop delivery.

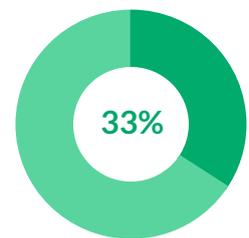
Council's annual facilitation of the Clean Up Australia Day event was held on 1 March 2020, 6 collection sites were hosted in the Shellharbour Local Government Area, including Boonerah Reserve, Skiway Park and Mount Warrigal Park. The response of volunteers to assist in delivering a successful Clean Up Australia Day event was highly commendable.

To help deliver a best practice sustainable Australia Day event, Council engaged a social enterprise (Green Connect) to maximise diversion from landfill by separating resource streams, collect litter, and otherwise help to educate patrons about the environmental benefits of diverting reusable resources from landfill, while also providing an employment opportunity for former refugees and young people. The initiative was a success, with an achievement of 90% of waste generated at the event diverted from landfill.

Council staff also worked indirectly with the community on painting anti-litter messages on Stormwater drains with slogans such as 'The sea starts here – Don't litter' used to discourage lettering in streets where storm water flows directly to coastal areas.

Operational Income	\$14K
Operational Expense	\$21K
Capital Spend	-

Total performance progress met



Number of national waste events held

4

Number of sustainability education activities delivered

33

Participant satisfaction of environmental leadership programs

87%

Trees donated

510



Nature Talks in the Library

Nature Talks in the Library is a Sustainable Shellharbour community education program. The free, monthly Nature Talks provide adults and older children with an opportunity to hear first-hand from engaging experts working in biodiversity conservation, wildlife care and nature photography. July 2019 marked 12 months since the launch of this successful new program.

Mayor Marianne Saliba attended to thank and acknowledge the contributions made by the various speakers and the 468 people who attended the talks over the past 12 months. Interest in the program has continued to rise, from 12 people at the first Nature Talk, to 103 people attending the September 2019 Nature Talk on the Underwater World of Bass Point. Planning continues for future Nature Talks, with topics including native stingless bees, fungi and threatened shorebirds.

Bushcare / Parkcare
working bees held

49

Volunteer
hours

776

OBJECTIVE 2.2 Practices sustainable living

STRATEGY 2.2.1 Provide community engagement and education on environmental sustainability

Council educates and engages with the community through various environmental programs and events. Activities held included the rollout of a newly designed suite of education services to support the kerbside waste management system including establishing new Food Organics Garden Organics (FOGO) signage on transport busses and other advertising sites that promote the correct use of Council's green lid FOGO bin.

Education programs were provided to local public schools, at the Shellharbour City Council Seniors Expo and at the Warilla Library Garden Party event to distribute information on the kerbside waste system in order to help residents manage resources in the most sustainable way possible.

The delivery of Council's Small Environmental Projects Fund and Cities Power Partnership pledges are ongoing. A good example of the implementation of a Cities Power Partnership pledge is the incorporation of solar panels on the soon to be completed Shellharbour Airport Terminal roof.

Interest in the Sustainable Shellharbour e-newsletter continued to grow, with over 1,400 subscribers receiving the monthly newsletter.

FOGO Friday

Food Organics Garden Organics, better known as FOGO was a regularly featured social media topic in an education campaign implemented during the year called "FOGO Fridays". FOGO Fridays is a waste education initiative using Council's social media channels to promote and provide information about the FOGO service to the community. The posts include information on the sustainability of the FOGO service, how to use it properly, and general hints and tips. The primary recent focus of FOGO Friday messages were about correct use of the FOGO system in the cooler months of the year when a reduction in the amount of garden waste is experienced.

Operational Income	-
Operational Expense	\$416K
Capital Spend	-

Total performance progress met



Percentage of contaminated material (non-recyclable materials) in yellow top household bins

7.54%

Percentage of collected waste materials diverted from landfill

55.25%

Percentage of contaminated materials (non-accepted materials) in green top household FOGO bins

1.55%

Number of complaints in relation illegal dumping actioned

160

OBJECTIVE 2.2 Practices sustainable living

STRATEGY 2.2.2

Provide effective and sustainable waste operations and services for the City

As part of a suite of services provided to help manage the City's waste, Council operates a Recycling and Resource Recovery Facility located at Buckleys Road, Dunmore. The facility continues to be operated in an environmentally sustainable manner to meet and exceed the requirements of the sites Environment Protection Licence, issued and regulated by the NSW Environment Protection Authority. Council received zero licence non-compliances throughout the year.

A total of 30,550 tonnes of material was collected at the kerbside through Council's domestic waste management service. Of this 13,250 tonnes was collected through the red-lidded bin and subsequently sent to landfill, 5,500 tonnes was collected through the yellow-lidded bin for recycling and 11,800 tonnes was collected through the green-lidded bin for reprocessing. This resulted in a resource recovery level of 57%.

During the year, Council continued to expand its illegal dumping program in conjunction with Illawarra Shoalhaven Joint Organisation Regional Illegal Dumping programs and secured a number of Environmental Protection Authority grants to address these issues. One of the successful grants resulted in the deployment of an illegal dumping surveillance camera intended to be used at locations where incidences of illegal dumping have occurred in the past. Due to social distancing requirements, Council turned to social media more and more to provide waste and resource recovery tips with a focus on the sustainable use of Council's FOGO and recycling bins. Additionally, Council redeveloped the domestic waste service educational materials including the waste calendar which was posted to all residences in June 2020.

Council was successful in gaining a finalist nomination for Operational Excellence at the 2019/20 Waste and Resource Recovery awards for the operational performance of the Dunmore Recycling and Resource Recovery Facility. Council was one of three national finalists but unfortunately did not win on the night. By reaching the last three in this prestigious national award, the community can be satisfied that the Dunmore Recycling and Resource Recovery Facility is being benchmarked against its peers and achieving positive performance feedback. The operational excellence award assesses the overall quality of the operations in comparison to other similar sites across the country and considers things such as the sites environment and safety performance, the customer service provided as well as the range and quality service offerings.

Operational
Income

\$22.128M

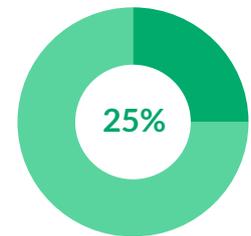
Operational
Expense

\$17.446M

Capital
Spend

\$403K

Total performance
progress met



Number of residents that
implemented Council
waste avoidance and
resource recovery
initiatives

218

OBJECTIVE 2.2 Practices sustainable living

STRATEGY 2.2.3 Reduce our ecological footprint

Council is working towards its Cities Power Partnership pledges RE3- Install solar on council buildings and EE2- Adopt best practice energy efficiency measures across all Council Buildings and support community facilities.

Council is currently working with a consultant on solar and LED replacement projects in a Council wide solar feasibility study and LED light replacement study.

Heating solutions for Albion Park and Oak Flats Pools have been investigated with a view to installing solar matting and solar system pumps for both pools. Oak Flats Pool is to also include heat exchanger to extract heat from the gas heating system for the 25m pool.

Council's landfill gas collection system at the Dunmore Recycling & Waste Disposal Depot operated in accordance with design with no operational issues experienced a total of 7,964 tonnes of carbon abatement was achieved. This is the equivalent of the amount of carbon captured by over 42 million square metres of forest in one year.

Council installed new standardised amenities buildings at McDonald Park, Albion Park Rail and Blackbutt Reserve Blackbutt. The standardised design includes rainwater harvesting systems built-in to reduce reliance on town water and save precious natural resources.

Operational
Income

-

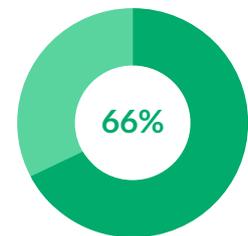
Operational
Expense

\$21K

Capital
Spend

-

Total performance
progress met



Volume of non-
potable water extracted
from Myimbarr wetland

2.234
(Megalitres)

Total water use

3.862
(Megalitres)

Tonnes of CO2 reduced to Gas
Flaring at Dunmore Waste
Disposal Depot

7,964

OBJECTIVE 2.3 A city that is connected through places and spaces

STRATEGY 2.3.1 Activate a vibrant city centre

The Civic Centre hosted a variety of events and programs throughout the year attracting 1000's of visitors to the venue. Events included the Not all Beer and Skittles exhibition, Sculptures at Killalea Satellite exhibition and a ginger bread making event.

Council hosted 2 sell out 'Dionomania' interactive shows in January when the Civic Centre went back in time with the arrival of a 4.5m Brachiosaurus and Triceratops. To coincide with this Council also hosted a Night at the Museum event. Both these events were well attended with over 650 participants.

During the July school holidays the Civic Centre Foyer was themed Alice in Wonderland, which proved to be very popular. It was followed up with a 'Mad Hatters Tea Party'. This was a ticketed event that sold out with 60 children attending. The event included a themed auditorium set-up, morning tea, the mad Hatter himself along with craft tables and games.

A quarterly seasonal booklet was created to highlight the activities held within the Civic Centre for that season. These booklets have proven to be popular and continue to be distributed to customers and the community.

The Shellharbour Civic Centre website has undergone a number of changes to improve its usability. This has included changes to the 'what's on' section and the booking page.

The new booking system 'Bookable' was launched in January. The new system has streamlined the Civic Centre booking process and made it easier for the customer to manage their bookings. The Civic Centre saw a decline in bookings from mid-March onwards due to the COVID-19 pandemic.

Operational
Income

\$67K

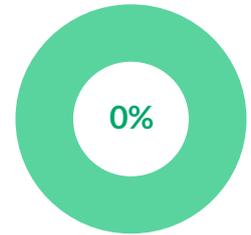
Operational
Expense

\$229K

Capital
Spend

\$144K

Total performance
progress met



Percentage occupancy
rate (rooms that are
occupied versus vacant)

57%

Number of hits on the
Shellharbour Civic
Centre website

7,964



Civic Centre Activation

Google, the multinational technology company chose the Shellharbour Civic Centre to host the Grow with Google regional workshops. The free workshops were targeted at regional businesses, Not for Profit organisations, Journalist and educators.

Each training session was well attended and met the expectations of the client Google. Attendance numbers for the Education session were above expectations.

The Makers and Creators Market was the first of its kind for the Civic Centre and attracted a lot of interests from stallholders. The market was held on a Friday when the Civic Centre is normally closed. This event attracted new customers and community to the Civic Centre with the door counters registering over 1,100 visitors on the night attending the market.

The Big Draw Festival

The Big Draw Shellharbour was held at the Civic Centre from 8 -12 October. The Big Draw is the World's Largest Drawing Festival. The theme for 2019 was 'Drawn to Life: creativity and wellbeing'.

There were 13 workshops held throughout the week culminating with the Big Draw Community open day on the Saturday 12 October 2019. The community open day consisted of 7 drop-in drawing sessions and 2 workshops.

The event was promoted through Facebook, Councils website and window stickers resulting in the Community open day attracting over 1000 visitors from across the Illawarra to the Civic Centre.

OBJECTIVE 2.3

A city that is connected through places and spaces

STRATEGY 2.3.2

Undertake land use planning in a socially, economically and environmentally responsive manner

A number of key Council strategic planning documents fall under this strategy, including Councils Local Strategic Planning Statement, Local Housing Strategy and the Coastal Zone Management Plan. Varying degrees of work have been carried out on these plans. Council has continued to monitor and implement the Shellharbour Coastal Management Plan. Actions that continue to be implemented include the Dune Improvement Program and the commencement of a cost benefit analysis which is an assessment of Coastal Management options for Warilla Beach including options available for the Warilla revetment/rockwall.

During this period, Council also developed and adopted the Community Participation Plan for Shellharbour City's Planning Functions. This document sets out how and when Council will engage with the community on the planning functions that Council performs under the Environmental Planning and Assessment Act.

Shellharbour Local Environmental Plan (LEP) 2013 is the Council document that contains the zoning and planning controls that set out how and where development such as single houses, townhouses, shops and industrial buildings can be built. A Planning Proposal is the process used to review the zones and planning controls in the Shellharbour LEP 2013. The steps required to be undertaken when a Planning Proposal is prepared and assessed are outlined in the NSW State Governments Department of Planning, Industry and Environment (DPIE) and there are several parts of the process that require Council approval. Council considered eight Planning Proposals for both rezoning of certain properties, as well as specific land uses such as considering allowing a function centre at land in Croom.

Council continued to advocate for the community on state and regional planning matters during the reporting period. The majority of discussions were with the NSW Government DPIE. Council staff provided input and information for the Illawarra Shoalhaven Regional Plan review, the Illawarra Shoalhaven Urban Development Committee, the State-wide Development Control Plan Project, as well as potential state infrastructure needs and requirements. Staff also met with Transport for NSW to provide input into the development of the Regional Transport Plan and discuss future transport requirements for Shellharbour City.

Operational
Income

\$29K

Operational
Expense

\$606K

Capital
Spend

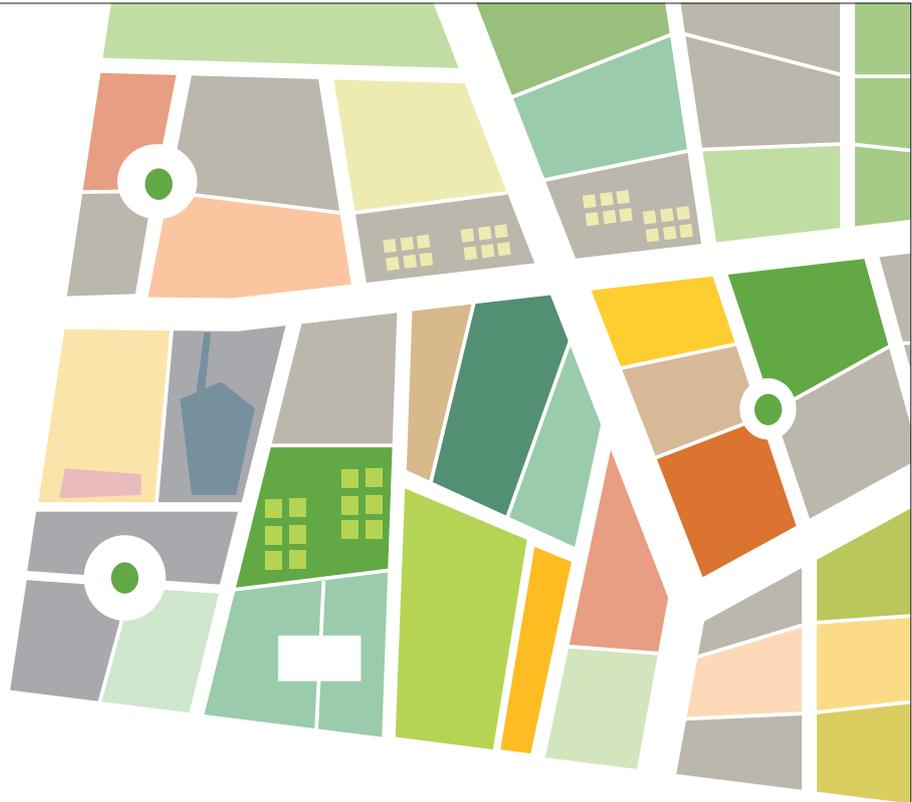
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Total performance
progress met





LOCAL STRATEGIC PLANNING STATEMENT



Local Strategic Planning Statement

The Local Strategic Planning Statement (LSPS) were adopted by Council and endorsed by the NSW Government in May 2020. The LSPS provides a 20-year land use planning vision for Shellharbour City and directs how future growth and change will be managed. The LSPS acts as a link between state, regional and local planning priorities.

It provides details on which Council can base planning decisions and drive future land use planning and management of growth in the City based on our economic, social and environmental needs over the next 20 years. The LSPS outlines actions for Council to undertake so that we can work to deliver on the 20-year vision for Shellharbour City. The strategy was prepared with extensive community engagement which assists Council to understand the community's desired future for Shellharbour City and identifies how Council can work towards delivering the community's vision for the future of the City.

Housing Strategy

The Shellharbour Local Housing Strategy (SLHS) was adopted by Council in December 2019 following comprehensive stakeholder engagement. It provides for the appropriate provision of all forms of housing for Shellharbour City over the next 25 years.

Key findings and recommendations include:

- The demand for housing in Shellharbour City over the next 25 years can be met by existing residential zoned land through infill and Greenfield development.
- There is a need for greater housing diversity and choice.
- There is a need for more affordable housing and public housing.
- LEP and Development Control Plan are to be reviewed taking into consideration the more detailed findings.

The SLHS includes an Implementation and Delivery Plan for the delivery of its recommendations, including timing commitments.

OBJECTIVE 2.3

A city that is connected through places and spaces

STRATEGY 2.3.3

Provide and promote a sustainable, safe and connected transport network

Council demonstrated its commitment to the provision of a sustainable, safe and connected transport network by implementing the Shared Use Path Strategy throughout the year. In accordance with the Strategy, shared use path projects were implemented across the local government area including Tongarra Road, Balarang Reserve, Warilla Beach, Croome Road and Station Road. Additionally, detailed design commenced for a number of new shared pathways throughout the city in preparation for future construction programmes.



Operational
Income

\$175K

Operational
Expense

\$2.035M

Capital
Spend

-

Total performance
progress met



Recycling and Roads - Sustainability in Practice

Council conducted a trial road resurfacing project using recycled waste materials in asphalt that has been approved for use by the NSW Environmental Protection Authority. The asphalt incorporated over 210 tonnes of plastic waste materials into 4,600m² of asphalt renewal at Jarrah Way, Albion Park Rail. Soft plastics (including plastic bags), glass bottles, packaging and waste toner from used printer cartridges were turned into durable a high strength road surface.

The trial reused approximately 285,000 soft plastic bags, 95,000 glass bottles and 6,500 printer cartridges that would have otherwise gone to landfill.

Council will now monitor the performance of this road against comparable roads resurfaced with traditional asphalt across the local government area to help ascertain the longer term performance of the recycled pavement product.

OBJECTIVE 2.3 A city that is connected through places and spaces

STRATEGY 2.3.4 Facilitate the development of the built environment to meet community needs

Council facilitated the development of the built environment by continuing to provide social impact comments on relevant development applications, plans, strategies, policies and designs to ensure healthy outcomes for the community through effective urban planning and design. Twenty-three applications were assessed for social impact. These included residential developments at the Waterfront and the marina foreshore at Shell Cove, construction of commercial buildings in Warilla, residential units in Lake Illawarra, retail development at Albion Park and development in Tullimbar and a district park in Calderwood.

In line with Councils Development Assessment Strategy a number of projects and initiatives were implemented these included; establishment of the Shellharbour Design Review Panel, Commencement of the planning framework for Planning 101 workshops, soft launch of the NSW Department of Planning - Planning portal and the establishment of working party to find solutions to address the backlog of referrals to the Civil Aviation Authority.

A key highlight is the successful launch of pre-DA meeting services which can now be held remotely in response to COVID-19 and beyond. Customers will now be able to select this as a preferred option method to meet providing a cost savings to both the customer and council.

Operational
Income
\$1.367M

Operational
Expense
\$1.917M

Capital
Spend
-

Total performance
progress met



Number of
development applications
submitted

596

Number of
development applications
determined

532

Average days taken to
determine development
applications

82

Percentage of
Construction Certificates
determined within 21
working days

100%

OBJECTIVE 2.3

A city that is connected through places and spaces

STRATEGY 2.3.5

Recognise, protect and celebrate our heritage

Shellharbour City Museum hosted a series of programs and activities to engage young people with the Museum. Class visits from several schools saw 174 primary students participate in the Libraries & Museum education program that promotes local heritage to young people. The program included a hands-on introduction into life in Shellharbour in the 1850's, a peek at some of the Museum's oldest collection items and a treasure hunt.

In addition, a number of What's in the Box? sessions were delivered to engage with pre-schoolers. What's in the Box? comprised storytime sessions featuring animal and museum themes that allowed young children to explore and interact with real museum objects.

During the last quarter of the year City Museum delivered the same service differently due to the facility being temporarily closed to the public as a result of COVID-19 restrictions. The Museum engaged with the community through some successful social media campaigns. 'Monday Nights at the Museum' featured some of the Museum's unseen collection items along with snippets of our Shellharbour's history. Historic photographs and stories of our city were also shared in 'Flashback Friday' posts on Council's Facebook page and 'Throwback Thursday' on Shellharbour Airport's Facebook.

During the period of closure to the public significant progress was made on some key heritage projects including stocktaking the museum collection and digitisation of historic photos.

Operational
Income

-

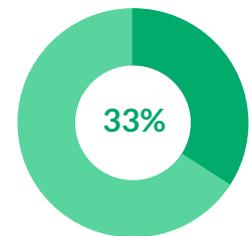
Operational
Expense

\$180K

Capital
Spend

-

Total performance
progress met



Number of
people visiting
City Museum

10,182

Number of
hits on City Museum
website

57,551

OBJECTIVE 2.3

A city that is connected through places and spaces

STRATEGY 2.3.6

Deliver sustainable whole of life asset management for the community

Council adopted its 10-year Asset Management Plan in June. The Plan identifies, examines and plans for Council's future level of service, maintenance, renewal and upgrades to both community and business assets. This culminated years of work, involving detailed condition assessment of Council's extensive asset network.

The Shellharbour Airport infrastructure upgrade project remains a key focus for the airport. The works include a new passenger terminal building and upgrades to short and long-term carparks. The development of an aviation business park is central to the plan.

Council maintains and operates two operational cemeteries. Council continued its focus on quality cemetery services to the community through implementation of Strategic Operational Plan which are being used to guide to updating of masterplans for both cemeteries anticipated to be reported to Council in the second quarter of this financial year.

A draft Property Strategy was prepared for Council's future consideration. The purpose of this strategy is to ensure that Council's property portfolio is strategically aligned with its service delivery objectives and community expectations, in the context of delivering optimum commercial value from the management and development of property.

Airport

The airport was renamed from Illawarra Regional Airport to Shellharbour Airport on the 26 August 2019. The name was changed to provide a better linkage between the Airport and Shellharbour City. This was advertised and activated through the aviation industry through the year.

The Airport marked a milestone in its upgrade project valued at approximately \$20M, with the completion of works to resurface the main runway. The completion of the runway works coincided with the resumption of passenger transport services by Fly Corporate. Approximately 6,500 tonnes of asphalt was used to upgrade the 1.8 kilometre main runway.

Construction of the new terminal building also commenced with construction due for completion in December 2020. The terminal will increase attraction to Shellharbour Airport to both passengers and airlines well into the future.

Operational Income

\$11.803M

Operational Expense

\$4.250M

Capital Spend

\$11.653M

Total performance progress met



Number of overdue CASA non-conformances

0

Percentage of programmed strategies implemented from the Airport Business Plan

100%

Percentage of requests for cemetery related to within 2 working days

100%



Economy

Our objectives & strategies

3.1 Plans, builds and manages infrastructure for the community

3.1.1 Provide the community with a range of infrastructure delivered in a sustainable manner

3.1.2 Maintain the City's assets to meet community needs and the delivery of services

3.2 Supports and increases employment and business opportunities within a strong local economy

3.2.1 Activate the Shell Cove Harbour Precinct as a lifestyle and boating destination providing development, tourism and community opportunities

3.2.2 Create, promote and maintain local business, job, investment and lifestyle opportunities

3.3 Welcomes, engages and attracts visitors

3.3.1 Promote our City as a tourist destination of choice

OBJECTIVE 3.1

Plans, builds and manages infrastructure for the community

STRATEGY 3.1.1

Provide the community with a range of infrastructure delivered in a sustainable manner

Council has continued its strong focus on the provision of infrastructure delivered to the community in a sustainable manner by looking at the whole of life from strategic planning to construction through maintenance and renewal.

The 10th review of Council's Developer Contributions program commenced. Council's Developer Contributions Program enables Council to collect money for development that results in increased demand for Council's facilities and infrastructure. That money is then used to expand or increase Council's facilities and infrastructure. The program consists of 2 parts: a development contributions plan and the use of planning agreements.

Council continued to review grant opportunities and were successful in obtaining a number of grants including:

- \$500,000 from the NSW Government's Public Library Infrastructure Fund to assist with the construction of the Shell Cove Library
- \$439,355 from the NSW Government's COVID-19 stimulus package to undertake upgrades at the Albion Park Showground
- \$250,000 from the NSW Government's Stronger Country Communities Fund to progress the implementation of the McDonald Park Master Plan
- \$567,099 for the NSW Government's Local Roads & Community Infrastructure Program
- Grant from the NSW Government for investigations to support future works at the Skiway Park boat ramp

As a result of COVID-19 Council introduced a number of new protocols, this has included changing cleaning routines and procedures of the City's infrastructure including the way staff move around the City.

To assist in the delivery of the operation, maintenance and construction of Council's infrastructure our plant replacement program continued with items delivered in the period including excavator and trailer, street sweeper, articulated mower, vehicle hoist and beach patrol tower. To complement the plant replacement program, our maintenance program continues to be implemented with the majority of the work being proactive to provide the best availability of plant and equipment through highly skilled workshop staff and user input in plant selection and modifications to assist in the provision of efficient services to our community.

Council now has 24 hybrid vehicles in its fleet, Council's move to a more sustainable fleet assists in working towards completing our pledges as part of the City Powers Project.

Council had better than expected outcomes in the operation of its Nursery even though the business was closed to retail for 2 months given the challenges of COVID-19. During this time the Nursery the wholesale market was strong with phone and online orders only.

Operational Income

\$11.824M

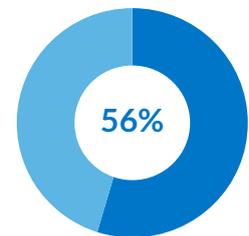
Operational Expense

\$4.250M

Capital Spend

\$11.653M

Total performance progress met



Ratio of income to expense

112%

Percentage of plant and equipment program on track

100%

Percentage of motor vehicle change over program on track

100%

Percentage of Capital works program on track

93%



Delivery of Capital Works

The last 12 months has seen the delivery of approximately 92% of the original 2019-2020 approved capital works program. This result is derived from continuous process improvement and scoping activities completed prior to the start of the 2019-2020 financial year.

Key projects included:

- Skiway Park Promenade
- New Warilla Library
- Howard Fowles and Geoff Shaw Oval's amenities
- Play equipment upgrades at Mood Park, Frasers Reserve, Reddall Reserve and Dawes Park
- The Oak Flats Works Depot Stage 1 Upgrade
- Completion of Oak Flats Works Depot Glass House refurbishment
- Erection of stainless steel superstructure at the new Shellharbour Airport terminal
- Resealing and otherwise renewing many local roads



New Playgrounds

After many months of community engagement and consultation on playground design, a number of play spaces were constructed across the City.

The new farm themed play space at McDonald Park, Albion Park Rail includes a fusion climber with rope netting, an inclusive carousel, an activity tower with a slide and interactive sensory panels, a nature play trial, landscaping, footpaths and a picnic shelter. The playground has been designed to incorporate a variety of play opportunities suitable for a range of ages and abilities.

A ninja-themed exercise course was opened at Reddall Reserve, Lake Illawarra. The ninja course was designed with two solar-powered starting totems for teams or individuals to compete against one another or to try to beat the clock. It includes a swing rope crossing, balance beams, dual warped walls, challenge monkey bars and ninja side steppers.

Additionally, new playgrounds were opened at Skiway Park and Central Park Oak Flats.

OBJECTIVE 3.1

Plans, builds and manages infrastructure for the community

STRATEGY 3.1.2

Maintain the City's assets to meet community needs and the delivery of services

Council spent \$21.15M on renewing its assets through the 2019-2020 Operational Plan. This expenditure based on renewal of existing assets is greater than the value of depreciation of Council's assets.

Some renewal projects completed during the financial year include the Warilla Library relocation, Howard Fowles and Geoff Shaw Oval Amenities, Skiway Park promenade replacement, Werrang Street Stormwater renewal, Cec Glenholmes Lighting renewal as well as multiple road and storm water asset renewals.



Skiway Park

The renewal of the Skiway Park promenade has been welcomed by the local community of recreational water craft users and casual observers of the fantastic view from the promenade to the west across Lake Illawarra. The fiber reinforced polymer material used for the promenade decking is highly durable, slip resistant and very high strength that will continue to service the community in this harsh marine environment for many years to come.

Operational
Income

\$39.788M

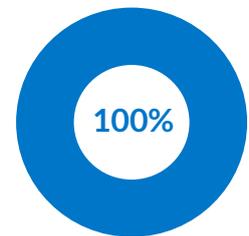
Operational
Expense

\$23.169M

Capital
Spend

\$8.323M

Total performance
progress met



OBJECTIVE 3.2

Supports and increases employment and business opportunities within a strong local economy

STRATEGY 3.2.1

Activate the Shell Cove Harbour Precinct as a lifestyle and boating destination providing development, tourism and community opportunities

Council's \$1.5 billion Shell Cove development continued its impressive progress as the very essence of Shellharbour City's identity – to deliver a unique blend of state-of-the-art residential and tourism facilities while highlighting Shellharbour's spectacular coastal and natural bushland environment.

Master-planned in detail, Shell Cove includes a man-made harbour that will contain the biggest marina in NSW (to be completed in 2021), a vibrant town centre, expansive parkland and foreshore areas, the Links Shell Cove Golf Course and a 3,500-home residential community equipped with a school, pre-schools, a medical centre and aged care facility.

The major excavation works for the harbour and the construction of its long breakwaters, represent the largest piece of recreational marine infrastructure being delivered on Australia's east coast with a total capital value of over \$180 million for the civil works alone. When completed, Shell Cove Harbour will create a major boating, tourist and lifestyle destination.

Central to the project is its environmental focus. We have called upon some of Australia's leading environmental experts to ensure Shell Cove is delivered in harmony with its natural surroundings.

With the housing areas of Shell Cove now some of the hottest real estate south of Sydney, the project's focus is on completing the harbour and marina, the public foreshores and promenades, and the waterfront dining and shopping precinct.

Achievements over the last 12 months include:

- Local employment of 85% (averaged).
- Tenders closed for the management of the Shellharbour Marina.
- 59 residential sales, including the oceanfront auction lots at the highest prices to date.
- Lodgement of the development application for the Hotel.
- Completion of the harbour breakwaters.
- Installation of the steel piles for the marina berthing (walkways and pontoons).
- Minimisation of delays in completing the harbour when the February East Coast Low storm saw the inner harbour fill with residential stormwater, and the outer harbour was temporarily filled with ocean water.
- Building works commenced on the waterfront food & beverage precinct, Aqua apartments overlooking the harbor, the next retail shops, and the Tavern (basement and concrete slab cantilevering over the harbour waters).
- Within the town centre, the piazza with its child-play water feature and distinctive artistic sculptures opened to the public.

Operational
Income

\$27.802M

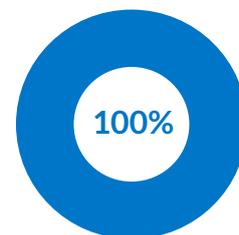
Operational
Expense

\$15.608M

Capital
Spend

\$7.287M

Total performance
progress met



Shell Cove Strategic Business Plan

Council adopted the Shell Cove Strategic Business Plan which outlines how Council will develop and manage the Shell Cove Marine Precinct. The Plan assists Council in achieving the Community Strategic Plan by investing in infrastructure, tourism and developing a new marine industry.

The high standard of community assets are being delivered over a number of years to accommodate demand and growth. The Plan details how the assets will be maintained and operated going forward, marketing and associated risks.

Bottom of the Harbour Walk

On Saturday 14 December, members of the community had their last ever opportunity to do a “Bottom of the Harbour Walk” when the gates to the dry major construction site were opened. The Walk was around the perimeter edge and involved a distance of about 1.2km.

The morning event included live entertainment, a Rotary barbecue, and the opportunity to climb over the machinery from Coastwide Civil (the company constructing the Harbour). Also, attendees could view the latest images of the Shell Cove Project and get an update on the progress of the various projects under way.

In late-2020, the future Shell Cove Harbour site will slowly start to be filled with water, forever changing the coastline of Shellharbour. But on the day, the harbour floor was filled with over 4,000 residents, keen for their chance to be part of history in the making.

OBJECTIVE 3.2

Supports and increases employment and business opportunities within a strong local economy

STRATEGY 3.2.2

Create, promote and maintain local business, job, investment and lifestyle opportunities

Council facilitated 11 Shellharbour City Business Network meetings and training opportunities. The Shellharbour City Business Network is a free service provided by Council for business owners operating in the Shellharbour Local Government Area. It provides support to local business owners by providing them with the opportunity to: meet other local business owners; develop business relationships; gain new business through referrals; discuss issues affecting businesses in the local community; hear presentations by guest speakers to improve their business management skills and access to information about other events and training opportunities.

Council continued liaison with Government agencies and other bodies to progress a range of economic development initiatives and the implementation of the Shellharbour Regional Economic Development Strategy 2019-2022. Initiatives progressed included:

- Assisted advocacy for Government funding of regional infrastructure projects, including the Tripoli Way project, conducted by Regional Development Australia Illawarra (RDAI) and the Illawarra Business Chamber (IBC)
- Progress of the Shellharbour Airport development project with representatives of the NSW Government
- Review of the Illawarra/Shoalhaven Regional Plan being conducted by the NSW Department of Planning, Industry and Environment
- Infrastructure Skills Legacy Program (ISLP) pilot, in partnership with the NSW Government and Wollongong City Council
- Illawarra Shoalhaven Transport Working Group to optimise regional benefits from linkages with Western Sydney
- Development of local tourism initiatives through the Board of Tourism Shellharbour
- Planning of future Council delivered business development/support events, with assistance of a number of possible presenters

Operational Income

-

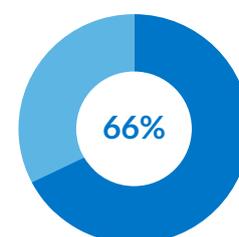
Operational Expense

\$229K

Capital Spend

-

Total performance progress met



Same service delivered differently

All business support events conducted by Council involving face-to-face contact remained cancelled until further notice due to the COVID-19 pandemic.

However, an online webinar was conducted on 24 June on the topic Business & Tax Strategies Pre & Post COVID-19. The formal evaluation of the event resulted in a satisfaction level of 97% of either 4/5 or 5/5 for each of the evaluation questions.

Number of Shellharbour City Business Network meetings

11

Number of attendees at Business Network meetings

159

Participant satisfaction with Council facilitated business events

92.5%

Number of economic development initiatives, implemented, underway and/or supported by Council

95

OBJECTIVE 3.3 Welcomes, engages and attracts visitors

STRATEGY 3.3.1 Promote our City as a tourist destination of choice

The Shellharbour Visitor Centre continues to provide information for visitors to the area, receiving over 7,000 visitor enquiries.

Promotion of Shellharbour continued via social media and the distribution of the Shellharbour visitor guide which was distributed to approximately 350 outlets throughout Sydney. Shellharbour was also featured on The Weekend Sunrise television show on 28 June.

Shellharbour was showcased at a number of events including the Canberra Caravan, Camping and Lifestyle Expo and at an Australian Society of Travel Writers luncheon.

Operational
Income

-

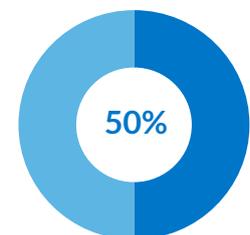
Operational
Expense

\$346K

Capital
Spend

-

Total performance
progress met



Number of enquiries
received at Visitor
Information Centre

7,006

Number of visitors to
Tourism Shellharbour's
website

69,341

Number of marketing activities undertaken
and the number of training opportunities
delivered / provided for tourism

17



Leadership

Our objectives & strategies

4.1 Led through collaboration

- 4.1.1 Ensure that the Mayor and Councillors are representative of the community providing strong, innovative and proactive leadership

- 4.1.2 Actively engage, consult and inform the community

- 4.1.3 Acknowledge and respect the Aboriginal community as the traditional custodians of the land

4.2 Supported by a Council that is responsive, accountable and financially viable

- 4.2.1 Undertake Council activities within a clear framework of strategic planning, policies, procedures and service standards

- 4.2.2 Continually improve services to enhance the customer experience and meet customer expectations

- 4.2.3 Ensure Council is financially sustainable and continues to be transparent and accountable

- 4.2.4 Provide a diverse range of business technology to facilitate information sharing

- 4.2.5 Minimise risk, ensure continuity of critical business functions and assist in the delivery of service for emergency events including flooding, coastal/oceanic, bushfire and other events

OBJECTIVE 4.1 Led through collaboration

STRATEGY 4.1.1

Ensure that the Mayor and Councillors are representative of the community, providing strong, innovative and proactive leadership

Council is committed to representing the community and advocating to other levels of government to address a range of key priorities and issues. Throughout 2019/2020 the Mayor and Councillors met with a number of organisations, associations, and Members of Parliament to discuss issues and opportunities for the City. Some of these organisations and meetings included: South East Australian Transport Strategy Inc, Local Government NSW, members of the She Shed, Australian Local Government Women's Association Executive Board, CivicRisk Mutual Board, Lake Illawarra Estuary Management Committee, the Illawarra Shoalhaven Joint Organisation and State Members of Parliament: member for Shellharbour Mrs Anna Watson, and Member for Kiama Mr Gareth Ward.

Council's formal decision making processes are conducted through Council Meetings. Council met regularly as scheduled during the year and in accordance with Council's Code of Meeting Practice. A large number of business matters covering a wide range of issues are discussed at Council meetings. These meetings are open to the public, except for discussion of legal, staff or other confidential matters which occur during closed sessions of a Council Meeting. Council endeavors to provide all Council Reports in Open Council, however, there are occasions when the Councillors must be provided with confidential information and 12 reports have been considered in confidential. Council meeting Business Papers and Minutes are available on Council's website

Extraordinary Meetings of Council may be called to deal with urgent matters. During 2019-2020 extraordinary meetings were held to deal with matters relating to; the election of the Mayor and Deputy Mayor, proposed ordinary Council Meeting Dates, the election of delegates to Council Committees and Working Parties, Terms of reference for Advisory Committees, Guidelines for Working Parties and Terms of Appointment of Community Representatives on Advisory Committees and Working Parties, Fireworks Display at Carols by Candlelight, and a development application at Yellow Rock Road, Tullimbar.

Members of the public with an interest in an agenda item for a Council Meeting are welcome to attend and address the meeting. Those wishing to speak at a meeting are advised to contact Council prior to the meeting.

Councillors were able to access accurate information in a timely manner through regular briefing sessions, advisory committees and working parties. Some of the topics covered included: the Lake Illawarra Coastal Management Program, Community Engagement Outcomes, Open Space and Recreation Needs Study, Local Strategic Planning Statement, Shell Cove Development, Review of the 2020-2021 Operational Plan and the Progress of the 2018-2021 Delivery Program.

Operational
Income

-

Operational
Expense

\$688K

Capital
Spend

-

Total performance
progress met



Briefings/training/development
opportunities provided to
Councillors

52

Number of public
addresses to Council

15



AR Bluett Award

Council was successful in winning the Metropolitan/Regional category of the AR Bluett Award for 2019 – the most prestigious award in Local Government in NSW. The Award is contested each year by councils in NSW who would like to be recognised as being the most progressive in the State and has been awarded annually since 1945.

Council held a ceremony event on Monday 16 December to celebrate winning the Metropolitan/Regional category of the Bluett Award for 2019. This was attended by the Mayor, Councillors, Council's Executive Leadership Team, Council staff, and two of the A R Bluett Award Trustees. The Trustees presented the Award plaque to Council, which is on display at the Shellharbour Civic Centre.

Two Council employees were also presented the A R Bluett Award Scholarship. They continue to be supported to undertake further professional development and research with a scholarship of up to \$2,500.

OBJECTIVE 4.1

Led through collaboration

STRATEGY 4.1.2

Actively engage, consult and inform the community

Council recognises that the views gathered through conversations and engagement should be representative of a broad cross-section of the community. Where possible, Council is committed to ensuring open access through:

- Use of accessible venues
- Promotion of accessibility options
- Ensuring a range of engagement methods are used
- Provision of easy-read materials or direct support to interpret documents.

Council's Communications and Engagement Strategy 2020-2024 builds on Council's strong foundation of Communication and Engagement. This strategy outlines the different service offerings and approaches we will take to ensure proactive and positive information sharing across all of our audiences. The strategy is a 5 year document, however it will be reviewed annually to ensure that the actions and goals remain relevant and contemporary in a rapidly changing environment. The Strategy focuses on key our primary responsibilities: Engage: Communicate; Promote Connect, Design and Media.

Council used multiple media channels to promote local events and to engage and inform the Community during the year. In addition to social media, Council's online engagement platform 'Lets Chat' continued to grow with over 24,369 visitors to the site. Council also distributed over 260 press releases/alerts to local media and 24 Mayors columns were submitted for inclusion in the Illawarra Mercury and Advertiser.

Operational Income
-

Operational Expense
\$420K

Capital Spend
-

Total performance progress met



Number of visits to the Shellharbour City website

295,106

Number of engagement projects on Let's Chat

186



Communication and Engagement during COVID-19

The COVID-19 pandemic crisis saw a rapid re-positioning of the priorities for Council's Communications and Engagement from March onwards. Council's principal role was to ensure that timely and accurate information was disseminated across all of its available channels so that the Community, Customers, Councillors and staff were able to access what they needed when they needed. There was a massive undertaking during this period to interpret government advice for our local community as well as respond to the rapidly changing environment.

Council's communications always endeavour to offer a genuine, human and accurate message. Council decided early on that spreading messages of kindness and reassurance would be a significant antidote to the principal messaging. This involved sharing positive community-driven campaigns, establishing a social media campaign to share positive stories, replacing signage in the City with messages of kindness and assurance, and establishing a new online art series, posARTivity, to ensure that artists and creatives were paid to develop new works of art reflective of the messaging and the situation.

International Women's Day

Council's annual International Women's Day (IWD) event was hosted on 6 March in the form of a young women's breakfast. This is the second year Council has run this event in this format. The primary audience included young women from local high schools, community groups and advocacy organisations. By targeting women 25 and under Council ensures the focus is on emerging leaders and gives a space where that demographics' viewpoint can be expressed safely and confidently.

Council's IWD event is designed as a point of difference in the region. Most IWD events are either targeted at senior business leaders in the workforce or are ticketed at a price point where young women are mostly excluded. This event provides an excellent opportunity to ensure this voice is both represented and heard in the community.

OBJECTIVE 4.1 Led through collaboration

STRATEGY 4.1.3

Acknowledge and respect the Aboriginal community as the traditional custodians of the land

Council delivers a number of key events that acknowledge and celebrate our local Aboriginal history and community. These include: Reconciliation School Flags Walk, NAIDOC Community Day and the NAIDOC Awards.

As an expression of appreciation for our local Aboriginal community Council also hosted a VIP visit to the Civic Centre for local Aboriginal Aunties. The visit included a special welcome by the Deputy Mayor, a tour of the building including a guided tour of the various Aboriginal artworks, a craft activity and lunch.

Council acknowledges and respects the Aboriginal community as the traditional owners of the land. One new way this is being acknowledged and promoted is through the establishment of an Aboriginal Interpretive Signage Walk along the southern edge of Lake Illawarra. The signage walk will capture and celebrate local sites and stories of significance and share these in a series of artistic interpretive signs. The groundwork has been done on this important project with the extensive community consultation now complete, and the sites and stories identified.

Shellharbour City Council is rich in Aboriginal culture and heritage. No place more so than Bass Point Reserve. Council is currently developing a Bass Point Reserve Conservation Management Plan which will have a chapter dedicated to Aboriginal culture and heritage. Council has undertaken broad Aboriginal consultation along with extensive archaeological research to ensure the important sites and stories are recognised, valued and preserved for years to come.

NAIDOC Week

NAIDOC Week is a key time of year for events and activities that celebrate and support the local Aboriginal community. During July Council delivered and supported two NAIDOC events as part of these celebrations. Council hosted a local NAIDOC celebration at the Civic Centre, inviting the general community to celebrate Aboriginal and Torres Strait Islander culture. The event began with an official flag-raising ceremony as well as a traditional Acknowledgement of Country and smoking ceremony by Uncle Gerald Brown. Local Aboriginal artists Kyarna Rose and Matt Walker performed live music throughout the day, the Library displayed their Aboriginal Culture Collection and Park and Play provided free community activities.

To wrap up NAIDOC celebrations, the Regional NAIDOC Awards Night was held at the end of July, jointly coordinated by Shellharbour, Kiama, Wollongong and Shoalhaven Councils. The 2019 event was located in Shoalhaven, and hosted local Aboriginal community members and organisations from all across the Illawarra and Shoalhaven, accommodating around 350 guests on the night. Eight award recipients were recognised for their community achievements, with two local residents receiving awards - Uncle Brian Green, Male Elder of the Year, and Layne Brown, Volunteer of the Year.

Operational
Income

-

Operational
Expense

\$65k

Capital
Spend

-

Total performance
progress met



OBJECTIVE 4.2

Supported by a council that is responsive, accountable and financially viable

STRATEGY 4.2.1

Undertake Council activities within a clear framework of strategic planning, policies, procedures and service standards

Council continued to be managed in such a way as to meet the community's goals set out in the Community Strategic Plan. The challenges of achieving this outcome were increased as the organisation needed to respond to the COVID-19 pandemic.

The community was been updated on the Operational Plan and Delivery Program on a quarterly basis throughout the year in accordance with statutory requirements. These documents are reviewed regularly and report to Council and the community. Due to the deferral of the 2020 Local Government Elections the 2018-2021 Delivery Program was extended by an additional year and now covers the period 2018-2022.

The 2018-2019 Annual Report as adopted by Council at the Council meeting on 19 November 2019. The Annual Report included: Audited Financial Statements for the year ended 30 June 2019. The Annual Report provides an overview of Council's operational and financial performance.

All information required to be made publicly available under the Public Information (Public Access) Act (GIPA Act) was displayed on Council's website or provided upon request.

Over xxxx records relating to Development Applications was made available to the public on Council's website through e-services during this period.

Adoption of Integrated Planning and Reporting Documents

Council adopted its 2020-2021 Operation Plan, 2020-2030 Long Term Financial Plan and the 2020-2030 Asset Management Plan. These plans are part of the Integrated Planning and Reporting frame work and outline Council's commitment to achieving the Objectives of the Community Strategic Plan.

The Operational Plan is structured into key areas which includes key projects and priority areas. It outlines the Actions that Council is going to undertake to deliver the strategies identified in the Delivery Program.

Council has proposed to invest \$19,166,000 on renewal and \$ 33,539,000 on new projects in the coming year, covering the wide range of infrastructure within our City. This includes play and fitness equipment, footpaths and shared paths, roads and carparks, sportsfield amenities and stormwater management.

The Long Term Financial Plan (LTFP) is used to model various scenarios. It is also used to inform and guide future action and to allow Council to identify financial issues at an earlier stage. The LTFP provides a means to forecast Shellharbour City Council's capacity to provide financial resources to meet the Objectives of the Community Strategic Plan.

The Asset Management Plan forms part of Council's Resourcing Strategy and reports on the current state of Council assets, and describes the levels of service that are intended to be provided to the community over a 10 year period, in alignment with the LTFP. It considers required asset growth to keep pace with development and recommends resourcing allocations to achieve the described levels of service.

Operational
Income

\$64k

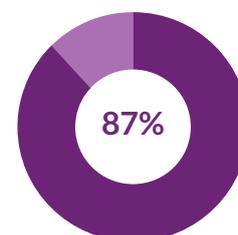
Operational
Expense

\$5.305m

Capital
Spend

-

Total performance
progress met



Community Survey

Biennially Council undertakes a community survey to measure Council's performance and provide up-to-date insights into perceptions of service provision, as well as uncovering the degree of satisfaction regarding issues. The intention of the survey is to monitor community satisfaction with the delivery of services provided by Council. It was undertaken over a two week period in September. There were over 240 online surveys completed, in addition to the 601 telephone surveys undertaken by IRIS Research.

Overall satisfaction with Shellharbour City Council is 3.5 out of 5 compared with 3.1 out of 5 in 2017. All services and facilities either improved or maintained their level of performance since 2017. Improvement in Council's organisational skills has driven these stronger results.

OBJECTIVE 4.2

Supported by a council that is responsive, accountable and financially viable

STRATEGY 4.2.2

Continually improve services to enhance the customer experience and meet customer expectations

Council's commitment to the Customer Service Charter continued to be achieved by the ongoing measurement of performance used to deliver professional, reliable and consistent customer service that reflects and upholds our Core Values of Collaboration, Accountability, Integrity, Respect, and Sustainability.

Consistent with the standards of the Customer Service Charter extensive collaboration occurred across all of Council to ensure Customers were being provided with information and advice in a timely manner.

Council's Business Improvement Program focuses on building and enhancing our business process management and improvement practices, tools, skills and capabilities. As part of the Business Improvement Program, we are working to document and improve our business processes using a business process management solution.

The aim is to ensure we are all clear on what we do, how we do it, who does it, and who we need to work with to deliver consistent, quality outcomes to our Community, Councillors, Customers and Council. This will enable us to review and improve the way we work.

The focus has been on undertaking a service-based end-to-end approach to documenting and improving Council's business processes. To date Council has completed and published to the website, over 120 business process. Completed processes have been published on Council's website to provide transparency and demonstrate accountability.

Training was conducted for staff in areas such as Code of Conduct, Courageous Conversations, planning, leadership and management, working safely in the community along with various other training necessary for off-site works. These training opportunities allow staff to develop and enhance their skills, continue to stay up with best practice and best meet the needs of the Community, Customers and Council.

Operational Income

\$75K

Operational Expense

\$2.517M

Capital Spend

-

Total performance progress met



Percentage of calls answered within 60 seconds

83%

Customer service requests acknowledged within 3 working days

100%

Customer service requests actioned within 14 working days

85%

OBJECTIVE 4.2

Supported by a council that is responsive, accountable and financially viable

STRATEGY 4.2.3

Ensure Council is financially sustainable and continues to be transparent and accountable

Throughout the year, Council has successfully continued on its path of securing its long term financial sustainability. Strategic financial advice was provided to Councillors on a quarterly basis as part of the review of the 2019-2020 Operational Plan and Delivery Program with all statutory requirements being met.

Council's Operational Plan including the 2020-2021 budget and Long Term Financial Plan 2020-2030 was adopted by Council in June.

COVID-19 has also seen Council introduce financial relief measures which has been available to a large number of residents and businesses in the Local Government Area. These measures have ranged from legal action and interest not being applied to outstanding monies owing to Council to lease rental payments being waived for a number of Council tenants for a period of up to 90 days.

Council continued its commitment to progress regional procurement initiatives as part of the Illawarra Shoalhaven Joint Organisation. The purpose of regional procurement is to achieve lower cost of services with sharing into a collective buying power through our partnerships with other government agencies.

Operational
Income

\$60.508M

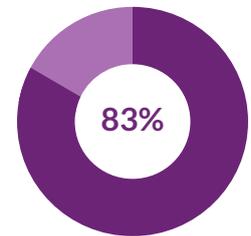
Operational
Expense

\$3.551M

Capital
Spend

-

Total performance
progress met



Percentage
outstanding rates
and charges

4.87%

Operational
Performance
Ratio

13.80%

Participation in
regional procurement
initiatives

100%

Fit for the future
ratios met

6

OBJECTIVE 4.2

Supported by a council that is responsive, accountable and financially viable

STRATEGY 4.2.4

Provide a diverse range of business technology to facilitate information sharing

The performance of Council's information and communication systems were of a consistent and a high standard throughout the year.

The transition of the TechnologyOne solution from on-premise to Software as a Service (SaaS) was successfully completed with staff across Council collaborating to ensure positive outcomes were delivered to Council, the community, customers and Councillors. The decision to transition to SaaS proved to be a key enabler to mobilising Council's operations during the COVID-19 pandemic allowing staff to quickly transition to a new way of working away from the office.

Council continues to deliver a wide range of services to customers ensuring that Council's services can be accessed anywhere at any time. The implementation of the new booking software (Bookable) was made available from January for Civic Centre, Halls and Community Centres.

Council continued to undertake efficient document management practices to ensure the ongoing commitment to its Customer Service Charter and legislative requirements under the NSW Records Act 1998.

Operational
Income

\$266K

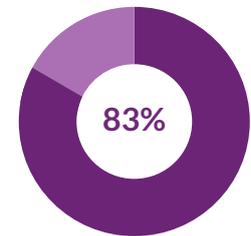
Operational
Expense

\$5.538M

Capital
Spend

\$25K

Total performance
progress met



Correspondence
received by Council
responded to within
5 working days

83%

Information and Com-
munication Technology
service desk incidents
resolved within service
level agreements

82%

Information and
Communication
Technology systems
available during
business hours

98%

10.7 Planning
Certificates delivered
within the target
timeframe of 3 days

99%

OBJECTIVE 4.2

Supported by a council that is responsive, accountable and financially viable

STRATEGY 4.2.5

Minimise risk, ensure continuity of critical business functions and assist in the delivery of service for emergency events including flooding, coastal/oceanic, bushfire and other events

Council's Business Continuity Plan has been developed to assist staff in the restoration of business operations in the event of a significant disruption or catastrophic event. Council's Business Continuity Plan is current and it is reviewed and updated on a quarterly basis.

Council's Business Continuity Plan was activated on 20 March 2020 in response to the COVID-19. As a result, Council established a Crisis Management Team to coordinate its response to the crisis. The Crisis Management Team established 3 key response objectives, those being:

- Maintain the health and wellbeing of Council staff,
- Ensure continuity of critical business functions and
- Maintain satisfactory levels of customer service.

An employee Well-being Information pack was distributed to all staff. The pack provided information on how to protect yourself and others, exercise, diet, mindfulness, social and financial wellbeing.

Council provided its support to the Emergency Services through its active representation at all the Illawarra Local Emergency Management Committee (ILEMC) and Illawarra Zone Liaison meetings this year. Council has also supported the emergency services through the maintenance of local emergency service fleet, plant and equipment as per the Rural Fire Service Annual Program.

Council adopted the Lake Illawarra, Mt Warrigal and Oak Flats Flood Study in February. Community consultation commenced in the preparation of the Macquarie Rivulet Flood Risk Management Study and Plan. A community survey was made available to the public on Council's 'Let's Chat' webpage and a community newsletter was distributed to all owners and occupiers of land within the study area.

Council has an insurance portfolio that provides protection and assurance against unforeseen financial losses arising from its activities. These include but are not limited to: public liability, property protection, motor vehicle damage, worker's compensation, aviation liability, fine arts, casual hirers, fidelity guarantee, cyber and Councillors and Officers liability.

Operational Income

\$583K

Operational Expense

\$3.437M

Capital Spend

-

Total performance progress met



Corrective Actions completed within allocated timeframes

100%

Average cost of Workers Compensation Claims

\$2,070

Workers Compensation Cost Industry rate comparison

1.98%

Requests for flood level information responded to within 10 business days

98%



Bushfire Assistance

Following the devastating 2019-20 fire season, Council reached out to the neighbouring Councils to offer assistance to help them get back on their feet during this hard time.

Council provided a range of assistance to fire affected local government areas of Wollondilly, Wingecarribee, Shoalhaven and Emergency Services Organisations. Council provided specialist skills to the Picton Incident Management Team on recovery works, Environmental Health Officers and Tree Management crews to carry out day to day operations and clean up works to restore communities back to normal operations.

The Emergency Operations Centre (EOC) at the Rural Fire Service, Albion Park Rail was also open during this period on several occasions. Council staff were rostered on to provide local government representation and support to the EOC.

Albion Park Showground was also opened in January as a refuge for large animals for the duration of the fire emergency.

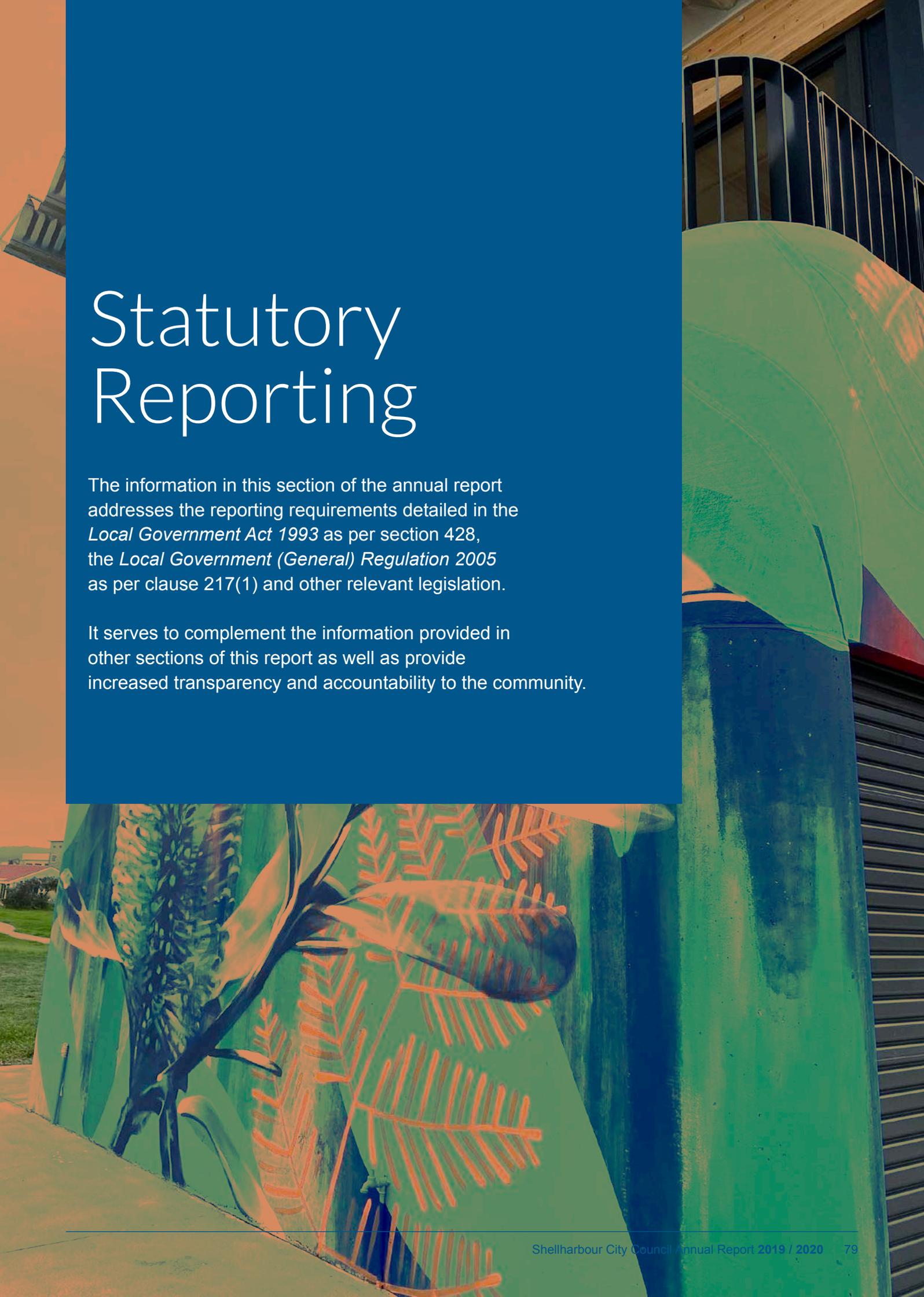
CivicRisk Mutual Excellence in Risk Management Award

Council finished the year with yet another accolade, as the recipient of the CivicRisk West 2019 Risk Management Award.

CivicRisk Mutual's Excellence in Risk Management Award honours the achievements of those members who rise to the challenge and generate significant impact through their risk management programs and initiatives.

The award was presented to Shellharbour City Council for demonstrating exceptional leadership and exemplary results for an electronic building inspection checklist initiative undertaken by Council's Building Assessment team.

The project uses technology to record the results of critical stage building inspections, leading to a more efficient and timely inspection process, as well as an improved ability to assess risks in the field.



Statutory Reporting

The information in this section of the annual report addresses the reporting requirements detailed in the *Local Government Act 1993* as per section 428, the *Local Government (General) Regulation 2005* as per clause 217(1) and other relevant legislation.

It serves to complement the information provided in other sections of this report as well as provide increased transparency and accountability to the community.

Companion Animals Act

Community

Shellharbour City Council is responsible for enforcing the provisions of responsible pet ownership within the local government area. Council must adhere to and report on a number of statutory requirements that are contained within the legislation.

Council's risk based regulatory model of enforcement includes taking a measured response to responsible pet ownership. Council proactively educate the community regarding responsible pet ownership, both when animals are at home, and especially when out in the public domain.

Due to the COVID-19 pandemic, Council saw an increase in the number of dogs out with their owners, resulting in council officers being able to address issues through proactive education.

Council continues to promote the importance of ensuring pets remain under the effective control of a responsible person to prevent unnecessary risk to our community through dog attacks and other hazards caused by roaming animals.

Unregistered and Unidentified Animals

The Companion Animals Act 1998 requires that all dogs and cats over 6 months of age are microchipped and registered. There continues to be a steady drop in the number of animals that do not comply, which can be attributed to changes to the law specific to breeders when selling their animals.

Council ensures that owners comply with these requirements when addressing animal related complaints. Council issued 268 notices directing owners to comply with registration and identification requirements. Penalty notices may be issued for non-compliance.

Impounded Animals

Shellharbour City Council continues to respond to stray dogs that may escape their properties and end up being seized by council or members of the community. The continued growth in online platforms and social media remains a key factor in reuniting lost pets with their owners.

In the 2019/20 financial year Council seized 226 stray dogs which represents a decline in the number seized decline. Council remained proactive in returning identified dogs back home, rather than taking them to the pound. During this reporting period Council returned 96 dogs, representing a return rate of 42%. This is an excellent result when compared to Councils across the State.

Dog Attacks

Council continues to support members of the public that may be involved in unprovoked dog attacks. Unfortunately a small percentage of dogs become involved in dog attacks against other animals or people. Council investigated 51 dog attacks during this reporting period.

Dog attack investigations may result in dogs being declared dangerous or menacing and strict control requirements are imposed to protect the community from these animals.

With proper training and care, most dog attacks can be prevented. Responsible pet ownership is required to ensure that people and other animals do not fall victim to a dangerous dog.

Alternatives to Euthanasia for Unclaimed Animals

Council supports a number of rehoming agencies and groups by waiving their requirement to register animals that are being rehomed. The new owners are responsible for registration, which allows the rehoming groups to focus spending on programs that save animals.

Council's education and enforcement programs ensure that the ownership details of animals are up to date which facilitates the return of animals rather than those animals being euthanised.

Council maintains a strong working relationship with the RSPCA, which provides pound services for Council. The RSPCA assess animals for suitability for rehoming prior to euthanising any unclaimed animals. The RSPCA also provides some animals to rescue organisations.

Education Programs

Council continues to promote responsible pet ownership and regularly undertakes education and enforcement programs in areas identified as being non-compliant. Beaches and the foreshore experienced an increase in the number of dogs, particularly during the pandemic lockdown period. Council staff, in conjunction with the lifeguards worked together over the summer months to educate residents and visitors bring their animals to the beaches.

Council developed a number of communications that were posted on its website and social media platforms. A number of events were cancelled due to COVID-19 restrictions, which limited community engagement during this time.

Council adopted a 'Dog Friendly Spaces Strategy' to balance the needs of dog owners with the needs of the general community for accessible safe parks; to identify gaps in the provision of dog friendly spaces and ensure equitable distribution across the area.

Off-leash exercise areas for dogs

There are a number of places around Shellharbour City where dog owners are able to exercise their dogs off leash.

- Areas of Croom Regional Sporting Complex, Croome Road, Albion Park Rail, excluding sportsfields and bushland. (Please note this area is currently subject to change due to the Albion Park Rail bypass works)
- Dog park located on Whittaker St, Flinders (includes a dog agility park)
- Dog park located on Kingston Street, Oak Flats (includes a dog agility park)
- The southern end of Lake Entrance sports field, Messenger Street, Barrack Heights
- Vacant land at the southern end of Industrial Road and the southwestern corner of Kingston and Moore Streets, Oak Flats
- Bass Point Tourist Road between The Shallows coastal reserve and the gravel loader, east-west to the high water mark, Shellharbour, not including the beach area. (Please note this area is currently subject to change due to the Shell Cove development.)
- Alex Hoffman Park, Rowland Ave, Mount Warrigal, excluding bushland.

Dog owners use these areas to assist in developing socialisation skills whilst providing adequate room to run and play. Areas like these are important to the community as they provide a convenient setting for socialising dogs from an early age. Developing these skills will help prevent dog attacks and other anti-social traits that may otherwise develop.

Swimming Pool Inspections (Regulation and Enforcement)

Council conducted 103 swimming pool inspections for this financial year. Details of private swimming pool inspections include:

Number of inspections of tourist and visitor accommodation	1
Number of inspections of premises with more than 2 dwellings	1
Number of inspections that resulted in a compliance inspection	54
Number of inspections that resulted in issuance of a certificate of non-compliance	2

Carers Recognition

No longer applicable as Council exited out of direct service provision to carers on 31 October 2015.

Disability Inclusion

Shellharbour City Council has a Disability Access and Inclusion Plan 2017 - 2021. The Plan focuses on how to make the City a more accessible and inclusive city, a place where people want to live, work and play.

The plan commenced on 1 July 2017 and has four focus areas. These are:

Focus Area 1: Developing positive community attitudes and behaviours

Focus Area 2: Creating liveable communities

Focus Area 3: Supporting access to meaningful employment

Focus Area 4: Improving access to services through better systems and processes

Achievements have been delivered across the four focus areas. Highlights include:

Focus Area 1: Developing positive community attitudes and behaviours

One of the key ways Council promotes positive community attitudes and behaviours towards people with disability is through the support of International Day of People with Disability. In support of this event, Council coordinated the production and distribution of the 'Calendar of Events'. The calendar covered the period of 23 November to 11 December 2019 and featured 22 events hosted by eight organisations. Several hundred people attended the range of events on offer.

Council hosted activities included free use of Council's pools for the calendar period, a craft session, movie marathon, as well as information sessions on the NDIS (National Disability Insurance Scheme).

Focus Area 2: Creating liveable communities

The Disability Access and Inclusion Plan advocates that inclusive parks are needed across the City. This year, Council playground renewals and upgrades featured many accessible and inclusive features. The new farm themed playground at McDonald Park, Albion Park Rail, is a highlight. The space incorporates a variety of play opportunities suitable for a range of ages and abilities. It includes a fusion climber, an inclusive carousel, an activity tower with a slide and interactive sensory panels, a nature play trail and picnic shelter.

Focus Area 3: Supporting access to meaningful employment

Council participated in a cross council forum including Wollongong, Shoalhaven, Kiama and Shellharbour Councils as well as representatives from Local Government NSW and Campbell Page recruitment to discuss strategies for reducing barriers to employment for people with disabilities. This work was put on hold due to COVID-19 and will recommence again shortly.

Focus Area 4: Improving access to services through better systems and processes.

Many of Council's systems and processes are being improved to ensure they are more accessible and inclusive. Highlights include developing:

- A Local Strategic Planning Statement that includes a range of planning priorities and actions on how Council will deliver the land use planning vision over the next 20 years. It demonstrates an understanding of the changes that will shape Shellharbour City's future, so that we can create a future that is desirable for our community and visitors. This includes recognition of the needs of people with disability.
- An updated Open Space and Recreation Needs Study and Strategy, that has looked at the open spaces across the City. The study has reviewed what open spaces we have and provides actions on how we can improve these spaces to best meet the needs of growing population.
- Master Plans for key recreational areas at McDonald Park and Reddall Reserve, to include destination inclusive facilities.

Financial Assistance 2019/20

Applications for Financial Assistance

Councils may provide financial assistance to others, under S356 of the *NSW Local Government Act 1993* (the Act). Shellharbour Council allocates funds for certain kinds of donations, listed as miscellaneous donations in each annual Operational Plan and the distribution of funds is managed by the Financial Assistance Working Party, which includes all Councillors. Applications are considered four times a year. Council's Financial Assistance - Donations Policy is available on Council's website.

Applications for Fee Reduction

There were no applications for fee reduction.

All subsidies made under the Council Policy 'Leasing and Licencing on Council Public Land and Buildings' are made as 'in-kind donations'. That is, the use of the facility for a lesser amount in return for the services that they offer to the community as well as the maintenance responsibilities that they may undertake on the property rather than cash from Council's Donations Policy budget.

Council provided in-kind donations to the value of \$189,168 through rental agreements to groups who have provided certain community benefits to the City.

Requests for Donation 2019/20

A total of \$17,033.50 was donated from the miscellaneous donations budget as follows:

Organisation	Reason Requesting	Amount
First quarter allocation		
Nar Anon Support Group	To assist with costs associated with running the program from Albion Park Community Centre as well as purchasing resources and information flyers for members.	\$500
Shell Cove Combined Probus Club Inc	To offset the costs to members associated with attending various activities.	\$500
The Shepherd Centre	To assist with costs associated with running "Off To School" program	\$500
Shellharbour Swans Junior Australian Football Club	Purchase of a new fridge/freezer for canteen	\$500
Illawarra Drug Awareness Group Ltd (Life Education Illawarra)	Costs associated with running Life Education Illawarra programs	\$1,000
Warilla Barrack Point SLSC	To purchase a new nipper board for youth members	\$1,000
St Vincent de Paul Albion Park Conference	To assist residents who are facing eviction due to rental arrears	\$1,000
Albion Park Junior Crows	To purchase new equipment for members	\$500
Community Service Award	To encourage and reward students who have shown initiative and action in supporting their local community	\$763.50
Second quarter allocation		
Southern Illawarra Men's Shed	Purchase of equipment for training members.	\$1,000
The She Sheders Inc	Purchase of sewing machines, an overlocker and various supplies	\$500
Shellharbour Hospital Auxiliary	Purchase of two syringe pumps for Shellharbour Hospital.	\$500
Hope in a Suitcase	Purchase of suitcases, bags and other items to be provide to children when they enter 'out of home care'	\$500
Shellharbour Sharks JRLFC Inc	Purchase of jerseys and other equipment for an Under 15 girls tackle team	\$500

Requests for Donation (continued)

Organisation	Reason Requesting	Amount
Third quarter allocation		
Illawarra Women's Health Centre	To assist in the purchase of educational resources required to run programs.	\$1,000
St Vincent de Paul Society – Shellharbour All Saints Conference	To assist in providing financial and material support to disadvantaged families.	\$500
St Vincent de Paul Society Albion Park Conference	To assist residents experiencing financial difficulties.	\$500
Help2help Ltd t/as Ratha's Place	To assist in the provision of meaningful employment and training.	\$500
Warilla Lake South Minor RLFC	To assist in the purchase of training uniforms.	\$1,000
Shellharbour Tri Club	To purchase a child's road bike and helmet to be used as a loan for potential new members to trial.	\$950
Southbridge Boardriders	To assist in the costs associated with council license, yearly insurance and storage fee for trailer and equipment.	\$520
The She Shedhers	To purchase tables, chairs, gazebo, portable lighting and storage.	\$1,000
Warilla Barrack Point SLSC	To assist in the purchase of two shade marquees for use during nipper training sessions.	\$800
Fourth quarter allocation		
The Shepherd Centre	To provide a social skills workshop for children with hearing loss in the Shellharbour area, called 'Confident Kids'.	\$500
St Vincent de Paul Society – Shellharbour All Saints Conference	To assist in providing financial and material support to disadvantaged families.	\$500
Total		\$ 17,033.50

Applications for Sponsorship 2019/20

Organisation	Project Summary	Amount
Wheelchair Sports NSW	2019 Wheelchair Basketball Illawarra Festival	\$5,000
The Farms Market	The Farms Market	\$3,000
Illawarra Film Festival	Illawarra Film Festival	\$700 in kind
Pop up Parties	Pop up Parties	\$3,700
Kao Kreative	Run Shellharbour	\$3,181.82
KidsFest	KidsFest Shellharbour 2020	\$3,000
i98fm	i98fm Convoy	\$5,600 (In kind \$1000)
Rumpus	The Big Draw Shellharbour	\$5,000
Verb Syndicate	Verb Syndicate Mural	\$8,000
Dunmore Rural Fire Brigade	Hidden Forest Festival	\$ 500
Bright Events	Wings Over Illawarra	\$ 2,727.27
Michelle Meares	Carols by the Harbour	\$ 2,000
A Volkanovski	Dinner to celebrate world title	\$ 2,272.73
Total		\$ 44,681.82

Environmental Grants

Group	Workshop Received	Value of Workshop
Koninderie Community Based Pre-School	Butterfly House	\$ 675
Marina Cottage Early Learning Years	Butterfly House	\$ 675
Pelican Preschool & Long Day Care	Butterfly House	\$ 675
Warilla Baptist Preschool	Butterfly House	\$ 675
St Paul's Primary School	Creepy Creatures	\$ 475
Flinders Preschool Education Centre	Creepy Creatures	\$ 475
All Saints Preschool Albion Park	Creepy Creatures	\$ 475
Alunga Childcare Centre	Creepy Creatures	\$ 475
Total		\$4,600.00

Financial Relief – COVID-19

Council at its meeting on 7 April 2020, resolved to provide financial relief as a result of the COVID-19 pandemic through a variety of measures.

For the 2019/20 financial year, a total of \$68,200.93 of financial relief was provided through the waiving of payments for Council lease tenants.

Written off Rates and Charges

There was no written off rates and charges for the 2019/20 financial year.

Planning Agreements

Planning agreements are also known as Voluntary Planning Agreements, or VPA's. These agreements are a voluntary arrangement under which the developer is required to dedicate land free of cost, pay a monetary contribution or provide any other material public benefit, to be used for or applied towards the provision of public infrastructure or another public purpose.

A planning agreement may be used instead of (or in addition to) imposing the conditions included in Council's current Contributions Plan, to negotiate development contributions that relate to a development, that may address other purposes and have a wider public benefit.

In 2019/2020, there were two Planning Agreements in force:

Calderwood Voluntary Planning Agreement

On 15 September 2014 Council entered into a Planning Agreement with Lend Lease Communities (Australia) Limited for the provision of all Shellharbour City Council local infrastructure contributions that are necessitated by the development of the Calderwood Urban Development Project.

Under this Planning Agreement the developer will provide approximately \$20M in monetary contributions toward both local and citywide infrastructure (in lieu of Section 94 Contributions) and deliver onsite infrastructure including a community centre, parks, sportsfields, road upgrades and land dedications to the value of approximately \$50M. The development is expected to occur over the next 20-25 years and will significantly increase both the population of the City's West and Council's asset base.

Council continues to implement this Planning Agreement and will negotiate an amendment with the developer, Lend Lease, should approval be given by the State Government to an application to modify the development.

Voluntary Planning Agreement – Benson Avenue, Shellharbour City Centre

This Planning Agreement was executed between Council and NPA Developments Pty Ltd on 31 October 2018 and applies to land at 4-6 Benson Avenue Shellharbour City Centre.

Under the Agreement the developer agrees to carry out road works in association with the development of the site a mixed residential and commercial development. The works were included as a condition of development consent to ensure that the traffic impacts arising from the development can be managed appropriately.

The works involve the design and construction of traffic lights at the intersection of Benson Avenue and Lamerton Crescent, including:

- The addition of the fourth southern leg to the existing T-intersection;
- Removal of the existing roundabout;
- Removal and reconstruction of associated kerb and gutter, drainage and road pavement

Environmental Upgrade Agreement

No Environmental Upgrade Agreements have been entered into.

Fisheries Management

Council have not received any formal requests or complaints regarding matters covered in any recovery or threat abatement plan listed under the NSW Fisheries Management Act.

Stormwater Management Services

Stormwater Services

The Stormwater Levy provided funding for various stormwater upgrade projects, as well as funding the maintenance of assets previously constructed with the stormwater levy:

- Modification of Blackbutt Dam
- Shellharbour Road Culvert Installation
- Dish Drain at intersection of Edward Street & Barrack Avenue
- Karoo Street Stormwater Network Renewal & Upgrade
- Concept designs of new detention basins as recommended by Floodplain Risk Management Studies
- Construction

Stormwater Monitoring

Water quality monitoring continues to be undertaken for major waterways and wetlands under the stormwater monitoring program. Stormwater monitoring assists with characterising the environmental health of the city's major waterways and assessing the quality of stormwater discharging from urban and rural catchments. Results are used to identify any water quality concerns and assess the effectiveness of stormwater treatment measures.

Quarterly monitoring is undertaken for waterways including Elliott Lake, Bensons Creek, Tongarra Creek, City Pond, Horsley Creek, Oakey Creek, Macquarie Rivulet and Dunmore and Myimbarr wetlands.

Shellharbour Council is also participating in the Smart Cities and Suburbs Program in collaboration with the Illawarra Shoalhaven Joint Organisation, University of Wollongong and industry partners. The program is to develop real-time automatic monitoring of water quality measures and will supplement the Stormwater Monitoring program, by increasing Council's monitoring capacity without requiring Council officers to constantly visit the sampling sites. This program utilises funding provided by the Australian Government.

Stormwater Education

Funding from the Stormwater Levy has contributed to the development and delivery of stormwater education initiatives. A new water bottle refill station and drinking fountain installed at McDonald Park in Albion Park Rail, encourages the community keep stormwater drains and waterways free of plastic pollution, and features two panels with stormwater education messages.

Coastal Protection Service

Council does not administer an annual charge for coastal protection services.

Special Rate Variation Expenditure

Shellharbour City Council was successful with its special rate variation application, under Section 508A of the Local Government Act, in 2012/13. This allowed Council to increase its general rating income to go towards the renewal of infrastructure. The annual program is based on priorities determined by Council's asset management system in conjunction with the Asset Management Plans.

The total funds expended in 2019/20 under the special rate variation amounted to \$10.86M. A breakdown of this expenditure according to asset class is provided below:

Buildings \$3,276,173	<ul style="list-style-type: none"> • Geoff Shaw Oval Amenities Renewal • Morley Park Sportsfield Amenities Renewal • Stoney Range Pony Club Building Renewal • Beverley Whitfield Baby Pool Renewal • Public Pool Switchboard & Sewer Renewals • Blackbutt Reserve Public Toilet Renewal • McDonald Park Public Toilet Renewal
Footpaths and Shared Paths \$1,218,022	<ul style="list-style-type: none"> • Shared Path: Croome Sporting Complex to Albion Park Train Station • Shared Path: Strong Reserve Warilla • Shared Path: Balarang Reserve • Footpath Renewal: Keros Avenue • Footpath Renewal: Princes Highway
Transport \$2,724,984	<ul style="list-style-type: none"> • Asphalt renewal of 35 road segments • Creamery Road Carpark Renewal • Warilla Town Centre Streetscape Renewal (design) • Lake Entrance Road Retaining Wall Renewal (design) • Oak Flats Depot Carpark & Compound Renewal
Open Spaces \$2,139,894	<ul style="list-style-type: none"> • Ski Way Park Promenade Renewal • Play Equipment Renewals: <ul style="list-style-type: none"> • McDonald Park, Albion Park Rail • Central Park, Oak Flats • Ski Way Park, Oak Flats • Panorama Oval Sportsfield Lighting Renewal • Park Furniture Renewals
Stormwater \$1,082,661	<ul style="list-style-type: none"> • Deakin Reserve Stormwater Renewal • John Street Shellharbour Stormwater Renewal • Karoo Street Albion Park Rail Stormwater Renewal • Stormwater Pipe Relining • Pur Pur Avenure Stormwater Renewal
Total \$10,864,598	

Assets acquired by Council during 2019/20

Assets are added to Council's asset register on an ongoing basis through private development and works carried out by Council as part of its adopted Capital Works Program. The total value of asset additions associated with Council capital works amounts to \$34.88M for the 2019/20 financial year. The works carried out by Council include both the construction of new assets and the renewal or upgrade of existing infrastructure.

Assets acquired through private development includes handover of assets constructed through major subdivisions, works in kind and user groups of Council land. For 2019/20, the total value of assets acquired was \$37.5M. This was comprised of \$25.2M of infrastructure assets and \$12.3M of contributed land. This largely came from new sections of Calderwood, Shell Cove and Tullimbar being handed over.

The values of assets acquired are summarised below.

Works Completed and In Progress

Buildings & Aquatics \$7,649,244	<ul style="list-style-type: none"> • Warilla Library Relocation Project • Sportsfield Amenities Renewal (Geoff Shaw Oval, Howard Fowles Oval, Morley Park, Stoney Range Pony Club) • Public Amenities Renewal (Blackbutt Reserve, Captain Cook Park, McDonald Park) • Albion Park Pool Splash Play
Footpaths & Shared Paths \$2,077,885	<ul style="list-style-type: none"> • Croome Road / Station Road Shared Path • Wollongong Street Shared Path • Tongarra Road Shared Path • Warilla Beach Shared Path Renewal
Transport \$5,616,202	<ul style="list-style-type: none"> • Hargraves Avenue & Boomerang Avenue Renewal & Upgrade • Creamery Road Carpark Renewal & Upgrade • Calderwood Road Pavement Rehabilitation • Albion Park Showground Access Road Formalisations • Asphalt Renewal of 40 Road Segments
Open Spaces \$3,851,317	<ul style="list-style-type: none"> • Ski Way Park Promenade Renewal • Play Equipment Renewal & Upgrades (McDonald Park, Ski Way Park, Central Park, Mood Park & Frasers Reserve) • Panorama Oval Sportsfield Lighting Renewal & Upgrade • Reddall Reserve 'Ninja Warrior' Inspired Fitness Equipment
Stormwater \$1,676,782	<ul style="list-style-type: none"> • Shellharbour Road Culvert Extension • Karoo Street Stormwater Network Renewal & Upgrade • Deakin Reserve Stormwater Network Renewal & Upgrade • Stormwater Pipe Internal Relining
Commercial \$11,700,877	<ul style="list-style-type: none"> • Shellharbour Airport Upgrade Project (\$7.27M) • Links Golf Course Building Upgrade (\$1.43M) • Shell Cove Marina – Council Assets (\$1.21M)
Other \$2,310,502	<ul style="list-style-type: none"> • Fleet Vehicle & Major Plant Renewal • Dunmore Waste Facility Cell 5B • Domestic Waste Bin Changeovers
Total \$34,882,809	

Assets contributed by developers and others

Asset Class	Value \$'000
Buildings	\$ 1,614
Drainage	\$ 12,317
Footpaths	\$ 3,013
Open Space	\$ 3,544
Open Space - Land	\$ 1,059
Roads	\$ 4,689
Land under Roads	\$ 11,231
Total	\$ 37,467

Assets held by Council at the end of 2019/20

Infrastructure assets managed by Council include sealed and unsealed local roads, stormwater drainage, recreation facilities and public buildings. The table below summarises the asset portfolio currently held by Council at the end of the 2019/20 financial year.

Asset Type	Quantity
Buildings	268
Sealed Roads	349km
Unsealed Roads	24km
Footpaths	237km
Stormwater Drainage	309km
Stormwater Pits	11,128
Swimming Pools	9

Work carried out on private land

Council performs various works on private land each year for which it looks to recover costs as part of the process.

Contracts Awarded

Contracts in excess of \$150,000 awarded by Council during 2019/20

Contractor	Contract detail & purpose	Contract Value (\$)
Origin Electricity Limited	Supply of Electricity for Small Sites	\$ 166,500.00
Datacom Systems (AU) Pty Ltd	Microsoft Enterprise Agreement (EA) 72434287 Renewal - 3 Years Agreement	\$ 978,285.36
Cleary Bros (Bombo) Pty Ltd,	Various upgrade works including new link road, storage bays, fencing, security system and vehicle driveway off Industrial Road.	\$ 935,389.38
Cleary Bros (Bombo) Pty Ltd	Formalisation of carpark pavement, kerb placement, stormwater works, line marking and landscaping	\$ 288,838.29
Uniplan Group 22 Myrtle Dr	Design and construction of two demountable cottages including structural footings and connecting to services	\$ 354,254.00
Cleary Bros (Bombo) Pty Ltd	Upgrade and sealing/resealing of access roads and car park construction and sealing.	\$ 329,094.00
The Civil Experts Pty Ltd	Construction box culverts through 33 Shellharbour Road	\$ 367,467.82
Warrane Design Construct Fit-Out Pty Ltd	Various refurbishments throughout the clubhouse, construction of a new deck	\$1,523,015.00
J Hutchinson Pty. Ltd. TA Hutchinson Builders	Detailed design and construction of ne passenger terminal, long stay carpark and associated infrastructure	\$ 6,265,051.00
Infinity Golf Group Pty Ltd T/A InGolf & Utility	Supply and installation of GPS to fleet golf carts at Links Shell Cove	\$ 324,000.00
City Coast Services	Design and Construct a connection to sewer for the backwash at Albion Park, Warilla and Oak Flats Pools.	\$ 160,835.00
Soft Landing	Collection and recycling of mattress from the DRWDD	\$ 352,000.00
Sullivan's Constructions	Refurbishment of nursery - replacement of glass panels, heating bed, ventilation system	\$ 185,860.99
Sullivans Constructions	Refurbishment to both facilities	\$ 648,205.00
Creative Recreation Solutions Pty Ltd	Design and Construct of new playgrounds and upgrades	\$ 1,253,522.42
Parkequip Pty Ltd	Design and construction of a splashplay area to include, play features, new hydraulic system and landscaping	\$ 475,000.00
Lindsay Civil Pty Ltd	Electrical reticulation	\$ 159,896.00
ERM Power Retail Pty Ltd	Supply of Electricity for Unmetered Public Lighting	\$ 1,837,000.00

Contractor	Contract detail & purpose	Contract Value (\$)
Origin Electricity Limited,	Supply of Electricity for Large Buildings and Facilities	\$ 950,000.00
Maddocks Lindsay Taylor Lawyers Kells the Lawyers Holding Redlich Bradley Allen Love Bartier Perry Pty Ltd Wilshire Webb Staunton Beattie Sparke Helmore Lawyers Shaw Reynolds Lawyers RMB Lawyers McCullough Robertson Marsdens Law Group	Provision of Legal Services	\$ 2,400,000.00
Brandworx Australia	Corporate Uniform, Workwear and PPE	\$ 560,000.00
Sandringham Estate Pty Ltd as trustee for Jonathan Development Trust	Sale of Council owned land at Lot 2002, Lamerton Crescent, Shellharbour City Centre	\$ 3,000,000.00
BARRY MANSFIELD INVESTMENTS PTY LTD (ACN 639 826 298) AS TRUSTEE FOR BARRY MANSFIELD INVESTMENTS TRUST	Sale of Council owned Land at 8 Archerfield Drive Shell Cove	\$ 517,500.00
Spencer	Sale of Council owned Land at Lot 9 Dunmore Road Shell Cove	\$ 460,000.00
Endeavour Energy	Accelerated LED Light Changeout 2279 off	\$ 645,000.00
Advance Constructions,	Construction of new amenities block at Blacbutt Reserve and Top Park, Shell Cove	\$ 444,163.00
Cleary Bros (Bombo) Pty Ltd	Construction and upgrade of Aprons and taxiways	\$ 1,499,529.59

Condition of Public Works

As at 30/06/2020

\$ '000

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2019/20 Required maintenance	2019/20 Actual maintenance	Net carrying amount
Buildings	Buildings	1,572	3,143	1,887	2,019	131,500
	Sub-total	1,572	3,143	1,887	2,019	131,500
Other Structures	Other structures	84	167	0	0	2,322
	Sub-total	84	167	0	0	2,322
Roads	Sealed roads	2,030	4,059	1,452	1,560	168,783
	Unsealed roads	192	384	200	121	1,070
	Bridges	274	548	7	2	13,468
	Footpaths	1,112	2,223	584	545	46,658
	Other road assets	408	815	697	649	18,670
	Sub-total	4,015	8,030	2,939	2,876	248,648
Stormwater drainage	Stormwater drainage	3,503	7,006	467	697	216,618
	Sub-total	3,503	7,006	467	697	216,618
Open space/recreational assets	Swimming pools	0	0	1,500	1,550	2,679
	Other open space recreational assets	864	1,729	5,791	5,906	26,655
	Sub-total	864	1,729	7,291	7,456	29,334
Other infrastructure assets	Other	0	0	0	0	9,681
	Sub-total	0	0	0	0	9,681
Total Classes	Total - All Assets	10,037	20,075	12,584	13,048	638,102

Asset Condition Key

- 1 - Excellent - No work required (normal maintenance)
- 2 - Good - Only minor maintenance work required
- 3 - Average - Maintenance work required
- 4 - Poor - Renewal required
- 5 - Very Poor - Urgent renewal / upgrading required

Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
	1	2	3	4	5
194,011	70.67%	19.11%	8.60%	1.58%	0.04%
194,011	70.67%	19.11%	8.60%	1.58%	0.04%
3,531	84.37%	6.02%	4.87%	4.73%	0.00%
3,531	84.37%	6.02%	4.87%	4.73%	0.00%
210,538	40.21%	46.35%	11.50%	1.84%	0.09%
1,448	69.78%	0.00%	3.68%	26.54%	0.00%
16,633	64.83%	11.78%	20.10%	3.23%	0.06%
58,860	53.08%	27.32%	15.82%	3.39%	0.39%
22,814	57.43%	20.84%	18.15%	3.50%	0.08%
310,292	45.34%	38.83%	13.24%	2.44%	0.15%
294,225	37.25%	33.90%	26.47%	1.87%	0.51%
294,225	37.25%	33.90%	26.47%	1.87%	0.51%
8,317	1.71%	49.90%	48.39%	0.00%	0.00%
35,628	54.36%	21.32%	19.46%	4.22%	0.65%
43,945	44.37%	26.74%	24.95%	3.42%	0.52%
10,867	72.39%	24.14%	3.47%	0.00%	0.00%
10,867	72.39%	24.14%	3.47%	0.00%	0.00%
856,871	48.35%	31.98%	17.31%	2.10%	0.27%

Equal Employment Opportunity Management Plan

As a result of the COVID-19 pandemic, Council was required change the way it provided its services to the Community. This meant a large proportion of employees had to change how they worked. Each manager discussed the changes with their team, worked closely with individuals to ensure the changes were applied equably, and took into account the team members requirements. Employees were able to change the hours they worked such that they could provide support for children who were doing school work from home; care for elderly relatives; or accommodate other members of the family working at home.

Council also ensured continual contact and communication with employees who were working from home or in isolation. Managers checked were aware of the possible effects of the changes due to COVID-19 on employees' mental health and checked in regularly.

Continuing its commitment to supporting employees coping with domestic violence, Council implemented paid domestic violence leave.

Councillor Costs

The total costs for payment of expenses and provision of facilities to the Mayor and Councillors (from 1 July 2019 to 30 June 2020) was \$29,338.76

Specific costs as required by Claus 217 of the Local Government Act (General) Regulation are as follows:

Item	Cost (\$)
Provision of dedicated office equipment allocated to Councillors	\$4,012.79
Telephone calls made by councillors	\$2,383.28
iPad/Laptop Data	\$4,593.06
Attendance of Councillors at conferences and seminars	\$9,566.10
Training of Councillors and provision of skill development	\$7,362.30
Interstate visits by Councillors, including transport, accommodation and out-of-pocket expenses	\$1231.41
Overseas visits by Councillors, including transport, accommodation and out-of-pocket travelling expenses <i>Cost for parking at Sydney International Airport. The conference attended was the International Cooperative and Mutual Insurance Federation Conference in Auckland – all expenses covered by CivicRisk Mutual except for parking at the airport</i>	\$189.82
Expenses of any spouse, partner or other person who accompanied a councillor in the performance of his or her civic functions, being expenses and the provision of facilities for Mayors and Councillors	Nil
Expenses involved in the provision of care for a child of, or an immediate family member of, a councillor	Nil

Overseas Visits

Cooperative and Mutual Insurance Federation Conference in Auckland

The Mayor attended as a CivicRisk Mutual board representative. The 3-day conference focussed on insurance, risk and Mutual management issues.

All expenses covered by CivicRisk Mutual except for parking at the airport.

Total costs to Council for overseas visits by Councillors and staff was \$189.82

Senior Staff Remuneration

Shellharbour City Council employed one Chief Executive Officer and three Directors during the period 1 July 2019 to 30 June 2020.

The Chief Executive Officer and the Directors are employed on a Division of Local Government contract for a period of five years.

Chief Executive Officer

As at 30 June 2020, the Chief Executive Officer was paid a total remuneration of \$329,640.54.

Directors

As at the 30 June 2020, the three Directors were paid a total remuneration of \$551,803.50.

One of the three Director positions that was vacant in the previous financial year was appointed during this financial year.

These costs include salary, superannuation paid by way of employer contributions and salary sacrifice, non-cash benefits and fringe benefits tax payable by Council for non-cash benefits.

External Bodies, Companies and Partnerships

Council has not exercised any delegations of functions to external bodies and did not hold any controlling interests in any companies during the 2019/20 financial year.

Council had interests in the following entities during the 2019/20 financial year:

- CivicRisk West – provision of public liability and professional indemnity insurance
- CivicRisk Mutual – provision of property, motor vehicle insurance etc.
- Shell Cove – development of residential property and associated infrastructure

Summary of Legal Proceedings 2019/20

Court	Name of Other Party	Amounts Incurred	Finalised	Result
Land and Environment Court of NSW	A & G Holdings Pty Ltd	\$28,417.50	Ongoing	
Land and Environment Court of NSW	Calderwood Heights P/L	\$2,638.50	Ongoing	

Obligations under the Government Information (Public Access) Act 2009 (GIPA Act)

Review of proactive release program – Clause 7(3)

Under section 7 of the GIPA Act, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

Shellharbour City Council is committed to being open, transparent and accountable by providing as much information as possible on its website. Staff from all areas of Council are continuously updating and providing new information to the public on its website.

Let's Chat Shellharbour provides an online forum for community engagement. Information about current topics and projects is placed on this site and the community is encouraged to have their say, post their ideas, thoughts and contributions.

Council continues to be open, transparent and accountable by proactively releasing information in relation to code of conduct complaints statistics, gifts and benefits and Councillor expenses registers.

Shellharbour City Council's program for the proactive release of information involves the following:

- Reporting and discussions with senior management to identify new information suitable for proactive release
- Annual awareness communication with all council officials
- Discussions with key internal stakeholders to promote awareness of releasing information under proactive release
- Discussions with external stakeholders to identify information that is of public interest that may be considered for proactive release
- Consideration of access applications for proactive release
- Annual review of existing proactive release information to ensure it is relevant and up to date

Number of access applications received – Clause 8(b)

During the reporting period, Council received a total of 15 formal access applications (including withdrawn applications but not invalid applications).

Number of refused applications for Schedule 1 information – Clause 8(c)

During the reporting period, Shellharbour City Council refused no access applications either wholly or in part because the information requested was information referred to in Schedule 1 to the GIPA Act (information for which there is conclusive presumption of overriding public interest against disclosure).

Schedule 2 - Statistical information about access applications

Table A: Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total	% of Total
Media	0	0	0	0	0	0	0	0	0	0%
Members of Parliament	0	0	0	0	0	0	0	0	0	0%
Private sector business	2	0	0	0	0	0	0	0	2	13%
Not for profit organisations or community groups	0	0	0	0	0	0	0	0	0	0%
Members of the public (by legal representative)	1	3	0	0	0	1	0	0	5	33%
Members of the public (other)	4	3	1	0	0	0	0	0	8	53%
Total	7	6	1	0	0	1	0	0	15	
% of Total	47%	40%	7%	0%	0%	7%	0%	0%		

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total	% of Total
Personal information applications*	2	0	0	0	0	0	0	0	2	13%
Access applications (other than personal information applications)	5	6	1	0	0	1	0	0	13	87%
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	1	0%
Total	7	6	1	0	0	1	0	0	15	
% of Total	47%	40%	7%	0%	0%	7%	0%	0%		

*AA personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications

Reason for invalidity	Number of applications	% of Total
Application does not comply with formal requirements (section 41 of the Act)	3	100%
Application is for excluded information of the agency (section 43 of the Act)	0	0%
Application contravenes restraint order (section 110 of the Act)	0	0%
Total number of invalid applications received	3	100%
Invalid applications that subsequently became valid applications	3	100%

**Table D: Conclusive presumption of overriding public interest against disclosure:
matters listed in Schedule 1 of the Act**

	Number of times consideration used*	% of Total
Overriding secrecy laws	0	0%
Cabinet information	0	0%
Executive Council information	0	0%
Contempt	0	0%
Legal professional privilege	0	0%
Excluded information	0	0%
Documents affecting law enforcement and public safety	0	0%
Transport safety	0	0%
Adoption	0	0%
Care and protection of children	0	0%
Ministerial code of conduct	0	0%
Aboriginal and environmental heritage	0	0%
Total	0	

*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

**Table E: Other public interest considerations against disclosure:
matters listed in table to section 14 of the Act**

	Number of times consideration used*	% of Total
Responsible and effective government	4	29%
Law enforcement and security	0	0%
Individual rights, judicial processes and natural justice	5	36%
Business interests of agencies and other persons	4	29%
Environment, culture, economy and general matters	1	7%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
Total	14	

Table F: Timeliness

	Number of applications	% of Total
Decided within the statutory time frame (20 days plus any extensions)	15	100%
Decided after 35 days (by agreement with applicant)	0	0%
Not decided within time (deemed refusal)	0	0%
Total	15	

**Table G: Number of applications reviewed under Part 5 of the Act
(by type of review and outcome)**

	Decision varied	Decision upheld	Total	% of Total
Internal review	1	1	2	100%
Review by Information Commissioner*	0	0	0	0%
Internal review following recommendation under section 93 of Act	0	0	0	0%
Review by NCAT	0	0	0	0%
Total	1	1	2	

*The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review	% of Total
Applications by access applicants	2	100%
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0	0%
Total	2	

**Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act
(by type of transfer)**

	Number of applications transferred	% of Total
Agency-initiated transfers	1	100%
Applicant-initiated transfers	0	0%
Total	1	

Public Interest Disclosures (PID)

The Public Interest Disclosures Act 1994 (PID Act) sets in place a system to encourage public officials to report serious wrongdoing. The conditions around this reporting are set out in Council's Internal Reporting (Public Interest Disclosures) Policy.

Councils are required to provide the NSW Ombudsman with statistical information on their compliance with their obligations under the PID Act on a six monthly basis. Councils are also required to report on their obligations under the PID Act in their annual report.

During 2019/20, Council did not receive any Public Interest Disclosures. Council undertook the following actions to meet its staff awareness obligations:

- Compulsory all staff training delivered by the Office of the NSW Ombudsman
- Email messages to all staff providing information about how to make a Public Interest Disclosure
- Undertaking review of the Internal Reporting (Public Interest Disclosures) Policy
- Training provided to new staff during inductions
- Links to the policy on our external website
- Links to the policy on our internal Intranet site

AUDITED FINANCIAL STATEMENTS



Shellharbour
CITY COUNCIL

For year
ending
30 June
2020

Shellharbour City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020



General Purpose Financial Statements

for the year ended 30 June 2020

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Overview

Shellharbour City Council Local Government Act 1993 (NSW) and has its principal place of business at:

76 Cygnet Avenue
Shellharbour City Centre NSW 2529

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

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

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

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

Shellharbour City Council

General Purpose Financial Statements

for the year ended 30 June 2020

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2020.

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

About the Councillor/Management Statement

Senior staff certify the Financial Statements are "true and fair". The Financial Statements are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Shellharbour City Council

General Purpose Financial Statements for the year ended 30 June 2020

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

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

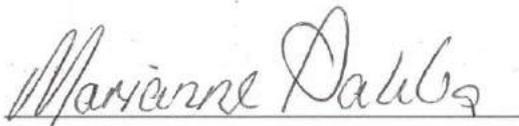
- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

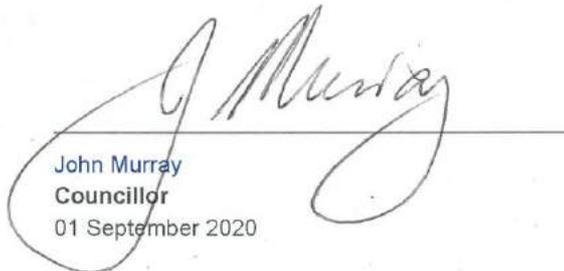
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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 01 September 2020.



Marianne Saliba
Mayor
01 September 2020



John Murray
Councillor
01 September 2020



Carey McIntyre
General Manager
01 September 2020



Paul Henderson
Responsible Accounting Officer
01 September 2020

Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Income from continuing operations				
63,925	Rates and annual charges	3a	63,947	61,168
17,743	User charges and fees	3b	16,273	17,104
59,097	Other revenues	3c	34,859	65,757
8,239	Grants and contributions provided for operating purposes	3d,3e	8,253	8,419
40,280	Grants and contributions provided for capital purposes	3d,3e	51,012	42,813
2,637	Interest and investment income	4	3,369	3,322
117	Net gains from the disposal of assets	6	–	–
–	Fair value increment on investment properties	12	5,069	–
–	Rental income	15e	949	–
–	Net share of interests in joint ventures and associates using the equity method	20	100	20
192,038	Total income from continuing operations		183,831	198,603
Expenses from continuing operations				
39,635	Employee benefits and on-costs	5a	37,095	35,166
1,291	Borrowing costs	5b	1,045	1,176
21,671	Materials and contracts	5c	20,091	21,893
17,311	Depreciation and amortisation	5d	17,769	16,706
59,397	Other expenses	5e	33,481	50,523
–	Net losses from the disposal of assets	6	4,004	2,244
139,305	Total expenses from continuing operations		113,485	127,708
52,733	Operating result from continuing operations		70,346	70,895
52,733	Net operating result for the year		70,346	70,895
52,733	Net operating result attributable to council		70,346	70,895
12,453	Net operating result for the year before grants and contributions provided for capital purposes		19,334	28,082

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Net operating result for the year (as per Income Statement)		70,346	70,895
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	11	53,621	6,322
Other comprehensive income – joint ventures and associates	20a	1	–
Total items which will not be reclassified subsequently to the operating result		53,622	6,322
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income		–	(128)
Other movements		(221)	–
Total items which will be reclassified subsequently to the operating result when specific conditions are met		(221)	(128)
Total other comprehensive income for the year		53,401	6,194
Total comprehensive income for the year		123,747	77,089
Total comprehensive income attributable to Council		123,747	77,089

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	13,075	13,814
Investments	7(b)	47,507	17,519
Receivables	8	12,035	7,319
Inventories	9a	20,116	17,280
Contract assets	14a	424	–
Other	9b	259	340
Total current assets		<u>93,416</u>	<u>56,272</u>
Non-current assets			
Investments	7(b)	47,463	76,102
Receivables	8	1,471	1,358
Infrastructure, property, plant and equipment	11	1,055,968	945,963
Investment property	12	28,101	23,012
Intangible Assets	13	3,195	2,880
Right of use assets	15a	1,510	–
Investments accounted for using the equity method	20	721	620
Total non-current assets		<u>1,138,429</u>	<u>1,049,935</u>
Total assets		<u>1,231,845</u>	<u>1,106,207</u>
LIABILITIES			
Current liabilities			
Payables	16	24,035	15,666
Income received in advance	16	–	1,799
Contract liabilities	14b	530	–
Lease liabilities	15b	820	–
Borrowings	16	5,416	2,144
Provisions	17	13,590	13,618
Total current liabilities		<u>44,391</u>	<u>33,227</u>
Non-current liabilities			
Lease liabilities	15b	865	–
Borrowings	16	12,655	14,051
Provisions	17	18,296	17,884
Total non-current liabilities		<u>31,816</u>	<u>31,935</u>
Total liabilities		<u>76,207</u>	<u>65,162</u>
Net assets		<u>1,155,638</u>	<u>1,041,045</u>
EQUITY			
Accumulated surplus	18	686,780	625,587
Revaluation reserves	18	468,617	414,996
Other reserves	18	–	221
Council equity interest		<u>1,155,397</u>	<u>1,040,804</u>
Non-controlling equity interests	18	241	241
Total equity		<u>1,155,638</u>	<u>1,041,045</u>

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Statement of Changes in Equity

for the year ended 30 June 2020

	Notes	as at 30/06/20						as at 30/06/19					
		Accumulated surplus	IPP&E revaluation reserve	Financial assets at FVOCI	Council interest	Non-controlling interest	Total equity	Accumulated surplus	IPP&E revaluation reserve	Financial assets at FVOCI	Council interest	Non-controlling interest	Total equity
Opening balance		625,587	414,996	221	1,040,804	241	1,041,045	504,140	408,674	–	912,814	241	913,055
Correction of prior period errors		–	–	–	–	–	–	51,325	–	–	51,325	–	51,325
Adoption of new accounting standards – not retrospective	18b	–	–	–	–	–	–	–	–	349	349	–	349
Changes due to AASB 1058 and AASB 15 adoption	18c-ii	(541)	–	–	(541)	–	(541)	–	–	–	–	–	–
Changes due to AASB 16 adoption	18c-iii	(2)	–	–	(2)	–	(2)	–	–	–	–	–	–
Restated opening balance		625,044	414,996	221	1,040,261	241	1,040,502	555,465	408,674	349	964,488	241	964,729
Net operating result for the year		70,346	–	–	70,346	–	70,346	70,895	–	–	70,895	–	70,895
Restated net operating result for the period		70,346	–	–	70,346	–	70,346	70,895	–	–	70,895	–	70,895
Other comprehensive income													
– Gain (loss) on revaluation of IPP&E	11	–	53,621	–	53,621	–	53,621	–	6,322	–	6,322	–	6,322
– Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income		–	–	–	–	–	–	–	–	(128)	(128)	–	(128)
– Joint ventures and associates	20a	1	–	–	1	–	1	–	–	–	–	–	–
– Other reserves movements		–	–	(221)	(221)	–	(221)	–	–	–	–	–	–
Other comprehensive income		1	53,621	(221)	53,401	–	53,401	–	6,322	(128)	6,194	–	6,194
Total comprehensive income		70,347	53,621	(221)	123,747	–	123,747	70,895	6,322	(128)	77,089	–	77,089
Distributions to/(contributions from) non-controlling interests		(8,611)	–	–	(8,611)	–	(8,611)	(773)	–	–	(773)	–	(773)
Equity – balance at end of the reporting period		686,780	468,617	–	1,155,397	241	1,155,638	625,587	414,996	221	1,040,804	241	1,041,045

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Statement of Cash Flows

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Cash flows from operating activities				
Receipts:				
62,886	Rates and annual charges		65,612	62,294
17,699	User charges and fees		15,943	17,580
2,637	Investment and interest revenue received		2,791	3,061
25,128	Grants and contributions		21,083	21,941
59,098	Other		37,139	66,395
Payments:				
(39,016)	Employee benefits and on-costs		(35,993)	(35,651)
(23,454)	Materials and contracts		(18,753)	(23,708)
(944)	Borrowing costs		(700)	(836)
(54,661)	Other		(36,847)	(51,580)
49,373	Net cash provided (or used in) operating activities	19b	50,275	59,496
Cash flows from investing activities				
Receipts:				
33,000	Sale of investment securities		15,508	40,519
1,158	Sale of real estate assets		–	–
159	Sale of infrastructure, property, plant and equipment		118	1,508
Payments:				
(33,758)	Purchase of investment securities		(16,214)	(57,960)
–	Purchase of investment property		(20)	–
(57,886)	Purchase of infrastructure, property, plant and equipment		(47,886)	(31,962)
–	Purchase of real estate assets		(2,752)	(4,762)
–	Purchase of intangible assets		(952)	(615)
(57,327)	Net cash provided (or used in) investing activities		(52,198)	(53,272)
Cash flows from financing activities				
Receipts:				
11,564	Proceeds from borrowings and advances		4,019	–
Payments:				
(1,459)	Repayment of borrowings and advances		(2,143)	(6,502)
–	Lease liabilities (principal repayments)		(692)	–
–	Distributions to non-controlling interests		–	(773)
10,105	Net cash flow provided (used in) financing activities		1,184	(7,275)
2,151	Net increase/(decrease) in cash and cash equivalents		(739)	(1,051)
–	Plus: cash and cash equivalents – beginning of year	19a	13,814	14,865
2,151	Cash and cash equivalents – end of the year	19a	13,075	13,814
–	plus: Investments on hand – end of year	7(b)	94,970	93,621
2,151	Total cash, cash equivalents and investments		108,045	107,435

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Notes to the Financial Statements

for the year ended 30 June 2020

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 09 November 2020. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

(a) Historical cost convention

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

(b) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note 12
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 11
- (iii) estimated tip remediation provisions – refer Note 17
- (iv) employee benefit provisions – refer Note 17.

Significant judgements in applying the council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note 8.

Monies and other assets received by Council

(a) The Consolidated Fund

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

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

- General purpose operations

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

(b) The Trust Fund

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

The use of volunteer services have not been recognised as they are not considered material and cannot be reliably measured.

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2019:

- AASB 16 Leases
- AASB 15 Revenue from contracts with customers and associated amending standards.
- AASB 1058 Income of Not-for-profit entities

Further information on the newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures can be found at Note 18.

Coronavirus (COVID-19) impact

Background

Coronavirus (COVID-19) is a respiratory illness that was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19 and even more so the associated government (& societal) measures to slow the spread of the virus have had a significant impact on global and local economies and across communities and individuals.

Council has not been isolated from the direct and indirect effects of COVID-19 and has therefore had to react to the impacts of the virus during the 19/20 financial year and consider the impacts of COVID-19 in preparing these financial statements.

A number of areas of Council's operations have been impacted due to the pandemic, in particular Council's commercial activities where revenues and associated expenses have decreased significantly in some areas.

Council at its meetings on 7 April and 30 June 2020, resolved to provide financial relief through a suite of initiatives to assist local businesses, community organisations and ratepayers in mitigating the challenges created by COVID-19.

Despite both:

1. the impacts to date of COVID-19 and also
2. the future unknowns of COVID-19 in terms of its evolution, effects and duration

Council has determined that COVID-19 does not create a material uncertainty to the extent that it casts significant doubt upon Council's ability to continue as a going concern.

Notes to the Financial Statements
for the year ended 30 June 2020

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

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

\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Functions or activities										
Environment	36,249	40,649	28,488	31,852	7,761	8,797	6,009	426	289,097	259,755
Community	6,671	7,560	19,863	18,901	(13,192)	(11,341)	1,046	455	343,383	308,531
Economy	79,515	96,649	43,616	55,614	35,899	41,035	3,567	3,696	445,479	400,264
Leadership	61,396	53,745	21,518	21,341	39,878	32,404	4,652	4,356	153,886	127,448
Other	–	–	–	–	–	–	–	–	–	10,209
Total functions and activities	183,831	198,603	113,485	127,708	70,346	70,895	15,274	8,933	1,231,845	1,106,207

Notes to the Financial Statements

for the year ended 30 June 2020

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

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

Environment

The preservation and enhancement of our natural environment is important, as is the efficient use of our natural resources and a sustainable and healthy built environment. Better public transport systems to move around our city and opportunities available for our citizens to be able to live, work and consume locally is also important.

Community

Feeling safe and being involved in the local community is important for residents. A range of recreational facilities to provide opportunities for active and healthy lifestyles and access to a range of community and cultural services and facilities is important. These services and facilities need to be vibrant, accessible and well maintained. Council needs to provide better communication to the broader community on Council matters, activities and events.

Economy

Well maintained infrastructure is important to our local economy, access to technology and tourism as a significant industry needs to be supported. The completion of the Shell Cove Boat Harbour is seen as important to the ongoing development of Shellharbour City. Training opportunities, strong local businesses and local jobs for local people are also the key to the success of Shellharbour's economic future.

Leadership

The community values fair and honest representative government that is transparent and accountable. They wish to see innovative future planning, sustainable outcomes and the opportunity to engage with Council in deciding the future of Shellharbour.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
(a) Rates and annual charges			
Ordinary rates			
Residential	1058 (2)	42,831	40,846
Farmland	1058 (2)	249	255
Business	1058 (2)	5,964	5,879
Less: pensioner rebates (mandatory)	1058 (2)	(1,062)	(1,062)
Less: pensioner rebates (Council policy)	1058 (2)	(120)	(126)
Rates levied to ratepayers		47,862	45,792
Pensioner rate subsidies received	1058 (2)	584	589
Total ordinary rates		48,446	46,381
Annual charges			
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>			
Domestic waste management services	1058 (2)	14,616	13,922
Stormwater management services	1058 (2)	647	630
Waste management services (non-domestic)	1058 (2)	360	358
Section 611 charges	1058 (2)	40	39
Less: pensioner rebates (mandatory)	1058 (2)	(360)	(363)
Annual charges levied		15,303	14,586
Pensioner subsidies received:			
– Domestic waste management	1058 (2)	198	201
Total annual charges		15,501	14,787
TOTAL RATES AND ANNUAL CHARGES		63,947	61,168

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

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

Accounting policy for rates and charges

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

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners’ place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

2019 accounting policy

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	2020	2019
(b) User charges and fees			
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Waste management services (non-domestic)	15 (1)	6,800	6,496
Total specific user charges		6,800	6,496
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	15 (2)	248	262
Inspection services	1058 (1)	80	102
Private works – section 67	15 (2)	16	23
Section 10.7 certificates (EP&A Act)	15 (2)	214	249
Section 603 certificates	15 (2)	146	139
Certificate registration	15 (2)	94	123
Development applications	15 (2)	1,103	1,236
Subdivision	15 (2)	644	453
Total fees and charges – statutory/regulatory		2,545	2,587
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	15 (2)	252	234
Caravan park	15 (2)	1,511	1,676
Cemeteries	15 (2)	271	302
Library	15 (1)	38	47
Recycling income (non-domestic)	15 (2)	155	181
RMS (formerly RTA) charges (state roads not controlled by Council)	15 (2)	133	168
Swimming pools	15 (1)	408	421
Animal control	1058 (2)	72	97
Golf course	15 (1)	2,648	3,168
Nursery	15 (1)	492	402
Shell cove maintenance	15 (2)	5	2
Shellharbour city stadium	15 (1)	254	383
Sportsfields	15 (2)	187	282
Other	15 (2)	502	658
Total fees and charges – other		6,928	8,021
TOTAL USER CHARGES AND FEES		16,273	17,104

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for user charges and fees

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 a leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

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.

2019 accounting policy

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

\$ '000	AASB	2020	2019
(c) Other revenues			
Rental income – investment property		–	468
Rental income – other council properties (2019 only)		–	632
Fines	1058 (2)	590	500
Commissions and agency fees	1058 (2)	732	514
Sales of inventories	15 (2)	4,246	16,035
Rental income – Shell Cove		30	34
Gaming machines	15 (1)	334	475
Motor vehicle contributions	1058 (2)	281	294
Other charges – rates and charges	1058 (2)	231	311
Performance payment		–	105
Other	15 (2)	1,385	778
Sales of Inventories – Shell Cove	15 (2)	27,020	45,603
Other – Shell Cove		10	8
<u>TOTAL OTHER REVENUE</u>		<u>34,859</u>	<u>65,757</u>

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

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1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

2019 accounting policy:

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(d) Grants					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	1058 (2)	2,151	2,097	–	–
Financial assistance – local roads component	1058 (2)	475	454	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1058 (2)	2,279	2,174	–	–
Financial assistance – local roads component	1058 (2)	503	470	–	–
Total general purpose		5,408	5,195	–	–
Specific purpose					
Community services	1058 (2)	115	181	–	–
Employment / business schemes	1058 (2)	11	3	–	–
Environmental	1058 (2)	173	70	–	2
Library	1058 (2)	237	172	–	–
LIRS subsidy		47	59	–	–
Street lighting	1058 (2)	175	171	–	–
Transport (roads to recovery)	1058 (2)	567	901	–	–
Transport (other roads and bridges funding)	1058 (2)	100	110	–	947
Stronger Country Communities Grant	1058 (2)	–	–	1,758	710
Restart NSW	1058 (2)	–	–	5,704	–
Other	1058 (2)	574	137	405	275
Total specific purpose		1,999	1,804	7,867	1,934
Total grants		7,407	6,999	7,867	1,934
Grant revenue is attributable to:					
– Commonwealth funding		6,015	6,129	–	947
– State funding		1,392	857	7,867	987
– Other funding		–	13	–	–
		7,407	6,999	7,867	1,934

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	Notes	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(e) Contributions						
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.4 – contributions using planning agreements		1058 (2)	26	–	1,033	2,235
S 7.11 – contributions towards amenities/services		1058 (2)	365	763	26	–
Community facilities		1058 (2)	–	–	2,401	3,616
Drainage		1058 (2)	–	–	–	507
Open space		1058 (2)	–	–	1,049	2,412
Roadworks		1058 (2)	–	–	950	2,532
Traffic facilities		1058 (2)	–	–	14	26
Total developer contributions – cash			391	763	5,473	11,328
Non-cash contributions						
S 7.4 – contributions using planning agreements		1058 (2)	–	–	168	–
S 7.11 – contributions towards amenities/services		1058 (2)	–	–	205	–
Other developer contributions		1058 (2)	–	–	–	20
Open space		1058 (2)	–	–	–	245
Total developer contributions non-cash			–	–	373	265
Total developer contributions	28		391	763	5,846	11,593
Other contributions:						
Cash contributions						
RMS contributions (regional roads, block grant)		1058 (2)	173	169	–	49
Other		1058 (2)	82	233	–	130
Employment / business schemes		1058 (2)	–	32	–	–
NSW rural fire services		1058 (2)	196	219	–	–
Sport and recreation		1058 (2)	4	4	–	–
Total other contributions – cash			455	657	–	179
Non-cash contributions						
Drainage		1058 (2)	–	–	12,317	10,971
Paving		1058 (2)	–	–	3,013	2,278
Roads		1058 (2)	–	–	4,689	3,912
Other		1058 (2)	–	–	6,049	842
Land Under Roads		1058 (2)	–	–	11,231	11,104
Total other contributions – non-cash			–	–	37,299	29,107
Total other contributions			455	657	37,299	29,286
Total contributions			846	1,420	43,145	40,879
TOTAL GRANTS AND CONTRIBUTIONS			8,253	8,419	51,012	42,813

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for grants and contributions

Accounting policy from 1 July 2019

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on 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.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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.

Grant income

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils 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

Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council’s control and which is enforceable 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 as there is no profit margin.

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

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*.

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 the Council may apply contributions according to the priorities established in work schedules

Accounting policy prior to 1 July 2019

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

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

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

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

\$ '000	2020	2019
(f) Unspent grants and contributions – external restrictions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner due to externally imposed restrictions.		
Operating grants		
Unexpended at the close of the previous reporting period	3,345	3,851
Add: operating grants recognised as income in the current period but not yet spent (2019 only)	511	435
Add: operating grants received for the provision of goods and services in a future period	2,782	2,644
Less: operating grants recognised in a previous reporting period now spent (2019 only)	(2,747)	(3,585)
Unexpended and held as externally restricted assets (operating grants)	3,891	3,345
Capital grants		
Unexpended at the close of the previous reporting period	916	71
Add: capital grants recognised as income in the current period but not yet spent (2019 only)	692	865
Add: capital grants received for the provision of goods and services in a future period	–	–
Less: capital grants recognised in a previous reporting period now spent (2019 only)	(959)	(20)
Unexpended and held as externally restricted assets (capital grants)	649	916
Contributions		
Unexpended at the close of the previous reporting period	49,684	37,561
Add: contributions recognised as income in the current period but not yet spent	7,439	13,750
Add: contributions received for the provision of goods and services in a future period	–	–
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate (2019 only)	–	–
Less: contributions recognised in a previous reporting period now spent	(2,372)	(1,627)
Unexpended and held as externally restricted assets (contributions)	54,751	49,684

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4. Interest and investment income

\$ '000	2020	2019
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	138	161
– Cash and investments	2,577	2,671
– Cash and investments – Shell Cove	11	101
Fair value adjustments		
– Movements in investments at fair value through profit and loss	79	389
– Movements in investments (other)	564	–
Finance income on the net investment in the lease	–	–
Total Interest and investment income	3,369	3,322
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	138	161
General Council cash and investments - Shell Cove	11	101
General Council cash and investments	1,904	1,595
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	1,209	1,352
– Voluntary Planning Agreement	107	113
Total interest and investment revenue	3,369	3,322

Accounting policy for interest and investment revenue

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

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Note 5. Expenses from continuing operations

\$ '000	2020	2019
(a) Employee benefits and on-costs		
Salaries and wages	29,465	27,930
Employee leave entitlements (ELE)	4,977	3,914
Superannuation	3,302	3,220
Workers' compensation insurance	792	892
Fringe benefit tax (FBT)	220	269
Training costs (other than salaries and wages)	–	455
Other	281	244
Total employee costs	39,037	36,924
Less: capitalised costs	(1,942)	(1,758)
TOTAL EMPLOYEE COSTS EXPENSED	37,095	35,166
Number of 'full-time equivalent' employees (FTE) at year end	383	379

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, that is as an expense when it becomes payable – refer to Note 19 for more information.

\$ '000	Notes	2020	2019
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on leases		77	–
Interest on loans		621	836
Total interest bearing liability costs		698	836
Total interest bearing liability costs expensed		698	836
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	17	347	340
Total other borrowing costs		347	340
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>1,045</u>	<u>1,176</u>

Accounting policy for borrowing costs

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
(c) Materials and contracts		
Raw materials and consumables	3,906	3,539
Contractor and consultancy costs	14,745	14,249
Auditors remuneration ²	140	148
Legal expenses:		
– Legal expenses: planning and development	161	163
– Legal expenses: other	351	581
Expenses from short-term leases (2020 only)	440	–
Expenses from leases of low value assets (2020 only)	348	–
Expenses from Peppercorn leases (2020 only)	–	–
Variable lease expense relating to usage (2020 only)	–	–
Operating leases expense (2019 only):		
– Operating lease rentals: minimum lease payments ¹	–	3,213
Total materials and contracts	<u>20,091</u>	<u>21,893</u>
TOTAL MATERIALS AND CONTRACTS	<u>20,091</u>	<u>21,893</u>

Accounting policy for materials and contracts

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

Operating leases (2019 only)

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

1. Operating lease payments are attributable to:

Buildings	–	1,828
Motor vehicles	–	945
Computer hardware / photocopiers	–	304
Golf carts	–	136
	<u>–</u>	<u>3,213</u>

2. Auditor remuneration

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

Auditors of the Council - NSW Auditor-General:**(i) Audit and other assurance services**

Audit and review of financial statements	140	148
Remuneration for audit and other assurance services	<u>140</u>	<u>148</u>
Total Auditor-General remuneration	<u>140</u>	<u>148</u>

Non NSW Auditor-General audit firms

Total Auditor remuneration	<u>140</u>	<u>148</u>
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Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
(d) Depreciation, amortisation and impairment of non-financial assets			
Depreciation and amortisation			
Plant and equipment		1,216	1,253
Office equipment		363	355
Furniture and fittings		210	202
Land improvements (depreciable)		316	315
Infrastructure:	11		
– Buildings – non-specialised		2,694	2,650
– Buildings – specialised		2,090	1,908
– Other structures		115	110
– Roads		3,304	3,177
– Bridges		196	188
– Footpaths		707	651
– Stormwater drainage		2,371	2,239
– Swimming pools		206	207
– Other open space/recreational assets		1,214	1,237
– Other infrastructure		152	149
Right of use assets	15	867	–
Other assets:			
– Library books		394	331
– Other		424	595
Reinstatement, rehabilitation and restoration assets:			
– Waste depot/Sandmine Asset	17,11	293	459
Intangible assets	13	637	680
Total gross depreciation and amortisation costs		<u>17,769</u>	<u>16,706</u>
Total depreciation and amortisation costs		<u>17,769</u>	<u>16,706</u>
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS</u>		<u>17,769</u>	<u>16,706</u>

Accounting policy for depreciation, amortisation and impairment expenses of non-financial assets**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 10 for IPPE assets and Note 12 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 no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

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.

\$ '000	2020	2019
(e) Other expenses		
Advertising	234	287
Agency fees	201	188
Bad and doubtful debts	98	402
Cost of sales	1,078	1,316
Computer maintenance	1,170	571
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	1,120	986
– Government taxes	151	203
– Waste levy	6,014	6,236
Councillor expenses – mayoral fee	44	43
Councillor expenses – councillors' fees	129	139
Councillors' expenses (incl. mayor) – other (excluding fees above)	73	59
Donations, contributions and assistance to other organisations	984	830
Electricity and gas	887	812
Financial investing advice	18	27
Insurance	775	695
Investigation and promotion	18	25
Memberships, subscriptions and publications	376	372
Postage	172	157
Software	551	634
Street lighting	1,300	1,329
Telephone and communications	254	257
Training costs (other than salaries and wages)	343	–
Travel expenses	–	–
Valuation fees	185	172
Water rates	215	258
Management Fee – Shell Cove	679	894
Sales Fee – Shell Cove	366	471
Administration Fee – Shell Cove	366	514
Write-down of inventories held for sale or distribution	1,619	4,296
Cost of goods sold – Shell Cove	12,365	26,994
Other	405	520
Other – Shell Cove	1,291	836
Total other expenses	33,481	50,523
TOTAL OTHER EXPENSES	33,481	50,523

Accounting policy for other expenses

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

Shell Cove - cost of goods sold

Profit recognised on settlements for the Shell Cove project is determined based on the estimate of the product margin which is calculated based on forecast outcomes of the project. Forecasts are reviewed to determine the appropriateness of profit recognised on the project. During the 2019/20 financial year, the Shell Cove management committee formally approved the inclusion of a number of built form development stages. The profit forecast was therefore split into:

- Profit (One Margin) forecast for land development
- Profit (One Margin) forecast for built form development

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

Accordingly, during this financial year the profit forecast was determined by applying profit estimates separately to land settlements and built form settlements. This changes the methodology to determine the profit (one margin) estimate and has been treated as a change in accounting estimate per AASB 108 *accounting policies, changes in accounting estimates and errors* and affects the current and future financial periods only.

Note 6. Gain or loss from disposal of assets

\$ '000	Notes	2020	2019
Infrastructure, property, plant and equipment	11		
Proceeds from disposal – infrastructure		118	1,508
Less: carrying amount of infrastructure assets sold/written off		(4,122)	(3,703)
Net gain/(loss) on disposal		<u>(4,004)</u>	<u>(2,195)</u>
Investment properties	12		
Less: carrying amount of investment property sold/written off		–	(49)
Net gain/(loss) on disposal		<u>–</u>	<u>(49)</u>
Investments	7(b)		
Proceeds from disposal/redemptions/maturities – investments		15,508	40,519
Less: carrying amount of investments sold/redeemed/matured		(15,508)	(40,519)
Net gain/(loss) on disposal		<u>–</u>	<u>–</u>
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		<u>(4,004)</u>	<u>(2,244)</u>

Accounting policy for disposal of assets

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

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

Note 7(a). Cash and cash equivalents

\$ '000	2020	2019
Cash and cash equivalents		
Cash on hand and at bank	1,817	4,486
Cash on hand and at bank – Shell Cove	1,648	402
Cash-equivalent assets		
– Deposits at call	8,711	8,099
– Deposits at call – Shell Cove	585	517
– Managed funds	314	310
Total cash and cash equivalents	<u>13,075</u>	<u>13,814</u>

Accounting policy for cash and cash equivalents

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(b). Investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Investments				
a. 'Financial assets at fair value through profit and loss' – 'Held for trading'	2,007	20,963	3,519	16,381
b. 'Financial assets at amortised cost'	45,500	26,500	14,000	59,500
d. 'Financial assets at fair value through other comprehensive income'	–	–	–	221
Total Investments	47,507	47,463	17,519	76,102
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	60,582	47,463	31,333	76,102
Financial assets at fair value through the profit and loss				
NCD's, FRN's (with maturities > 3 months)	2,007	20,963	3,519	16,381
Total	2,007	20,963	3,519	16,381
Financial assets at amortised cost / held to maturity (2018)				
Long term deposits	45,500	26,500	14,000	59,500
Total	45,500	26,500	14,000	59,500
Financial assets at fair value through other comprehensive income				
Unlisted equity securities	–	–	–	221
Total	–	–	–	221

Accounting policy for investments

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(b). Investments (continued)

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.

Fair value through other comprehensive income – equity instruments

Council had strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Other net gains and losses excluding dividends are recognised in Other Comprehensive Income Statement.

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

Note 7(c). Restricted cash, cash equivalents and investments

\$ '000	2020		2019	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	60,582	47,463	31,333	76,102
attributable to:				
Internal Restriction - Shell Cove	–	–	–	–
External restrictions	19,213	47,463	–	60,316
Internal restrictions	18,981	–	–	14,255
Unrestricted	22,388	–	31,333	1,531
	60,582	47,463	31,333	76,102

\$ '000	2020	2019
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund (2020 only)	500	–
Specific purpose unexpended loans – general	148	466
Specific purpose unexpended grants – water fund (2020 only)	–	–
Specific purpose unexpended grants – sewer fund (2020 only)	–	–
External restrictions – included in liabilities	648	466

External restrictions – other

Developer contributions – general	53,895	48,986
Specific purpose unexpended grants (recognised as revenue) – general fund	4,040	4,261
Domestic waste management	7,085	5,374

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(c). Restricted cash, cash equivalents and investments (continued)

\$ '000	2020	2019
Stormwater management	151	531
Other contributions	857	698
External restrictions – other	66,028	59,850
Total external restrictions	66,676	60,316
Internal restrictions		
Employees leave entitlement	4,343	3,890
Crown reserve	828	772
Road land acquisition / roadworks	2,004	1,287
Other (Waste Operations)	9,220	7,037
Other - Shell Cove	2,233	919
Other	353	350
Total internal restrictions	18,981	14,255
TOTAL RESTRICTIONS	85,657	74,571

On 9 April 2019, Council resolved to remove a number of internal restrictions. The funds in these restrictions were transferred to the "Unrestricted" cash categorisation.

Note 8. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Purpose				
Rates and annual charges	1,593	1,303	1,498	1,180
Interest and extra charges	205	168	227	178
User charges and fees	1,390	–	1,463	–
Accrued revenues				
– Interest on investments	784	–	817	–
- Restart NSW	3,844	–	–	–
- Other income accruals	951	–	–	–
Net investment in finance lease	–	–	–	–
GST receivable	1,278	–	825	–
GST receivable – Shell Cove	602	–	705	–
Other debtors	1,890	–	2,260	–
Total	12,537	1,471	7,795	1,358
Less: provision of impairment				
User charges and fees	(502)	–	(476)	–
Total provision for impairment – receivables	(502)	–	(476)	–
TOTAL NET RECEIVABLES	12,035	1,471	7,319	1,358
Externally restricted receivables				
Domestic waste management	656	–	604	–
Stormwater management	34	–	31	–
Total external restrictions	690	–	635	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables (continued)

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Internally restricted receivables				
– Shell Cove	602	–	705	–
Internally restricted receivables	<u>602</u>	<u>–</u>	<u>705</u>	<u>–</u>
Unrestricted receivables	<u>10,743</u>	<u>1,471</u>	<u>5,979</u>	<u>1,358</u>
TOTAL NET RECEIVABLES	<u>12,035</u>	<u>1,471</u>	<u>7,319</u>	<u>1,358</u>

Accounting policy for receivables

Recognition and measurement

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

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

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

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).

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.

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.

Rates and annual charges outstanding are secured against the property.

Notes to the Financial Statements for the year ended 30 June 2020

Note 9. Inventories and other assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Inventories				
(i) Inventories at cost				
Real estate for resale *	19,202	–	16,450	–
Stores and materials	592	–	536	–
Trading stock	322	–	294	–
Total inventories at cost	20,116	–	17,280	–
<u>TOTAL INVENTORIES</u>	<u>20,116</u>	<u>–</u>	<u>17,280</u>	<u>–</u>

(*) Refer details below

(b) Other assets

Prepayments	259	–	340	–
<u>TOTAL OTHER ASSETS</u>	<u>259</u>	<u>–</u>	<u>340</u>	<u>–</u>

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Total externally restricted assets	–	–	–	–
Total internally restricted assets	–	–	–	–
Total unrestricted assets	20,375	–	17,620	–
<u>TOTAL INVENTORIES AND OTHER ASSETS</u>	<u>20,375</u>	<u>–</u>	<u>17,620</u>	<u>–</u>

(i) Other disclosures

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Details for real estate development				
Other properties	1,371	–	2,923	–
Residential – Shell Cove	17,831	–	13,527	–
Total real estate for resale	19,202	–	16,450	–
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	1,371	–	2,923	–
Development costs – Shell Cove	17,423	–	13,119	–
Shell Cove project land	408	–	408	–
Total costs	19,202	–	16,450	–
Total real estate for resale	19,202	–	16,450	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Inventories and other assets (continued)

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

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

\$ '000	2020	2019
Residential – Shell Cove	–	11,110
	–	11,110

Accounting policy for inventories and other assets**Raw materials and stores, work in progress and finished goods**

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

Land held for resale/capitalisation of borrowing costs

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

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

Note 10. Non-current assets classified as held for sale

Reconciliation of non-current assets 'held for sale' and disposal groups – i.e. discontinued operations

\$ '000	2020 Assets 'held for sale'	2019 Assets 'held for sale'
Opening balance	–	1,158
Balance still unsold after 12 months:	–	1,158
Less: assets no longer classified as 'held for sale' (transferred to Note 8)	–	(1,158)
Closing balance of 'held for sale' non-current assets and operations	–	–

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

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as assets arising from employee benefits; financial assets; and investment properties that are carried at fair value.

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

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

Notes to the Financial Statements for the year ended 30 June 2020

Note 11. Infrastructure, property, plant and equipment

\$ '000	as at 30/06/19			Asset movements during the reporting period							as at 30/06/20		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	18,404	–	18,404	–	–	–	–	2,218	–	–	20,622	–	20,622
Capital work in progress – Shell Cove	97,725	–	97,725	–	–	–	–	–	5,191	–	102,916	–	102,916
Plant and equipment	13,935	(7,904)	6,031	1,610	374	(35)	(1,216)	–	–	–	15,306	(8,542)	6,764
Office equipment	2,680	(552)	2,128	321	–	–	(363)	–	–	–	2,980	(894)	2,086
Furniture and fittings	4,771	(511)	4,260	291	–	–	(210)	–	–	–	5,014	(673)	4,341
Land:													
– Operational land	71,743	–	71,743	–	–	–	–	–	–	–	71,743	–	71,743
– Community land	134,247	–	134,247	–	1,264	–	–	–	–	–	135,511	–	135,511
– Land under roads (post 30/6/08)	36,196	–	36,196	–	11,231	–	–	–	–	–	47,427	–	47,427
Land improvements – depreciable	15,159	(4,366)	10,793	–	–	–	(316)	–	–	–	15,159	(4,682)	10,477
Infrastructure:													
– Buildings – non-specialised	104,989	(27,090)	77,899	593	404	(23)	(2,694)	–	–	–	105,922	(29,743)	76,179
– Buildings – specialised	77,587	(31,817)	45,770	10,702	1,658	(719)	(2,090)	–	–	–	88,090	(32,769)	55,321
– Other structures	3,531	(1,095)	2,436	–	–	–	(115)	–	–	–	3,531	(1,210)	2,321
– Roads	197,427	(43,890)	153,537	4,919	4,497	(1,572)	(3,304)	–	–	30,445	234,799	(46,277)	188,522
– Bridges	16,813	(3,360)	13,453	–	–	–	(196)	–	–	210	16,633	(3,166)	13,467
– Footpaths	53,800	(14,066)	39,734	1,333	3,461	(998)	(707)	–	–	3,835	58,860	(12,202)	46,658
– Stormwater drainage	267,981	(79,582)	188,399	2,028	12,316	(192)	(2,371)	–	–	16,438	294,225	(77,607)	216,618
– Swimming pools	8,265	(5,494)	2,771	142	–	(28)	(206)	–	–	–	8,317	(5,638)	2,679
– Other open space/recreational assets	28,597	(8,282)	20,315	3,649	4,446	(541)	(1,214)	–	–	–	35,628	(8,973)	26,655
– Other infrastructure	8,092	(952)	7,140	–	–	–	(152)	–	–	2,693	10,867	(1,186)	9,681
Other assets:													
– Library books	2,183	(763)	1,420	–	440	–	(394)	–	–	–	2,410	(944)	1,466
– Other	6,741	(2,529)	4,212	–	3,684	(15)	(424)	–	–	–	10,401	(2,944)	7,457
Reinstatement, rehabilitation and restoration assets (refer Note 17):													
– Waste depot/sandmine asset	11,662	(4,312)	7,350	–	–	–	(293)	–	–	–	11,662	(4,605)	7,057
Total Infrastructure, property, plant and equipment	1,182,528	(236,565)	945,963	25,588	43,775	(4,123)	(16,265)	2,218	5,191	53,621	1,298,023	(242,055)	1,055,968

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Infrastructure, property, plant and equipment (continued)

\$ '000	as at 30/06/18			Asset movements during the reporting period							as at 30/06/19		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	14,129	–	14,129	–	–	–	–	4,275	–	–	18,404	–	18,404
Capital work in progress – Shell Cove	82,318	–	82,318	–	–	–	–	–	21,991	–	97,725	–	97,725
Plant and equipment	14,135	(9,294)	4,841	2,370	81	(40)	(1,253)	–	33	–	13,935	(7,904)	6,031
Office equipment	2,831	(404)	2,427	56	–	–	(355)	–	–	–	2,680	(552)	2,128
Furniture and fittings	5,092	(679)	4,413	32	5	–	(202)	–	12	–	4,771	(511)	4,260
Land:													
– Operational land	72,356	–	72,356	–	–	–	–	–	(613)	–	71,743	–	71,743
– Community land	135,299	–	135,299	840	–	(1,892)	–	–	–	–	134,247	–	134,247
– Land under roads (post 30/6/08)	18,354	–	18,354	–	11,578	–	–	–	–	6,264	36,196	–	36,196
Land improvements – depreciable	15,159	(4,051)	11,108	–	–	–	(315)	–	–	–	15,159	(4,366)	10,793
Infrastructure:													
– Buildings – non-specialised	105,100	(24,521)	80,579	81	–	(112)	(2,650)	–	–	–	104,989	(27,090)	77,899
– Buildings – specialised	76,973	(30,332)	46,641	1,218	–	(181)	(1,908)	–	–	–	77,587	(31,817)	45,770
– Other structures	3,253	(985)	2,268	278	–	–	(110)	–	–	–	3,531	(1,095)	2,436
– Roads	191,273	(41,174)	150,099	2,458	4,309	(152)	(3,177)	–	–	–	197,427	(43,890)	153,537
– Bridges	16,639	(3,206)	13,433	210	–	(3)	(188)	–	–	–	16,813	(3,360)	13,453
– Footpaths	51,038	(13,568)	37,470	344	2,693	(121)	(651)	–	–	–	53,800	(14,066)	39,734
– Stormwater drainage	253,941	(77,424)	176,517	1,401	12,861	(141)	(2,239)	–	–	–	267,981	(79,582)	188,399
– Swimming pools	8,265	(5,287)	2,978	–	–	–	(207)	–	–	–	8,265	(5,494)	2,771
– Other open space/recreational assets	32,540	(12,500)	20,040	1,238	533	(5)	(1,237)	–	–	58	28,597	(8,282)	20,315
– Other infrastructure	9,038	(1,038)	8,000	–	129	(840)	(149)	–	–	–	8,092	(952)	7,140
Other assets:													
– Library books	1,866	(643)	1,223	–	528	–	(331)	–	–	–	2,183	(763)	1,420
– Other	6,492	(1,917)	4,575	145	36	(1)	(595)	–	52	–	6,741	(2,529)	4,212
Reinstatement, rehabilitation and restoration assets (refer Note 17):													
– Other remediation assets	11,662	(3,852)	7,810	–	–	–	(459)	–	–	–	11,662	(4,312)	7,350
Total Infrastructure, property, plant and equipment	1,127,753	(230,875)	896,878	10,671	32,753	(3,488)	(16,026)	4,275	21,475	6,322	1,182,528	(236,565)	945,963

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

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:

	Years
Office equipment	5 to 30
Furniture and Fittings	10 to 30
Plant and Equipment - Fleet	5 to 10
Plant and Equipment - Other	5 to 30
Land Improvements	20 to 50
Buildings	15 to 100
Other Structures	20 to 80
Road Components	15 to 320
Bridges	50 to 100
Footpaths	10 to 80
Stormwater Drainage	40 to 140
Swimming Pools	40
Open Space/Recreation	10 to 100
Other Infrastructure	15 to 320
Library Books	5
Other Assets	5 to 100

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

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

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

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

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Infrastructure, property, plant and equipment (continued)

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, “all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed”.

Council currently recognises local Rural Fire Service (RFS) land and building assets on the asset register. Other RFS assets including plant and equipment are not recognised by Council.

Note 12. Investment properties

\$ '000	2020	2019
Owned investment property		
Investment property on hand at fair value	28,101	23,012
Total owned investment property	<u>28,101</u>	<u>23,012</u>

(a) Reconciliation – owned investment property

Reconciliation of annual movement:

Opening balance	23,012	23,061
– Capitalised expenditure – this year	20	–
– Disposals during year	–	(49)
– Net gain/(loss) from fair value adjustments	5,069	–
CLOSING BALANCE – OWNED INVESTMENT PROPERTY	<u>28,101</u>	<u>23,012</u>

(b) Valuation basis

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

(c) Contractual obligations at reporting date (2019 only)

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Investment properties (continued)

\$ '000	2020	2019
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(d) Leasing arrangements – Council as lessor (2019 only)

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

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

Within 1 year	–	836
Later than 1 year but less than 5 years	–	2,199
Later than 5 years	–	688
Total minimum lease payments receivable	–	3,723

(e) Investment property income and expenditure – summary (2019 only)**Rental income from investment property:**

– Minimum lease payments	–	468
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Direct operating expenses on investment property:

– that generated rental income	–	(417)
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Net revenue contribution from investment property	–	51
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plus:

Total income attributable to investment property	–	51
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Accounting policy for investment property

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Intangible assets

Intangible assets are as follows:

\$ '000	2020	2019
Intangible Assets		
Opening values at 1 July		
Gross book value	4,261	4,766
Accumulated amortisation	(1,381)	(1,821)
Net book value – opening balance	2,880	2,945
Movements for the year		
– Purchases	952	615
– Amortisation charges	(637)	(680)
– Gross book value written off	(76)	(1,120)
– Accumulated amortisation charges written off	76	1,120
Closing values at 30 June		
Gross book value	5,137	4,261
Accumulated amortisation	(1,942)	(1,381)
Total intangible assets – net book value	3,195	2,880

Accounting policy for intangible assets

The net book value of intangible assets includes:

- At cost hoteliers licence at The Links
- At cost gaming machine entitlements at The Links
- IT development and software

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. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Contract assets and liabilities

\$ '000	2020 Current	2020 Non-current
(a) Contract assets		
Stronger Country Communities Grants	424	–
Total Contract assets	424	–

\$ '000	Notes	2020 Current	2020 Non-current
(b) Contract liabilities			
Grants and contributions received in advance:			
Unexpended capital grants (to construct Council controlled assets)	(i)	500	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	–	–
Unexpended capital contributions (to construct Council controlled assets)	(i)	–	–
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	–	–
Total grants received in advance		500	–
User fees and charges received in advance:			
Airport landing fees		12	–
Planning proposals		18	–
Total user fees and charges received in advance		30	–
Total contract liabilities		530	–

Notes

(i) Council has received funding towards the construction of a library at Shell Cove. The revenue will be recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue.

\$ '000	2020
(ii) Revenue recognised (during the financial year) from opening contract liability balances	
Grants and contributions received in advance:	
Capital grants (to construct Council controlled assets)	774
Operating grants (received prior to performance obligation being satisfied)	–
Capital contributions (to construct Council controlled assets)	–
Operating contributions (received prior to performance obligation being satisfied)	–
Total Revenue recognised during the financial year that was included in the contract liability balance at the beginning of the period	774

Significant changes in contract assets and liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Contract assets and liabilities (continued)

Accounting policy for contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of 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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Leases

The Council has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

(i) Council as a lessee

Council has leases over a range of assets including vehicles, office and IT equipment and golf carts.

Buildings

Council held a lease for the Warilla Library building prior to moving into the newly built building. This lease expired during the 2019/20 year.

Vehicles

Council leases light commercial and passenger vehicles with lease terms generally of 3 years. The lease payments are fixed during the lease terms and there are no renewal options.

Council also leases golf carts at The Links golf course, with the majority of these being classified as low value. The lease terms for the carts are 4 years with no renewal options.

Office and IT equipment

Leases for Office and IT Equipment are generally low value, except for leases relating to the photocopiers. The leases are for between 3 and 5 years with no renewal option. The payments are fixed, however some of the leases include variable options based on usage.

\$ '000	Plant & Equipment	Office Equipment	Total
Opening balance at 30 June 2019	-	-	-
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	881	316	1,197
Adoption of AASB 16 at 1 July 2019 – transfer of IPP&E from Note 11(a)	-	-	-
Additions to right-of-use assets	1,194	-	1,194
Adjustments to right-of-use assets due to re-measurement of lease liability	-	-	-
Depreciation charge	(746)	(121)	(867)
Impairment of right-of-use assets	-	-	-
Other movement	(14)	-	(14)
<u>RIGHT OF USE ASSETS</u>	<u>1,315</u>	<u>195</u>	<u>1,510</u>

\$ '000	2020 Current	2020 Non-current
Lease liabilities	820	865
<u>TOTAL LEASE LIABILITIES</u>	<u>820</u>	<u>865</u>

(i) The maturity analysis

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Leases (continued)

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
Cash flows	820	865	–	1,685	1,685

\$ '000	2020
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(c) Income Statement

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

Interest on lease liabilities	77
Variable lease payments based on usage not included in the measurement of lease liabilities	–
Income from sub-leasing right of use assets	–
Depreciation of right of use assets	867
Impairment of right of use assets	–
Expenses relating to short-term leases	440
Expenses relating to low-value leases	348
Expenses relating to Peppercorn leases	–
Other	–
	1,732

(d) Statement of Cash Flows

Total cash outflow for leases	1,557
	1,557

Accounting policy

Accounting policies under AASB 16 – applicable from 1 July 2019

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

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

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Leases (continued)

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.

Accounting policy under AASB 117 and associated Accounting Interpretations (2019 only)

Refer to note 5c.

(ii) Council as a lessor

(e) Operating leases

Council leases out a number of properties to both commercial and community groups. These leases have been classified as operating leases for financial reporting purposes.

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

\$ '000	2020
(i) Operating lease income	
Investment properties	
Lease income (excluding variable lease payments not dependent on an index or rate)	399
Lease income relating to variable lease payments not dependent on an index or a rate	–
Other lease income	
External plant and equipment hire	–
Room/Facility Hire	550
Leaseback fees - council vehicles	–
Other	–
Total income relating to operating leases	949
(ii) Operating lease expenses	
Investment properties	
Direct operating expenses that generated rental income	5
Direct operating expenses that did not generate rental income	–
Other leased assets	
Other	57
Total expenses relating to operating leases	62
(iii) Repairs and maintenance: investment property	
Contractual obligations for future repairs and maintenance	–
Other	–
Total repairs and maintenance: investment property	–
(iv) Maturity analysis of contractual lease income	
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:	

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Leases (continued)

\$ '000	2020
< 1 year	525
1–2 years	408
2–3 years	261
3–4 years	211
4–5 years	175
> 5 years	3,220
Total undiscounted contractual lease income receivable	4,800

Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term.

Note 16. Payables and borrowings

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Payables				
Prepaid rates	1,883	–	–	–
Goods and services – operating expenditure	6,432	–	3,125	–
Accrued expenses:				
– Other expenditure accruals	5,674	–	5,492	–
– Other expenditure accruals – Shell Cove	135	–	14	–
Security bonds, deposits	1,881	–	2,104	–
ATO – GST payable	143	–	1,789	–
Claim & management fees – Shell Cove	6,597	–	2,405	–
Other – Retentions	371	–	251	–
Other	919	–	486	–
Total payables	24,035	–	15,666	–
Income received in advance (2019 only)				
Payments received in advance	–	–	1,799	–
Total income received in advance	–	–	1,799	–
Borrowings				
Loans – secured ¹	1,397	12,655	1,347	14,051
Loans - secured Shell Cove	4,019	–	797	–
Total borrowings	5,416	12,655	2,144	14,051
TOTAL PAYABLES AND BORROWINGS	29,451	12,655	19,609	14,051

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Payables and borrowings (continued)

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

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

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Payables and borrowings relating to restricted assets				
Externally restricted assets				
Domestic waste management	436	–	710	–
Payables and borrowings relating to externally restricted assets	436	–	710	–
Internally restricted assets				
Crown land	100	440	100	540
Shell Cove	10,751	–	3,217	–
Payables and borrowings relating to internally restricted assets	10,851	440	3,317	540
Total payables and borrowings relating to restricted assets	11,287	440	4,027	540
Total payables and borrowings relating to unrestricted assets	18,164	12,215	15,582	13,511
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>29,451</u>	<u>12,655</u>	<u>19,609</u>	<u>14,051</u>

\$ '000	2020	2019
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(b) Current payables and borrowings not anticipated to be settled within the next twelve months

The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.

Payables – security bonds, deposits and retentions	1,410	1,578
Total payables and borrowings	1,410	1,578

(c) Changes in liabilities arising from financing activities

\$ '000	as at 30/06/19		Non-cash changes				as at 30/06/20
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	16,195	(1,346)	3,222	–	–	–	18,071
Lease liabilities	–	–	–	–	1,685	–	1,685
TOTAL	16,195	(1,346)	3,222	–	1,685	–	19,756

\$ '000	as at 30/06/18		Non-cash changes			as at 30/06/19
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement	Closing balance

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Payables and borrowings (continued)

\$ '000	as at 30/06/18		Non-cash changes			as at 30/06/19
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	22,697	(6,502)	–	–	–	16,195
TOTAL	22,697	(6,502)	–	–	–	16,195

\$ '000	2020	2019
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(d) Financing arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank overdraft facilities ¹	1,000	1,000
Credit cards/purchase cards	300	300
Total financing arrangements	1,300	1,300

Undrawn facilities as at balance date:

– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	300	300
Total undrawn financing arrangements	1,300	1,300

Breaches and defaults

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

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

Accounting policy for payables and borrowings

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

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

Payables

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

Borrowings

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Provisions

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Provisions				
Employee benefits				
Annual leave	2,726	–	2,317	–
Sick leave	3,733	–	3,511	–
Long service leave	5,619	558	5,214	494
Other leave	642	–	611	–
ELE on-costs	870	38	865	37
Sub-total – aggregate employee benefits	13,590	596	12,518	531
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	17,700	1,100	17,353
Sub-total – asset remediation/restoration	–	17,700	1,100	17,353
TOTAL PROVISIONS	13,590	18,296	13,618	17,884

(a) Provisions relating to restricted assets

Internally restricted assets				
Employee Benefit Provisions	4,343	–	3,890	–
Waste Operations	–	2,787	2,351	–
Provisions relating to internally restricted assets	4,343	2,787	6,241	–
Total provisions relating to restricted assets	4,343	2,787	6,241	–
Total provisions relating to unrestricted assets	9,247	15,509	7,377	17,884
TOTAL PROVISIONS	13,590	18,296	13,618	17,884

\$ '000	2020	2019
---------	------	------

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

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	7,502	7,049
	<u>7,502</u>	<u>7,049</u>

(c) Description of and movements in provisions

\$ '000	Asset remediation	Other provisions Total
2020		
At beginning of year	18,453	18,453
Unwinding of discount	347	347
Other	(1,100)	(1,100)
Total other provisions at end of year	17,700	17,700

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Provisions (continued)

\$ '000	Other provisions	
	Asset remediation	Total
2019		
At beginning of year	17,013	17,013
Unwinding of discount	340	340
Other	1,100	1,100
Total other provisions at end of year	18,453	18,453

Nature and purpose of non-employee benefit provisions**Asset remediation**

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the waste depot/sandmine site at Buckleys Road Dunmore.

Accounting policy for provisions

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

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

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

Employee benefits**Short-term obligations**

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Provisions (continued)

Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries

Restoration

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

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

Rehabilitation

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

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

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, 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. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

Fair value through other comprehensive income reserve (FVOCI)

Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired.

(b) Changes in accounting policies due to adoption of new accounting standards (not-retrospective)

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

Adjustments to the current year figures for the year ended 30 June 2020

Statement of Financial Position

(ii) AASB 15 and AASB 1058

Transfer of control to a customer – over time or at a point in time

AASB 15 has specific criteria regarding whether control is transferred over time or at a point in time. The entity has reviewed its contracts and concluded that the criteria for recognition over time is not met in some circumstances. In such cases, revenue and related production costs will be recognised at the delivery of each separate performance obligation instead of over the contract using a single margin.

Licences

Council has reviewed the licences it grants and considers that all licences are either short-term or low value and elects to recognise all revenue from licences up-front rather than spreading them over the life of the licence.

Prepaid rates

Under AASB 1004, rates were recorded as revenue at the earliest of receipt of the funds from the ratepayer and the beginning of the rating period. Under AASB 1058, prepaid rates are recognised as a financial liability until the beginning of the rating period.

Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed, or recognised at the point in time that the control of the services passes to the customer.

Grants – capital

Under AASB 1004, most grant monies were recorded as revenue on receipt. Under AASB 1058, where Council has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by Council and the contract is enforceable, then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)**Changes in presentation**

In addition to the above changes in accounting policies, the Council has also amended the presentation of certain items to align them with the requirements of AASB 15 and AASB 1058:

For example:

- Additional line items of contract assets and contract liabilities have been created.

\$ '000	Balance at 1 July 2019
Opening contract balances at 1 July 2019	
Contract assets	
– Under AASB 15	–
– Under AASB 1058	233
Total Contract assets	233
Contract liabilities	
– Under AASB 15	–
– Under AASB 1058	774
Total Contract liabilities	774

Comparison of financial statement line items under AASB 15 compared to previous standards for the current year

The following tables show the impact of adopting AASB 15 and AASB 1058 on the Council's financial statements for the year ended 30 June 2020.

Statement of Financial Position

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Carrying amount under previous revenue standards	Notes
Current assets					
Cash and cash equivalents	13,075	–	–	13,075	
Investments	47,507	–	–	47,507	
Receivables	12,035	–	(4,794)	7,241	
Inventories	20,116	–	–	20,116	
Contract assets	424	–	(424)	–	
Other	259	–	–	259	
Total current assets	93,416	–	(5,218)	88,198	
Current liabilities					
Payables	24,035	–	–	24,035	
Contract liabilities	530	–	(530)	–	
Lease liabilities	820	–	–	820	
Borrowings	5,416	–	–	5,416	
Provisions	13,590	–	–	13,590	
Total current liabilities	44,391	–	(530)	43,861	

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Carrying amount under previous revenue standards	Notes
Non-current assets					
Investments	47,463	–	–	47,463	
Receivables	1,471	–	–	1,471	
Infrastructure, property, plant and equipment	1,055,968	–	–	1,055,968	
Investment property	28,101	–	–	28,101	
Intangible assets	3,195	–	–	3,195	
Right of use assets	1,510	–	–	1,510	
Investments accounted for using equity method	721	–	–	721	
Total non-current assets	1,138,429	–	–	1,138,429	
Non-current liabilities					
Lease liabilities	865	–	–	865	
Borrowings	12,655	–	–	12,655	
Provisions	18,296	–	–	18,296	
Total Non-current liabilities	31,816	–	–	31,816	
Net assets	1,155,638	–	(4,688)	1,150,950	
Equity					
Accumulated surplus	686,780	–	(4,688)	682,092	
Revaluation reserves	468,617	–	–	468,617	
Council equity interest	1,155,397	–	(4,688)	1,150,709	
Non-controlling equity interests	241	–	–	241	
Total equity	1,155,638	–	(4,688)	1,150,950	

The variations between previous standards and AASB15/AASB1058 relate to the recognition of contract assets and liabilities along with the accrual of income for work performed.

Income Statement

\$ '000	Income Statement and comprehen- sive income under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Income Statement and comprehen- sive income under previous revenue standards	Notes
<u>Income from continuing operations</u>					
Rates and annual charges	63,947	–	–	63,947	
User charges and fees	16,273	–	30	16,303	
Other revenues	34,859	–	–	34,859	
Grants and contributions provided for operating purposes	8,253	–	–	8,253	

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
Grants and contributions provided for capital purposes	51,012	–	(4,718)	46,294	
Interest and investment income	3,369	–	–	3,369	
Fair value increment on investment properties	5,069	–	–	5,069	
Rental income	949	–	–	949	
Net share of interests in joint ventures and associates using the equity method	100	–	–	100	
Total Income from continuing operations	183,831	–	(4,688)	179,143	
Expenses from continuing operations					
Employee benefits and on-costs	37,095	–	–	37,095	
Borrowing costs	1,045	–	–	1,045	
Materials and contracts	20,091	–	–	20,091	
Depreciation and amortisation	17,769	–	–	17,769	
Other expenses	33,481	–	–	33,481	
Net losses from the disposal of assets	4,004	–	–	4,004	
Total Expenses from continuing operations	113,485	–	–	113,485	
Total Operating result from continuing operations	70,346	–	(4,688)	65,658	
Net operating result for the year	70,346	–	(4,688)	65,658	
Total comprehensive income	123,747	–	–	123,747	

The variations relate to the recognition of income over time as work is performed.

Adjustments to the current year figures for the year ended 30 June 2020

Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Contract assets	–	1,180	1,180
Current receivables	7,319	(947)	6,372
Total assets	1,106,207	233	1,106,440
Contract liabilities	–	774	774
Total liabilities	65,162	774	65,936
Accumulated surplus	625,587	(541)	625,046
Revaluation reserves	414,996	–	414,996
Other Reserves	221	–	221

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Non-controlling equity interests	241	–	241
Total equity	1,041,045	(541)	1,040,504

(iii) AASB 16 Leases**Council as a lessee**

Under AASB 117, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Income Statement on a straight-line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the Council's incremental borrowing rate at 1 July 2019.
- Right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments.
- A single discount rate was applied to all leases with similar characteristics.
- The right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset.
- Excluded leases with an expiry date prior to 30 June 2020 from the Statement of Financial Position, and lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Financial statement impact of adoption of AASB 16

Council has recognised right-of-use assets and lease liabilities of \$1.197M at 1 July 2019 for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 5.33%

\$ '000	Balance at 1 July 2019
Operating lease commitments at 30 June 2019 per Council financial statements	–

Reconciliation of lease liabilities recognised on adoption of AASB 16 Leases

Operating lease commitments discounted using the incremental borrowing rate at 1 July 2019	1,845
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Add:

Contracts not accounted for as operating lease commitments last year	–
Finance lease liabilities	–
Extension options reasonably certain to be exercised not included in the commitments note	–
Variable lease payments linked to an index	–
Other	141

Less:

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Balance at 1 July 2019
Short-term leases included in commitments note	(440)
Leases for low-value assets included in commitments note	(348)
Other	–
Lease liabilities recognised at 1 July 2019	1,198

Council as a lessor

For the arrangements where Council is a lessor, there are no significant accounting policy changes on adoption of AASB 16 except for sub-leases, which have now been classified in relation to the right-of-use asset under the head lease rather than the underlying asset.

Adjustments to the current year figures for the year ended 30 June 2020**Statement of Financial Position**

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Rights-of-use assets	–	1,198	1,198
Total assets	1,106,207	1,198	1,107,405
Payables – accrued interest on leases (30/6/2019)	–	2	2
Leases	–	1,198	1,198
Total liabilities	65,162	1,200	66,362
Accumulated surplus	1,041,045	(2)	1,041,043
Total equity	1,041,045	(2)	1,041,043

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Statement of cash flow information

\$ '000	Notes	2020	2019
(a) Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position	7(a)	13,075	13,814
Balance as per the Statement of Cash Flows		13,075	13,814
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		70,346	70,895
Adjust for non-cash items:			
Depreciation and amortisation		17,769	16,706
Net losses/(gains) on disposal of assets		4,004	2,244
Non-cash capital grants and contributions		(37,717)	(29,372)
Adoption of AASB 15/1058		(541)	–
Losses/(gains) recognised on fair value re-measurements through the Income Statement:			
– Investments classified as ‘at fair value’ or ‘held for trading’		(643)	(389)
– Investment property		(5,069)	–
Unwinding of discount rates on reinstatement provisions		347	340
Share of net (profits)/losses of associates/joint ventures using the equity method		(100)	(20)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(4,856)	(1,976)
Increase/(decrease) in provision for impairment of receivables		26	63
Decrease/(increase) in inventories		(84)	(85)
Decrease/(increase) in other current assets		81	61
Decrease/(increase) in contract assets		(424)	–
Increase/(decrease) in payables		3,307	(9)
Increase/(decrease) in other accrued expenses payable		182	1,992
Increase/(decrease) in other liabilities		3,080	(1,697)
Increase/(decrease) in contract liabilities		530	–
Increase/(decrease) in provision for employee benefits		1,137	(357)
Increase/(decrease) in other provisions		(1,100)	1,100
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		50,275	59,496
(c) Non-cash investing and financing activities			
Developer contributions ‘in kind’		373	20
Roadworks		4,689	6,190
Drainage		12,315	10,971
Land under roads		11,231	11,104
Other non-cash items		9,109	1,087
Total non-cash investing and financing activities		37,717	29,372

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Interests in other entities

\$ '000	Council's share of net income		Council's share of net assets	
	2020	2019	2020	2019
Joint ventures	100	20	721	620
Total	100	20	721	620

(a) Joint arrangements

(i) Joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

(a) Net carrying amounts – Council's share

\$ '000	Nature of relationship	Measurement method	2020	2019
CivicRisk West	Joint venture	Equity accounting	522	390
CivicRisk Mutual	Joint venture	Equity accounting	199	230
Total carrying amounts – material joint ventures			721	620

(b) Details

	Principal activity
CivicRisk West	Public liability and professional indemnity
CivicRisk Mutual	Property, motor vehicle etc

(c) Relevant interests and fair values

\$ '000	Interest in outputs		Interest in ownership		Proportion of voting power	
	2020	2019	2020	2019	2020	2019
CivicRisk West	1.2%	0.8%	1.2%	0.8%	7.7%	9.1%
CivicRisk Mutual	2.8%	3.3%	2.8%	3.3%	5.3%	5.9%

(d) Summarised financial information for joint ventures

\$ '000	CivicRisk West		CivicRisk Mutual	
	2020	2019	2020	2019
Statement of financial position				
Current assets				
Cash and cash equivalents	14,665	2,961	6,177	1,813
Other current assets	15,584	27,370	5,924	7,215
Non-current assets	33,048	36,522	5,102	5,368
Current liabilities				

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Interests in other entities (continued)

\$ '000	CivicRisk West		CivicRisk Mutual	
	2020	2019	2020	2019
Current financial liabilities (excluding trade and other payables and provisions)	8,617	6,657	5,923	4,827
Other current liabilities	4,561	740	490	346
Non-current liabilities				
Non-current financial liabilities (excluding trade and other payables and provisions)	7,999	12,116	3,635	2,278
Net assets	42,120	47,340	7,155	6,945
Reconciliation of the carrying amount				
Opening net assets (1 July)	47,340	41,761	6,945	8,469
Profit/(loss) for the period	3,181	5,579	211	(1,524)
Other adjustments to equity	(8,400)	–	–	–
Closing net assets	42,121	47,340	7,156	6,945
Council's share of net assets (%)	1.2%	0.8%	2.8%	3.3%
Council's share of net assets (\$)	522	390	199	230
Statement of comprehensive income				
Income	6,648	6,275	14,474	11,320
Interest income	1,321	3,623	205	448
Interest expense	(18)	(18)	–	–
Other expenses	(4,770)	(4,301)	(14,468)	(13,292)
Profit/(loss) from continuing operations	3,181	5,579	211	(1,524)
Profit/(loss) for the period	3,181	5,579	211	(1,524)
Total comprehensive income	3,181	5,579	211	(1,524)
Share of income – Council (%)	4.1%	2.2%	0.0%	6.6%
Profit/(loss) – Council (\$)	132	123	(32)	(103)
Total comprehensive income – Council (\$)	132	123	(32)	(103)

(ii) Joint operations**Shell Cove Project**

Council has been associated with the Shell Cove Project since its inception in the early 1990's. The project which involves Council and its development partner Australand Corporation (NSW) Pty Ltd [a part of Frasers Property Australia Group], has been established to develop residential property, marina and associated infrastructure.

The principal place of the project's activities is within the Shell Cove region.

Council's interest in Shell Cove's revenue, expenses, assets, liabilities and equity is 50% of the value of these balances.

Accounting policy for joint arrangements

The council has determined that it has both joint ventures and joint operations.

Joint operations:

In relation to its joint operations, where the Council has the rights to the individual assets and obligations arising from the arrangement, the Council has recognised:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its share of the revenue from the sale of the output by the joint operation

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Interests in other entities (continued)

- its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.

Joint ventures:

Interests in joint ventures are accounted for using the equity method in accordance with *AASB128 Investments in Associates and Joint Ventures*.

Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

The Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

(b) Unconsolidated structured entities

Council did not consolidate the following structured entities:

\$ '000	2020	2019
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Local Government Superannuation Scheme Pool B

Shellharbour Council participates in an employer sponsored Defined Benefit Superannuation Scheme – Local Government Superannuation Scheme Pool B.

Member Councils make contributions to the scheme as determined by the Superannuation Scheme's Trustees. All member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due. Each Councils share of any deficiency however cannot be accurately calculated due to the pooling of all assets and liabilities together amongst all member Councils. For this reason, liabilities for any deficiency are not recognised in these financial reports.

The net assets of the scheme as at 30 June 2020 were not sufficient to meet the scheme's accrued benefits. As a result, member Councils will continue to make additional contributions for at least the next financial year to recover that deficiency.

Losses (or expenses) incurred by Council relating to the Structured Entity	512	558
Liabilities in Council's Statement of Financial Position relating to the Structured Entity	90	95

\$ '000	2020	2019
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Illawarra Shoalhaven Joint Organisation

The Illawarra Shoalhaven Joint Organisation (ISJO), lead, advocate and collaborate to maximise the region's potential and serve the interests of regional communities. The ISJO consists of four members:

Kiama Municipal Council
Shellharbour City Council
Shoalhaven City Council
Wollongong City Council

Losses (or expenses) incurred by Council relating to the Structured Entity	55	54
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Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Commitments

\$ '000	2020	2019
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	469	2,857
Other	13,145	375
Road infrastructure	901	–
Total commitments	14,515	3,232
These expenditures are payable as follows:		
Within the next year	12,600	3,232
Later than one year and not later than 5 years	1,915	–
Total payable	14,515	3,232

(b) Non-cancellable operating lease commitments (2019 only)**a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:**

Within the next year	–	988
Later than one year and not later than 5 years	–	955
Total non-cancellable operating lease commitments	–	1,943

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

Motor vehicles - lease of vehicles for Council's fleet purposes.

Computer hardware/photocopies - for the provision of various computer hardware including desktops, scanners and photocopiers.

Conditions relating to finance and operating leases:

– All finance agreements are secured only against the leased asset.

– No lease agreements impose any financial restrictions on Council regarding future debt etc.

Refer to Note 15 for information relating to leases for 2020.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. 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 participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The scheme's most recent actuarial review indicated that the net assets of the scheme were insufficient to meet the accrued benefits of the scheme's defined benefit member category. Member councils are required to make contributions in future years where the scheme goes into deficit (as has occurred in previous years).

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its defined benefits scheme obligations in accordance with AASB 119.

Future planned contributions being made to the defined benefit scheme to rectify past (and projected) deficit positions will be recognised as an expense when they become payable - similar to the accounting for defined benefit plans.

Member councils are treated as Pooled Employers for the purpose of AASB119. Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

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

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2019 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These additional lump sum contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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 additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

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

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

The plan is a defined benefit plan. However, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way it would for a single employer sponsored benefit plan.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the fund and recognised as an expense and disclosed as part of superannuation expenses of Note 4 (a) for the year ending 30 June 2020 was \$ 511,763. The last valuation of the Fund was performed by the Actuary, Mr Richard Boyfield, FIAA on 30 June 2019.

Council's expected contributions to the Fund for the next annual reporting period is \$494,081.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2020 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,695.2	
Past Service Liabilities	1,773.2	95.6%
Vested Benefits	1,757.5	96.5%

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

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

Investment return	5.75% per annum
Salary inflation *	3.50% per annum
Increase in CPI	2.50% per annum

* Plus promotional increases

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.

Council's additional lump sum contribution is around 0.70% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2019 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-group.

(ii) Other guarantees

Council has provided no other guarantees other than those listed above.

2. Other liabilities**(i) Potential land acquisitions due to planning restrictions imposed by Council**

Council has classified a number of privately owned land parcels as local open space reservation under its Urban Local Environment Plan.

As a result, where notified in writing by the various owners, Council will be required to purchase these nine land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

(ii) Shell Cove funding arrangement

Council has joint control of the Shell Cove project, an entity which is engaged in the development of residential property and associated infrastructure.

Due to land release and development cycles, shortfall funding occurs. Council's project manager, Australand Corporation (NSW) Pty Ltd [a part of Frasers Property Australia Group], provides a revolving funding facility to fund any shortfall with monthly interest at a rate equivalent to the Westpac Banking Corporation business overdraft of \$4 million on the last business day preceding the monthly Management Committee meeting. Council is guarantor of the financing if the Projects Management Agreement is terminated.

The approved funding limit is \$35 million, based on the 2017 cashflow projections. The current projections have Project deficits to peak at \$24 million during 2021. The key risk for Council is the potential liability of \$35 million (in cash and/or land).

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Contingencies (continued)

(iii) Calderwood planning agreement

On 15 September 2014 Council entered into the Calderwood Voluntary Planning Agreement with Lend Lease Communities (Australia) Limited. This Planning Agreement applies to the Calderwood Urban Development Project site which is approximately 700 hectares of land to the west of Albion Park that was classified a State Significant Site in 2011.

Under this Planning Agreement the developer will provide approximately \$20m in monetary contributions toward both local and citywide infrastructure (in lieu of Section 7.11 Contributions) and deliver onsite infrastructure including a community centre, parks, sportsfields and road upgrades to the value of approximately \$50m.

The development is expected to occur over the next 10-15 years and will significantly increase both the population of the City's west and Council's asset base.

(iv) Developer contributions

Council levies developer contributions upon various development across the Council area through the required plan. As part of the plan, Council has received funds for which it will be required to expend the monies in accordance with that plan. As well, the plan indicates proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's general funds. These future expenses do not yet qualify as liabilities as of the reporting date, but represent Council's intention to spend funds in the manner and timing set out in this plan.

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.

Note 23. Financial risk management

Risk management

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk.

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

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

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

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance team manage the cash and Investments portfolio with the assistance of independent advisors.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Financial risk management (continued)

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

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

Council manages these risks (amongst other measures) by diversifying its portfolio and having policy limits on credit quality.

Council also seeks advice from its independent advisers before placing any funds in cash and investments.

(a) Market risk – price risk and interest rate risk

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

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2020				
Possible impact of a 10% movement in market values	2,297	2,297	(2,297)	(2,297)
Possible impact of a 1% movement in interest rates	1,080	1,080	(1,080)	(1,080)
2019				
Possible impact of a 10% movement in market values	1,990	1,990	(1,990)	(1,990)
Possible impact of a 1% movement in interest rates	1,072	1,072	(1,072)	(1,072)

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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

Council makes suitable provision for 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.

Receivables – rates and annual charges

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Financial risk management (continued)

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

Receivables - non-rates and annual charges

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

The loss allowance provision as at 30 June 2020 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	> 60 days overdue	Total
2020					
Gross carrying amount	9,821	56	153	1,082	11,112
Expected loss rate (%)	0.30%	1.40%	3.00%	3.26%	0.63%
2019					
Gross carrying amount	5,661	234	73	507	6,475
Expected loss rate (%)	0.30%	1.50%	3.50%	6.50%	0.86%

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2020							
Trade/other payables – Shell Cove	0.00%	–	6,732	–	–	6,732	6,732
Loans - Shell Cove	4.59%	4,019	–	–	–	4,019	4,019
Trade/other payables	0.00%	1,881	13,531	–	–	15,412	15,422
Loans and advances	4.20%	–	1,397	3,731	8,924	14,052	14,052
Total financial liabilities		5,900	21,660	3,731	8,924	40,215	40,225
2019							

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Financial risk management (continued)

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
Trade/other payables – Shell Cove	0.00%	–	2,420	–	–	2,420	2,420
Loans - Shell Cove	7.39%	797	–	–	–	797	797
Trade/other payables	0.00%	2,104	8,723	–	–	10,827	15,045
Loans and advances	4.20%	–	1,347	4,349	9,702	15,398	15,398
Total financial liabilities		<u>2,901</u>	<u>12,490</u>	<u>4,349</u>	<u>9,702</u>	<u>29,442</u>	<u>33,660</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 11/06/2019 and is unaudited.

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

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

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

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

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
REVENUES				
Rates and annual charges	63,925	63,947	22	0% F
User charges and fees	17,743	16,273	(1,470)	(8)% U
Other revenues	59,097	34,859	(24,238)	(41)% U
The variance can largely be attributed to lower than originally expected sales revenue generated from the Shell Cove project. Additionally some land sales associated with the Links subdivision originally expected in 2019/20, moving to 2020/21.				
Operating grants and contributions	8,239	8,253	14	0% F
Capital grants and contributions	40,280	51,012	10,732	27% F
The major contributing factor to the variance relates to the recognition of assets constructed by developers and dedicated to Council above what was originally anticipated. This has been partly offset by the timing of some capital grants moving from 2019/20 to 2020/21.				
Interest and investment revenue	2,637	3,369	732	28% F
The variance largely relates to a fair value adjustment on Council's Southern Phone shareholdings which was recognised as part of the sale of Southern Phone to AGL Energy.				
Net gains from disposal of assets	117	-	(117)	100% U
Fair value increment on investment property	-	5,069	5,069	∞ F
Rental income	-	949	949	∞ F
Joint ventures and associates – net profits	-	100	100	∞ F
EXPENSES				
Employee benefits and on-costs	39,635	37,095	2,540	6% F
Borrowing costs	1,291	1,045	246	19% F
The variance can be mainly attributed to loan funding for the Shell Cove Marina businesses being delayed until 2020/21. This was due to unfavourable lending conditions resulting from COVID-19 impacts and a delay in programmed expenditure. Additionally, part funding of the new Warilla Library building was cash funded rather than via loan borrowings as originally anticipated.				
Materials and contracts	21,671	20,091	1,580	7% F
Depreciation and amortisation	17,311	17,769	(458)	(3)% U
Other expenses	59,397	33,481	25,916	44% F

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Material budget variations (continued)

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
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The variance can mainly be attributed to lower cost of sales relating to the Shell Cove project.

Net losses from disposal of assets	–	4,004	(4,004)	∞ U
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Note 25. 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

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

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Fair value measurement hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv- able inputs	
2020				
Recurring fair value measurements				
Financial assets				
Investments				
– 'Held for trading'	–	22,970	–	22,970
Total financial assets	–	22,970	–	22,970
Investment property				
Investment properties – land and buildings	–	–	28,101	28,101
Total investment property	–	–	28,101	28,101
Infrastructure, property, plant and equipment				
Capital work in progress	–	–	20,622	20,622
Capital work in progress - Shell Cove	–	–	102,916	102,916
Plant and equipment	–	–	6,764	6,764
Office equipment	–	–	2,086	2,086
Furniture and fittings	–	–	4,341	4,341
Operational land	–	–	71,743	71,743
Community land	–	–	135,511	135,511
Land under roads	–	–	47,427	47,427
Land improvements	–	–	10,477	10,477

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Fair Value Measurement (continued)

2020	Fair value measurement hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv- able inputs	
Buildings – non-specialised	–	–	76,179	76,179
Buildings – specialised	–	–	55,321	55,321
Other structures	–	–	2,321	2,321
Roads	–	–	188,522	188,522
Bridges	–	–	13,467	13,467
Footpaths	–	–	46,658	46,658
Stormwater drainage	–	–	216,618	216,618
Swimming pools	–	–	2,679	2,679
Other open space/recreational assets	–	–	26,655	26,655
Other infrastructure	–	–	9,681	9,681
Library books	–	–	1,466	1,466
Other	–	–	7,457	7,457
Waste depot/sandmine asset	–	–	7,057	7,057
Total infrastructure, property, plant and equipment	–	–	1,055,968	1,055,968

2019	Fair value measurement hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv- able inputs	
Recurring fair value measurements				
Financial assets				
Investments				
– ‘Held for trading’	–	19,900	–	19,900
Total financial assets	–	19,900	–	19,900
Investment property				
Investment properties – land and buildings	–	–	23,012	23,012
Total investment property	–	–	23,012	23,012

Infrastructure, property, plant and equipment

Capital work in progress	–	–	18,404	18,404
Capital work in progress - Shell Cove	–	–	97,725	97,725
Plant and equipment	–	–	6,031	6,031
Office equipment	–	–	2,128	2,128
Furniture and fittings	–	–	4,260	4,260
Operational land	–	–	71,743	71,743
Community land	–	–	134,247	134,247
Land under roads	–	–	36,196	36,196
Land improvements	–	–	10,793	10,793
Buildings – non-specialised	–	–	77,899	77,899
Buildings – specialised	–	–	45,770	45,770
Other structures	–	–	2,436	2,436
Roads	–	–	153,537	153,537
Bridges	–	–	13,453	13,453
Footpaths	–	–	39,734	39,734
Stormwater drainage	–	–	188,399	188,399
Swimming pools	–	–	2,771	2,771
Other open space/recreational assets	–	–	20,315	20,315
Other infrastructure	–	–	7,140	7,140
Library books	–	–	1,420	1,420
Other	–	–	4,212	4,212
Waste depot/sandmine asset	–	–	7,350	7,350

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Fair Value Measurement (continued)

2019	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv- able inputs	Total
Total infrastructure, property, plant and equipment	–	–	945,963	945,963

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

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

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

Investment property**Land & Buildings**

All of Council's investment properties are valued at fair value..

The 2020 revaluations were based on independent assessments performed by Scott Fullarton Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144.

The key unobservable input to the valuation is the price per square metre.

Infrastructure, property, plant and equipment (IPP&E)**Plant & Equipment, Office Equipment and Furniture & Fittings**

Plant & Equipment, Office Equipment and Furniture & Fittings are all valued at cost but are disclosed at fair value in the notes due to the nature of the items.

Examples of assets within these classes are:

- Plant & Equipment – Trucks, mowers, earth moving equipment
- Office Equipment – Printers, Scanners, White Boards, Computer Equipment
- Furniture & Fittings - Kitchens, Fitouts, Flooring etc

Council assumes that the carrying value amount reflects the fair value of the assets due to the nature of the items as shown above.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The last valuation was undertaken at 30 June 2018 and was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144. The key unobservable input to the valuation is the price per square metre.

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 were based on land values provided by the Valuer-General. The last valuation was undertaken at 30 June 2016.

Land Under Roads

Council has elected to recognise Land Under Roads where the road was acquired on or after 1 July 2008.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Fair Value Measurement (continued)

A decision has been made in consultation with Council's auditors to revise the valuation of the entity's total Land Under Roads at the average unit value of the land contained within the entity's area of control. This method results in a significantly reduced average unit value compared to the original method used. This is believed to be a more appropriate representation of the value of the land due to the restrictions that exist on Land Under Road assets.

The last valuation was undertaken as at 31 March 2019.

Land Improvements

This asset class comprises land improvements such as landscaping, streetscaping and foreshore/sportsfields improvements. The cost approach is used to value land improvements. There has been no change to the valuation process during the reporting period.

Buildings - Specialised and Non Specialised

Council engaged Scott Fullarton Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144 to value all buildings at 30 June 2018 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption 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 Structures

This assets comprises of: Fencing, memorials, embellishments, boom gates etc. The cost approach is used to value other structures. There has been no change to the valuation process during the reporting period.

Roads

Council's Road Asset Class is made up of road components, roadside furniture, bus shelters, traffic signs and traffic facilities such as roundabouts. Valuations were undertaken inhouse as at 31 March 2020. Troutman Asset Integrity were engaged to assist with the collation of unit rates that were used during the revaluation process.

Bridges

Bridges include constructed timber pedestrian bridges, timber road bridges and concrete pedestrian bridges. The larger road bridges were valued on information from developers who contracted out the construction of their major bridges. Valuations were undertaken inhouse as at 31 March 2020. Troutman Asset Integrity were engaged to assist with the collation of unit rates that were used during the revaluation process.

Footpaths

Valuations were undertaken inhouse as at 31 March 2020. Troutman Asset Integrity were engaged to assist with the collation of unit rates that were used during the revaluation process.

Stormwater Drainage

These assets are made up of stormwater pits, pipes, gross pollutant traps (GPT), headwalls and culverts. GPT's and pits. Valuations were undertaken inhouse as at 31 March 2020. Troutman Asset Integrity were engaged to assist with the collation of unit rates that were used during the revaluation process.

Swimming Pools

This asset class comprises the pool structure itself. The last valuation was undertaken at 30 June 2018 and was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144.

Other Open Space/Recreational Assets

Assets within this class comprise of sporting and skate facilities, playgrounds, tennis courts, hockey fields, grandstands and picnic shelters etc.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Fair Value Measurement (continued)

Council engaged Rapid Map Services Pty Ltd to do a full inspection and audit of Council's Open Space Recreation Assets including condition assessment. Asset & Facilities Management Consulting Pty Ltd used this information to provide Council with valuations and useful life assessments which Council has applied as at 30 June 2019.

Other Infrastructure

Other infrastructure comprises of the airport runway and other major infrastructure like the waste depot's gas extraction system. Valuations were undertaken inhouse as at 31 March 2020. Troutman Asset Integrity were engaged to assist with the collation of unit rates that were used during the revaluation process.

Library Books

This asset category comprises of assets such as library books, journals, magazines, Cd's and Dvd's. The library books are reported at Fair value in the notes however, due to the nature of these items they are valued at cost.

There are no major variances between the fair value and carrying amount of these assets. There has been no change to the valuation process during the reporting period.

Other

Other assets consist of sundry signs, lighting etc. Council assumes that the carrying value amount reflects the fair value of the assets due to the nature of the items. There has been no change to the valuation process during the reporting period.

Waste Depot/Sandmine Asset

The waste depot/sandmine is located at Buckley's Road in Dunmore. It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill site. An Evaluation of Costs for Landfill Closure and Post Closure Management was prepared by Tonkin Consulting, PJ Lightbody, MIEAust Chartered Professional Engineer in June 2018.

Valuations uncertainty

Recent natural disasters and the impacts of COVID-19, have increased the likelihood that some items of property, plant and equipment (PPE) may have material movements in fair value as at 30 June 2020. The impact on PPE fair values will depend on the valuation approach used for an asset, i.e. the market approach, income approach or cost approach.

- The cost approach is particularly suited to assets such as specialised buildings, specialised plant and infrastructure held for their service potential, and specialised or unique heritage assets where there are no observable market selling prices. The cost approach assumes fair value reflects the amount that would be required to replace the service capacity of the asset. No significant changes to the fair value are expected under the cost approach except where assets have been destroyed or damaged.
- The market approach is mainly used for land and non-specialised buildings. Comparable transactions and market evidence from the outbreak to the relevant date of valuation are extremely limited. Our valuation was based on the information available to us as at the time of valuation. Whilst all reasonable steps were taken to estimate the effect on the properties, due to significant uncertainty in the property and capital markets and the rapid unfolding of these events, it is difficult to quantify and assess the impact that the outbreak had on market values.
- Assets valued under the income approach are those predominantly to generate cash flows from the provision of goods and services. The recessionary environment created by COVID-19 may have significant impacts on demand for goods and services. Valuation inputs that may be subject to significant changes and uncertainty include projected cash flows, risk free interest rates and risk margins.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Fair Value Measurement (continued)

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

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

\$ '000	Total IPPE
2019	
Opening balance	919,939
Transfers from/(to) another asset class	(613)
Purchases (GBV)	62,890
Disposals (WDV)	(3,537)
Depreciation and impairment	(16,026)
FV gains – other comprehensive income	6,322
Closing balance	<u>968,975</u>
2020	
Opening balance	968,975
Purchases (GBV)	76,792
Disposals (WDV)	(4,123)
Depreciation and impairment	(16,265)
FV gains – other comprehensive income	58,690
Closing balance	<u>1,084,069</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Fair Value Measurement (continued)

(4) Highest and best use

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 26. Related party disclosures

(a) Key management personnel

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

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

\$ '000	2020	2019
Compensation:		
Short-term benefits	1,423	1,281
Post-employment benefits	142	130
Other long-term benefits	138	124
Termination benefits	–	194
Total	1,703	1,729

(b) Other transactions with KMP and their related parties

Council maintains a Related Party Transaction register. A review of the register, Bi Annual Declaration of Interest returns and minutes of Council Meetings conducted for the year ending 30 June 2020, identified no related party transactions that would have otherwise be incurred by an ordinary citizen.

Note 27. Events occurring after the reporting date

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

Note 28. Statement of developer contributions

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28. Statement of developer contributions (continued)

Summary of contributions and levies

\$ '000	as at 30/06/19						as at 30/06/20	
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	3,691	–	–	88	–	–	3,779	–
Roads	8,815	950	–	225	–	–	9,990	–
Traffic facilities	2,191	14	–	52	(93)	(309)	1,855	–
Open space	21,125	1,049	205	510	(1,217)	–	21,467	–
Community facilities	7,362	2,401	–	289	(133)	–	9,919	–
Other	1,994	392	–	46	(454)	(50)	1,928	–
S7.11 contributions – under a plan	45,178	4,806	205	1,210	(1,897)	(359)	48,938	–
Total S7.11 and S7.12 revenue under plans	45,178	4,806	205	1,210	(1,897)	(359)	48,938	–
S7.4 planning agreements	3,808	1,059	168	107	(376)	359	4,957	–
Total contributions	48,986	5,865	373	1,317	(2,273)	–	53,895	–

S7.11 Contributions – under a plan

CONTRIBUTION PLAN NUMBER 1

Drainage	3,691	–	–	88	–	–	3,779	–
Roads	8,815	950	–	225	–	–	9,990	–
Traffic facilities	2,191	14	–	52	(93)	(309)	1,855	–
Open space	21,125	1,049	205	510	(1,217)	–	21,467	–
Community facilities	7,362	2,401	–	289	(133)	–	9,919	–
Other	1,994	392	–	46	(454)	(50)	1,928	–
Total	45,178	4,806	205	1,210	(1,897)	(359)	48,938	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 29(a). Statement of performance measures – consolidated results

\$ '000	Amounts	Indicator	2019	Prior periods		Benchmark
	2020	2020		2018	2017	
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	17,526	13.80%	19.25%	14.23%	15.65%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	127,007					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions ¹	118,754	66.71%	74.15%	76.95%	76.26%	>60.00%
Total continuing operating revenue	178,019					
3. Unrestricted current ratio						
Current assets less all external restrictions	73,513	2.13x	1.86x	1.96x	2.25x	>1.50x
Current liabilities less specific purpose liabilities	34,543					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	36,340	9.37x	6.23x	16.04x	29.07x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	3,880					
5. Rates, annual charges, interest and extra charges outstanding percentage						
Rates, annual and extra charges outstanding	3,269	4.87%	4.80%	4.79%	4.60%	<10.00%
Rates, annual and extra charges collectible	67,168					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	85,075	10.73 mths	8.80 mths	7.66 mths	10.10 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	7,927					

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

Notes to the Financial Statements
for the year ended 30 June 2020

Note 29(b). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2019/20 result

2019/20 ratio 13.80%

Council remains well above the benchmark for this ratio which indicates that Council is containing operating expenditure within its operating revenue base. This is despite the impact COVID-19 had on a number of revenue sources for Council.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2019/20 result

2019/20 ratio 66.71%

The ratio result has declined from previous year's results but still remains comfortably above the benchmark. The decline can be attributed to a higher proportion of grants and contributions received in 2019/20 as a percentage of total revenue and lower income in a number of areas due to COVID-19 impacts.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2019/20 result

2019/20 ratio 2.13x

The result for this ratio confirms that Council has the ability to meet its obligations in the short term. The increase in the result compared to last year can be mainly attributed to a higher level of investments maturing in 2020/21.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

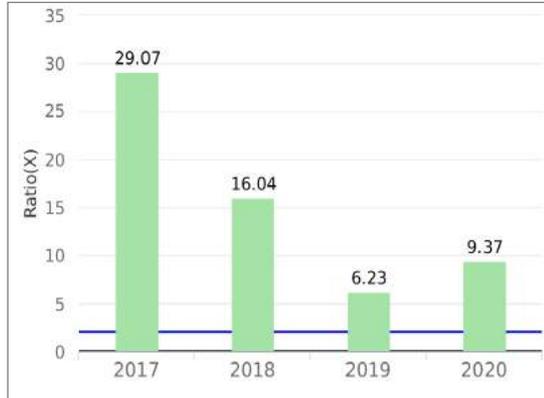
Ratio achieves benchmark

Ratio is outside benchmark

Notes to the Financial Statements
for the year ended 30 June 2020

Note 29(b). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2019/20 result

2019/20 ratio 9.37x

Council remains more than four times above the benchmark for this ratio. This is despite new accounting standards resulting in previously classified operating lease expenses now being reflected as finance lease borrowing repayments.

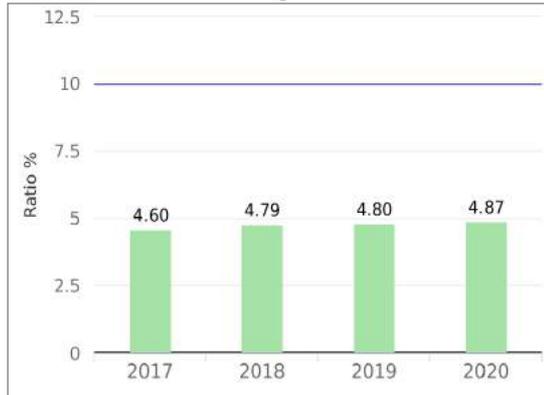
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

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



Purpose of rates, annual charges, interest and extra charges outstanding

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2019/20 result

2019/20 ratio 4.87%

Council's recovery processes continue to be effective with the result for this ratio being below (favourable) both regional and rural benchmarks. This is despite the financial impact COVID-19 is expected to have had on some ratepayers.

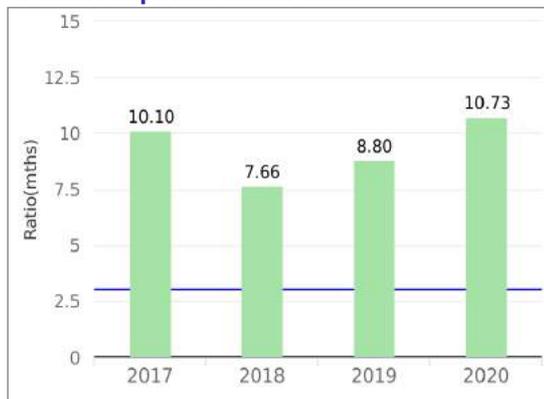
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2019/20 result

2019/20 ratio 10.73 mths

Council's liquidity position has strengthened in 2019/20 with the result being nearly four times above the required benchmark.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

Shellharbour City Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 30. Council information and contact details

Note 30. Council information and contact details

Principal place of business:

76 Cygnet Avenue
Shellharbour City Centre

Contact details

Mailing Address:

Locked Bag 155
SHELLHARBOUR CITY CENTRE NSW 2529

Opening hours:

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

Telephone: 02 4221 6111

Facsimile: 02 4221 6016

Internet: www.shellharbour.nsw.gov.au

Email: council@shellharbour.nsw.gov.au

Officers

General Manager

Carey McIntyre

Responsible Accounting Officer

Paul Henderson

MAYOR

Marianne Saliba

Other information

ABN: 78 392 627 134



INDEPENDENT AUDITOR'S REPORT

Report on the General Purpose Financial Statements

Shellharbour City Council

To the Councillors of Shellharbour City Council

Opinion

I have audited the accompanying financial statements of Shellharbour 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 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2020, 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).

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2020 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 24 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.



Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

9 November 2020
SYDNEY

Cr Marianne Saliba
 Mayor
 Shellharbour City Council
 Locked Bag 155
 SHELLHARBOUR CITY CENTRE
 NSW 2656

Contact: Dominika Ryan
 Phone no: 02 9275 7336
 Our ref: D2015310/1784

9 November 2020

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2020
 Shellharbour City Council**

I have audited the general purpose financial statements (GPFS) of the Shellharbour City Council (the Council) for the year ended 30 June 2020 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2020 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2020	2019	Variance
	\$m	\$m	%
Rates and annual charges revenue	63.9	61.2	 4.4
Grants and contributions revenue	59.3	51.2	 15.8
Operating result from continuing operations	70.3	70.9	 0.8
Net operating result before capital grants and contributions	19.3	28.1	 31.3

The Council's operating result from continuing operations \$70.3 million (including depreciation and amortisation expense of \$17.8 million) was \$600,000 lower than the 2018–19 result.

The net operating result before capital grants and contributions (\$19.3 million) was \$8.8 million lower than the 2018–19 result.

Rates and annual charges revenue increased by \$2.7 million (4 per cent) to \$63.9 million in 2019–20. This was due to the IPART annual rate increase of 2.7 per cent.

Grants and contributions revenue increased by \$8.1 million (14 per cent) to \$59.3 million in 2019–20 due to:

- a decrease of \$6.2 million in cash developer contributions received during the year. This is largely attributable to the decreases in cash contributions for capital purposes, in particular, roadworks and open space, which have decreased by \$1.6 million and \$1.4 million respectively, compared to prior year. Additionally, section 7.4 developer contributions also decreased by \$1.2 million
- an increase of \$8.2 million in non-cash other contributions received during the year. This is mainly driven by the increases in non-cash contributions for drainage and other assets, which have increased by \$1.3 million and \$5.2 million respectively compared to prior year
- grants revenue has increased by \$6.3 million, which is mainly attributable to the \$6.1 million increase in specific purpose grants received. This is mainly attributable to the receipt of the Stronger Country Communities Grant and Restart NSW grants, i.e. \$1.8 million and \$5.7 million respectively.

STATEMENT OF CASH FLOWS

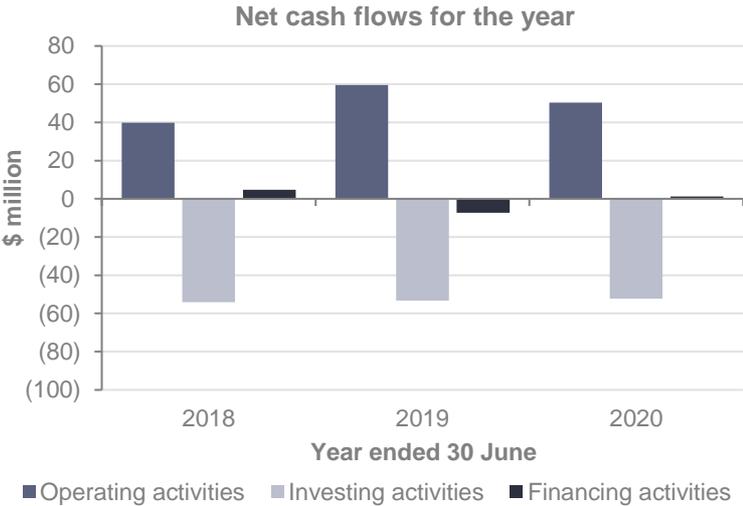
The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year.

The Council's cash balance decreased slightly by \$739,000.

Cash inflows from operating activities decreased from \$59 million in 2018-19 to \$50 million in 2019-20 due to a decrease in other revenue of approximately \$35 million. This was offset by the decrease in cash outflows due to materials and contracts expenses and other expenses, which have decreased by \$ 6.8 million and \$20.4 million respectively.

The decrease in cash outflows from investing activities of \$1.08 million, from \$53.3 million to \$52.2 million was due to the decreased activities relating to the purchase and sale of investment securities.

Cash outflows from financing activities increased by \$8.4 million due to lower repayment of borrowings and advances in 2019-2020, compared to 2018-2019.



FINANCIAL POSITION

Cash and investments

Cash and investments	2020	2019	Commentary
	\$m	\$m	
External restrictions	66.7	60.3	<ul style="list-style-type: none"> External restrictions include unspent specific purpose grants, developer contributions, domestic waste management charges, levies and planning agreements. The externally restricted cash balance has increased by approximately \$6.4 million, mainly due to the higher developer contribution received, which increased by \$5 million. Balances are internally restricted due to Council policy or decisions for forward plans including works program. Internal restrictions have increased by \$4.7 million, mainly due to the increase internally restricted cash of \$1.3 million and \$2.2 million attributable to Shell Cove and Waste Operations respectively. Unrestricted balances provide liquidity for day-to-day operations. There has been a decrease of \$10.5 million in the unrestricted cash balance.
Internal restrictions	19.0	14.3	
Unrestricted	22.4	32.9	
Cash and investments	108.0	107.4	

PERFORMANCE

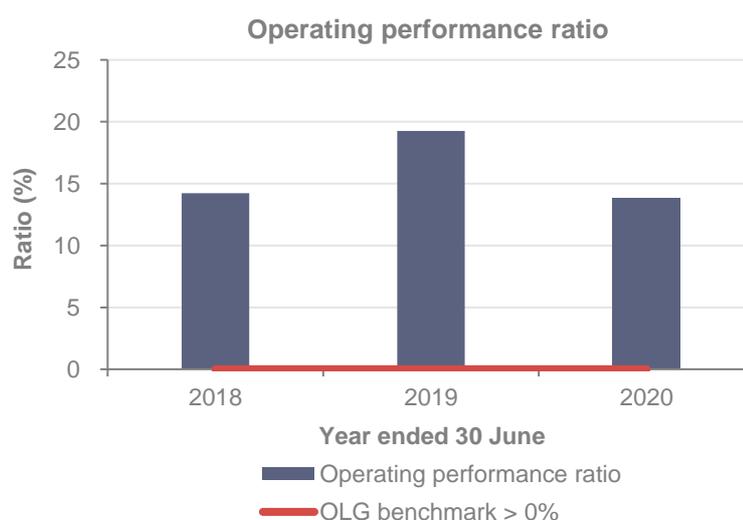
Performance measures

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

Operating performance ratio

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

The Council's ratio continues to exceed the OLG benchmark.

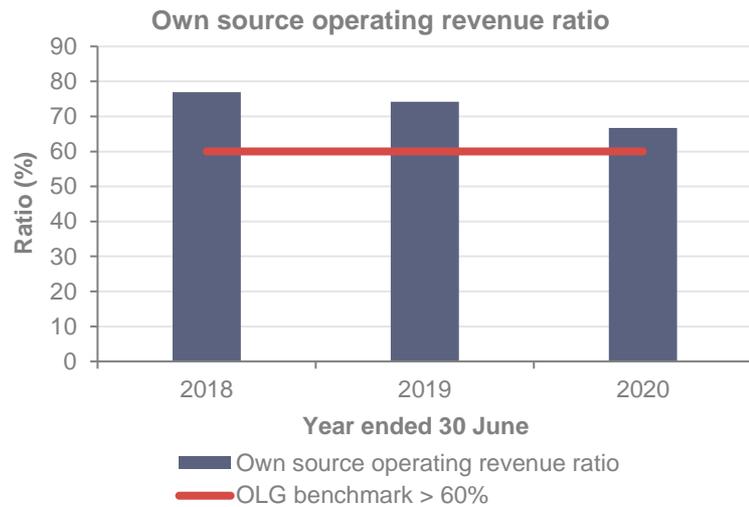


Own source operating revenue ratio

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

The Council met the OLG benchmark for the current reporting period.

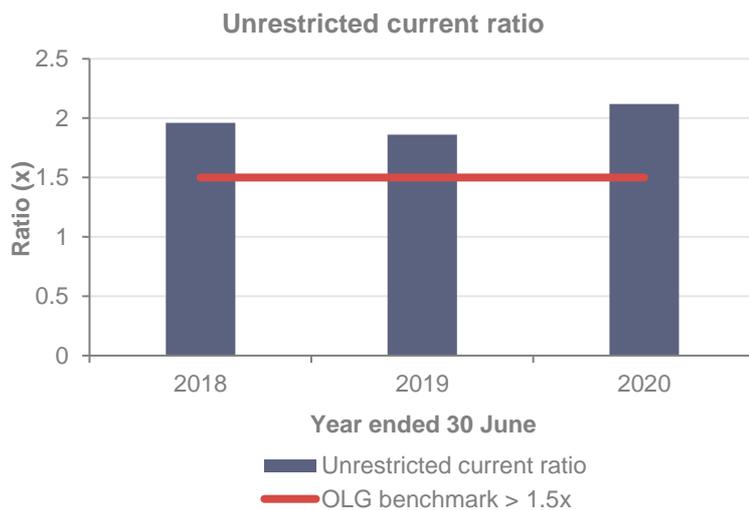
The ratio result has declined from previous year's results but remains above the benchmark. The decline is attributable to a higher proportion of grants and contributions received in 2019-20.



Unrestricted current ratio

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

The Council continues to be at an appropriate level to ensure its obligations can be met in the short-term.

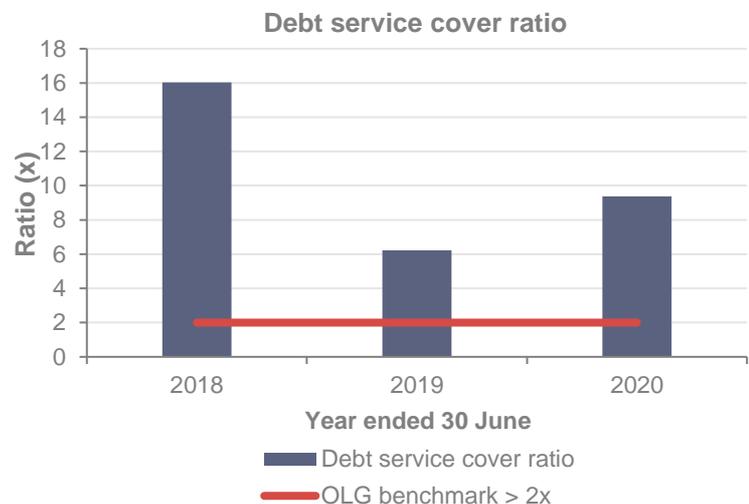


Debt service cover ratio

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

The Council exceeded the OLG benchmark for the current reporting period.

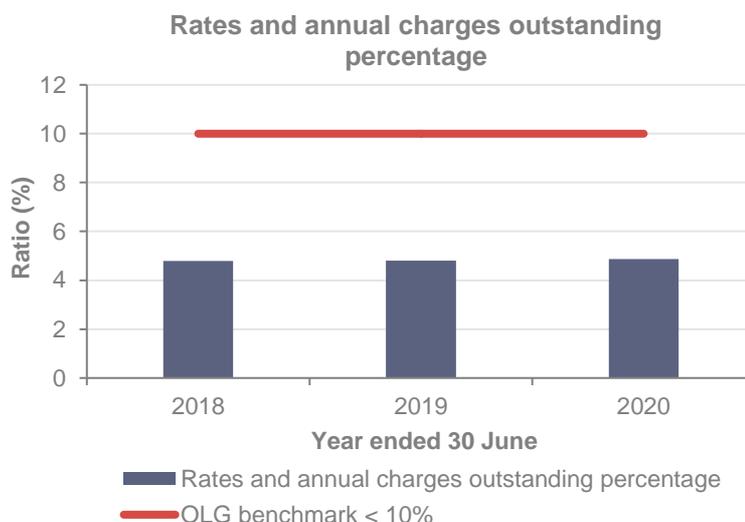
The council's current year ratio, though slightly impacted by the implementation of AASB 16 'Leases', continued to exceed the OLG benchmark.



Rates and annual charges outstanding percentage

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

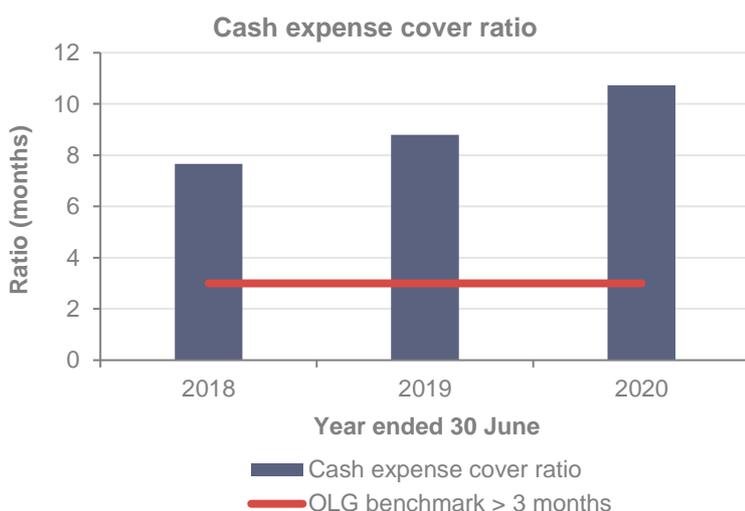
The Council met the OLG benchmark for the current reporting period.



Cash expense cover ratio

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

The Council exceeded the OLG benchmark for the current reporting period.



OTHER MATTERS

Impact of new accounting standards

AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income for Not-for-Profit Entities'

The Council adopted the new accounting standards AASB 15 'Contracts with Customers' and AASB 1058 'Income of Not-for-Profit Entities' (collectively referred to as the Revenue Standards) for the first time in their 2019-20 financial statements.

AASB 15 introduces a new approach to recognising revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer. AASB 15 impacts the timing and amount of revenue recorded in a councils' financial statements, particularly for grant revenue. AASB 15 also increases the amount of disclosures required.

AASB 1058 prescribes how not-for-profit entities account for transactions conducted on non-commercial terms and the receipt of volunteer services. AASB 1058 significantly impacts the

timing and amount of income recorded in a councils' financial statements, particularly for grant income and rates which are paid before the commencement of the rating period.

The Council recognised a \$541,000 adjustment to opening accumulated surplus at 1 July 2019 on adoption of the new revenue standards.

The Council disclosed the impact of adopting the new Revenue Standards in Note 18.

AASB 16 'Leases'

The Council adopted the new accounting standard AASB 16 'Leases' for the first time in their 2019–20 financial statements.

AASB 16 changes the way lessees treat operating leases for financial reporting. With a few exceptions, operating leases will now be recorded in the Statement of Financial Position as a right-of-use asset, with a corresponding lease liability.

AASB 16 results in lessees recording more assets and liabilities in the Statement of Financial Position and changes the timing and pattern of expenses recorded in the Income Statement.

The Council recognised right-of-use assets of \$1.2 million and lease liabilities of \$1.2 million at 1 July 2019 on adoption of AASB 16.

The Council disclosed the impact of adopting AASB 16 in Note 18.

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

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



Dominika Ryan
Director, Financial Audit

cc: Marianne Saliba, Mayor
Julie Walton, Chair of the Audit, Risk and Improvement Committee

Shellharbour City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2020



Special Purpose Financial Statements

for the year ended 30 June 2020

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Background

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

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Shellharbour City Council

Special Purpose Financial Statements for the year ended 30 June 2020

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,

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

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

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

Signed in accordance with a resolution of Council made on 01 September 2020.



Marianne Saliba
Mayor
01 September 2020



John Murray
Councillor
01 September 2020



Carey McIntyre
General Manager
01 September 2020



Paul Henderson
Responsible Accounting Officer
01 September 2020

Income Statement – Nursery

for the year ended 30 June 2020

\$ '000	2020 Category 2	2019 Category 2
Income from continuing operations		
User charges	476	402
Other income	1	1
Total income from continuing operations	477	403
Expenses from continuing operations		
Employee benefits and on-costs	229	198
Materials and contracts	44	195
Depreciation, amortisation and impairment	16	15
Calculated taxation equivalents	6	6
Other expenses	171	3
Total expenses from continuing operations	466	417
Surplus (deficit) from continuing operations before capital amounts	11	(14)
Surplus (deficit) from continuing operations after capital amounts	11	(14)
Surplus (deficit) from all operations before tax	11	(14)
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(3)	–
SURPLUS (DEFICIT) AFTER TAX	8	(14)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	6	6
– Corporate taxation equivalent	3	–
Add:		
– Subsidy paid/contribution to operations	–	8
Closing accumulated surplus	17	–

Income Statement – The Links

for the year ended 30 June 2020

\$ '000	2020 Category 1	2019 Category 1
Income from continuing operations		
User charges	2,647	3,169
Grants and contributions provided for non-capital purposes	5	5
Gain Sale of Assets	–	15
Other income	347	512
Total income from continuing operations	2,999	3,701
Expenses from continuing operations		
Employee benefits and on-costs	1,195	1,078
Materials and contracts	990	886
Depreciation, amortisation and impairment	568	591
Loss on sale of assets	10	–
Calculated taxation equivalents	81	83
Other expenses	1,284	1,564
Total expenses from continuing operations	4,128	4,202
Surplus (deficit) from continuing operations before capital amounts	(1,129)	(501)
Surplus (deficit) from continuing operations after capital amounts	(1,129)	(501)
Surplus (deficit) from all operations before tax	(1,129)	(501)
SURPLUS (DEFICIT) AFTER TAX	(1,129)	(501)
Plus accumulated surplus	9,274	9,692
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	81	83
Closing accumulated surplus	8,226	9,274
Return on capital %	(4.4)%	(2.0)%

Income Statement – Shellharbour Beachside Holiday Park

for the year ended 30 June 2020

\$ '000	2020 Category 2	2019 Category 2
Income from continuing operations		
User charges	1,510	1,675
Other income	19	19
Total income from continuing operations	1,529	1,694
Expenses from continuing operations		
Employee benefits and on-costs	18	25
Borrowing costs	25	28
Materials and contracts	564	589
Depreciation, amortisation and impairment	103	97
Calculated taxation equivalents	3	3
Other expenses	165	178
Total expenses from continuing operations	878	920
Surplus (deficit) from continuing operations before capital amounts	651	774
Surplus (deficit) from continuing operations after capital amounts	651	774
Surplus (deficit) from all operations before tax	651	774
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(179)	(213)
SURPLUS (DEFICIT) AFTER TAX	472	561
Plus accumulated surplus	10,265	9,488
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	3	3
– Corporate taxation equivalent	179	213
Closing accumulated surplus	10,919	10,265

Income Statement – Shellharbour Airport

for the year ended 30 June 2020

\$ '000	2020 Category 2	2019 Category 2
Income from continuing operations		
User charges	252	234
Fair value adjustments – investment properties	1,809	–
Other income	379	437
Total income from continuing operations	2,440	671
Expenses from continuing operations		
Employee benefits and on-costs	433	438
Materials and contracts	234	164
Depreciation, amortisation and impairment	174	113
Loss on sale of assets	–	840
Calculated taxation equivalents	84	91
Other expenses	117	7
Total expenses from continuing operations	1,042	1,653
Surplus (deficit) from continuing operations before capital amounts	1,398	(982)
Grants and contributions provided for capital purposes	5,704	84
Surplus (deficit) from continuing operations after capital amounts	7,102	(898)
Surplus (deficit) from all operations before tax	7,102	(898)
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(385)	–
SURPLUS (DEFICIT) AFTER TAX	6,717	(898)
Plus accumulated surplus	17,881	18,688
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	84	91
– Corporate taxation equivalent	385	–
Closing accumulated surplus	25,067	17,881

Statement of Financial Position – Nursery

as at 30 June 2020

\$ '000	2020 Category 2	2019 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	(230)	(191)
Receivables	12	–
Inventories	109	44
Total current assets	(109)	(147)
Non-current assets		
Infrastructure, property, plant and equipment	391	397
Total non-current assets	391	397
TOTAL ASSETS	282	250
LIABILITIES		
Current liabilities		
Payables	17	6
Provisions	28	24
Total current liabilities	45	30
TOTAL LIABILITIES	45	30
NET ASSETS	237	220
EQUITY		
Accumulated surplus	17	–
Revaluation reserves	220	220
TOTAL EQUITY	237	220

Statement of Financial Position – The Links

as at 30 June 2020

\$ '000	2020 Category 1	2019 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	(10,956)	(8,529)
Receivables	9	13
Inventories	213	246
Total current assets	(10,734)	(8,270)
Non-current assets		
Infrastructure, property, plant and equipment	25,907	24,905
Intangible assets	2,718	2,020
Total non-current assets	28,625	26,925
TOTAL ASSETS	17,891	18,655
LIABILITIES		
Current liabilities		
Payables	469	236
Provisions	339	298
Total current liabilities	808	534
Non-current liabilities		
Provisions	24	15
Total non-current liabilities	24	15
TOTAL LIABILITIES	832	549
NET ASSETS	17,059	18,106
EQUITY		
Accumulated surplus	8,226	9,273
Revaluation reserves	8,833	8,833
TOTAL EQUITY	17,059	18,106

Statement of Financial Position – Shellharbour Beachside Holiday Park

as at 30 June 2020

\$ '000	2020 Category 2	2019 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	8,372	7,503
Receivables	–	1
Total current assets	<u>8,372</u>	<u>7,504</u>
Non-current assets		
Infrastructure, property, plant and equipment	3,897	4,004
Total non-current assets	<u>3,897</u>	<u>4,004</u>
TOTAL ASSETS	<u>12,269</u>	<u>11,508</u>
LIABILITIES		
Current liabilities		
Payables	218	111
Total current liabilities	<u>218</u>	<u>111</u>
TOTAL LIABILITIES	<u>218</u>	<u>111</u>
NET ASSETS	<u>12,051</u>	<u>11,397</u>
EQUITY		
Accumulated surplus	10,919	10,265
Revaluation reserves	1,132	1,132
TOTAL EQUITY	<u>12,051</u>	<u>11,397</u>

Statement of Financial Position – Shellharbour Airport

as at 30 June 2020

\$ '000	2020 Category 2	2019 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	3,922	(396)
Receivables	54	168
Total current assets	3,976	(228)
Non-current assets		
Infrastructure, property, plant and equipment	8,863	5,538
Investment property	16,658	16,936
Total non-current assets	25,521	22,474
TOTAL ASSETS	29,497	22,246
LIABILITIES		
Current liabilities		
Payables	90	31
Provisions	37	31
Total current liabilities	127	62
TOTAL LIABILITIES	127	62
NET ASSETS	29,370	22,184
EQUITY		
Accumulated surplus	25,067	17,881
Revaluation reserves	4,303	4,303
TOTAL EQUITY	29,370	22,184

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 2093 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

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. The Links

Provision of golf and other entertainment facilities

Category 2

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

a. Nursery

Sale of plants to public

b. Shellharbour Beachside Holiday Park

Provision of accommodation facilities

c. Shellharbour Airport

Provision of airport related facilities

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars.

(i) Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – 30.0%

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30.0%.

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 30.0% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

Accordingly, 'subsidiaries disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(iii) Return on investments (rate of return)

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

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 0.88% at 30/6/20.



INDEPENDENT AUDITOR'S REPORT

Report on the Special Purpose Financial Statements

Shellharbour City Council

To the Councillors of Shellharbour City Council

Opinion

I have audited the accompanying Special Purpose Financial Statements (the financial statements) of Shellharbour 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 2020, the Statement of Financial Position of each Declared Business Activity as at 30 June 2020 and Note 1 Significant accounting policies for the Business Activities declared by Council.

The Declared Business Activities of the Council are:

- Nursery
- The Links
- Shellharbour Beachside Holiday Park
- Shellharbour Airport.

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 2020, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code).

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the General Purpose Financial Statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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.



Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

9 November 2020
SYDNEY

Shellharbour City Council

SPECIAL SCHEDULES
for the year ended 30 June 2020



Special Schedules

for the year ended 30 June 2020

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Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2019/20
Notional general income calculation ¹			
Last year notional general income yield	a	49,667	46,626
Plus or minus adjustments ²	b	266	1,851
Notional general income	c = a + b	49,933	48,477
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.70%
Or plus rate peg amount	i = e x (c + g)	1,298	1,309
Sub-total	k = (c + g + h + i + j)	51,231	49,786
Plus (or minus) last year's carry forward total	l	203	139
Less valuation objections claimed in the previous year	m	-	(14)
Sub-total	n = (l + m)	203	125
Total permissible income	o = k + n	51,434	49,911
Less notional general income yield	p	50,795	49,667
Catch-up or (excess) result	q = o - p	639	244
Plus income lost due to valuation objections claimed ⁴	r	1	-
Less unused catch-up ⁵	s	(83)	(41)
Carry forward to next year ⁶	t = q + r + s	557	203

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.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule - Permissible income for general rates

Shellharbour City Council

To the Councillors of Shellharbour City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Shellharbour City Council (the Council) for the year ending 30 June 2021.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (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).

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2020 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 - Values as at 30 June 2020.

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 cursive script that reads "D. Ryan".

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

9 November 2020
SYDNEY

Report on Infrastructure Assets
as at 30 June 2020

Asset Class	Asset Category	Estimated cost		2019/20 Required maintenance ^a	2019/20 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	to bring level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
(a) Report on Infrastructure Assets - Values													
Buildings	Buildings	1,572	3,143	1,887	2,019	131,500	194,011	70.7%	19.1%	8.6%	1.6%	0.0%	
	Sub-total	1,572	3,143	1,887	2,019	131,500	194,011	70.7%	19.1%	8.6%	1.6%	0.0%	
Other structures	Other structures	84	167	–	–	2,321	3,531	84.4%	6.0%	4.9%	4.7%	0.0%	
	Sub-total	84	167	–	–	2,321	3,531	84.4%	6.0%	4.9%	4.7%	0.0%	
Roads	Sealed roads	2,030	4,059	1,452	1,560	168,783	210,538	40.2%	46.4%	11.5%	1.8%	0.1%	
	Unsealed roads	192	384	200	121	1,070	1,448	69.8%	0.0%	3.7%	26.5%	0.0%	
	Bridges	274	548	7	2	13,468	16,633	64.8%	11.8%	20.1%	3.2%	0.1%	
	Footpaths	1,112	2,223	584	545	46,658	58,860	53.1%	27.3%	15.8%	3.4%	0.4%	
	Other road assets	408	815	697	649	18,670	22,814	57.4%	20.8%	18.2%	3.5%	0.1%	
	Sub-total	4,016	8,029	2,940	2,877	248,647	310,293	45.4%	38.8%	13.2%	2.4%	0.2%	
Stormwater drainage	Stormwater drainage	3,503	7,006	467	697	216,618	294,225	37.3%	33.9%	26.5%	1.9%	0.5%	
	Sub-total	3,503	7,006	467	697	216,618	294,225	37.3%	33.9%	26.5%	1.9%	0.5%	
Open space / recreational assets	Swimming pools	–	–	1,500	1,550	2,679	8,317	1.7%	49.9%	48.4%	0.0%	0.0%	
	Other open space / recreational assets	864	1,729	5,791	5,906	26,655	35,628	54.4%	21.3%	19.5%	4.2%	0.6%	
	Sub-total	864	1,729	7,291	7,456	29,334	43,945	44.4%	26.7%	24.9%	3.4%	0.5%	
Other infrastructure assets	Other	–	–	–	–	9,681	10,867	72.4%	24.1%	3.5%	0.0%	0.0%	
	Sub-total	–	–	–	–	9,681	10,867	72.4%	24.1%	3.5%	0.0%	0.0%	
TOTAL - ALL ASSETS		10,039	20,074	12,585	13,049	638,101	856,872	48.8%	31.7%	17.2%	2.1%	0.3%	

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

Infrastructure asset condition assessment 'key'

- 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

Report on Infrastructure Assets - Values (continued)
as at 30 June 2020

5 **Very poor** Urgent renewal/upgrading required

Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	Amounts	Indicator	Prior periods			Benchmark
	2020	2020	2019	2018	2017	
Infrastructure asset performance indicators (consolidated) *						
Buildings and infrastructure renewals ratio ¹						
Asset renewals ²	23,366	179.06%	57.75%	251.25%	71.47%	>=100.00%
Depreciation, amortisation and impairment	13,049					
Infrastructure backlog ratio ¹						
Estimated cost to bring assets to a satisfactory standard	10,039	1.57%	1.93%	1.94%	2.00%	<2.00%
Net carrying amount of infrastructure assets	638,101					
Asset maintenance ratio						
Actual asset maintenance	13,049	103.69%	105.28%	108.67%	112.56%	>100.00%
Required asset maintenance	12,585					
Cost to bring assets to agreed service level [#]						
Estimated cost to bring assets to an agreed service level set by Council	20,074	2.34%	2.78%	2.85%	2.76%	
Gross replacement cost	856,872					

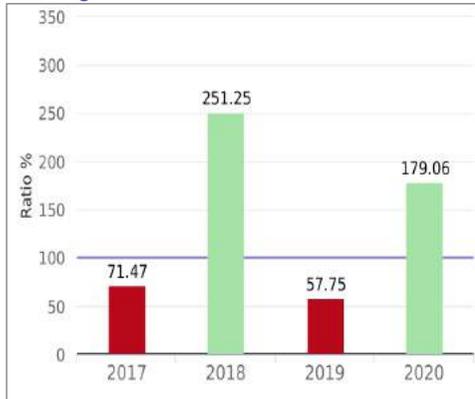
(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

(2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. (#) Ratio only introduced 2016/17 year.

Report on Infrastructure Assets (continued)
as at 30 June 2020

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

19/20 ratio 179.06%

With the exclusion of work in progress expenditure, the result for this ratio tends to fluctuate significantly from year to year depending on the timing of when major renewal works are completed. Council's result for 2020 confirms this with the renewal of a major building being completed in the financial year.

Benchmark: — $\geq 100.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #28 ■ 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.

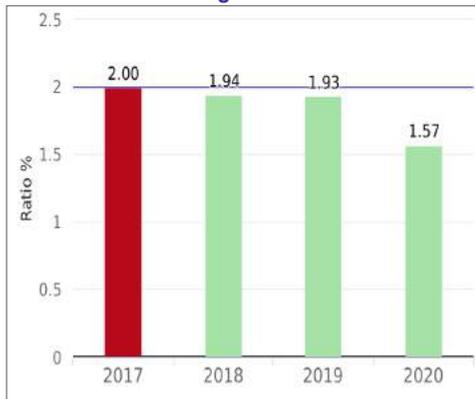
Commentary on result

19/20 ratio 103.69%

Council's spend on infrastructure maintenance during 2019/20 was more than the required spend resulting in an Asset Maintenance Ratio of just under 104%, which is above the benchmark of 100%.

Benchmark: — $> 100.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #28 ■ 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.

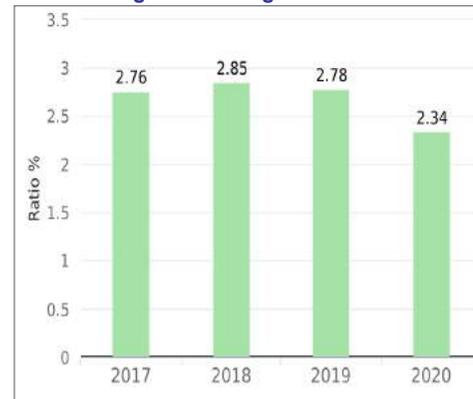
Commentary on result

19/20 ratio 1.57%

The ratio has improved again this year with Council's focus on renewal expenditure reducing the cost to bring infrastructure assets to a satisfactory standard and thus reducing the renewal backlog.

Benchmark: — $< 2.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #28 ■ 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

19/20 ratio 2.34%

This ratio continues to improve with the estimated cost to bring infrastructure assets to an agreed service level as set by Council decreases.