



Shellharbour
CITY COUNCIL



ANNUAL REPORT 2021-2022

Acknowledgment

Shellharbour City Council acknowledges the Traditional Custodians of Dharawal Country and recognises their continued connection to the land. We pay our respects to Elders past, present and emerging and the contribution they make to the life of this city.



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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 2021 to 30 June 2022. 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 10 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.

This information is for our community and customers – our residents, ratepayers, local business owners, community groups and government bodies as well as our current and future staff. The report also informs and engages our staff telling the story of how we have performed throughout the year and how their efforts have contributed to achieving our community vision.

The objectives of the Annual Report are to:

- Communicate our vision and commitments to the community as set out in our Community Strategic Plan 2018-2028
- Report on our performance in implementing our strategies and achievements
- Demonstrate our ability to lead with confidence and deliver on our promises
- Recognise the significant achievements of our staff

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 2021-2022 Annual Report. The report details Council's significant investment in infrastructure and community programs, while continuing its strong commitment to financial sustainability.

The 2021 Local Government election midway through the financial year saw the beginning of a new Council term. I felt both humbled and privileged to be elected Mayor by our community. I am proud of the way in which both the previous and current elected Councils, staff and our community continued to respond to major challenges with resilience and strength. In addition to the ongoing COVID-19 pandemic, we also faced flooding due to prolonged heavy rain caused by the La Nina weather event and a changing climate. In both cases, Council displayed true leadership in protecting the health, wellbeing and safety of our residents. Council remained committed to delivering similar services in a different way, and modifying work schedules and programs. We also offered financial assistance for local residents and businesses financially impacted by the pandemic.

Despite these challenges, Council moved ahead with its commitment to deliver improved services and facilities to our community. After 30 years in the making, we welcomed the first boats into the Shell Cove Harbour and opened the foreshore and dining precinct at the Shellharbour Marina in October 2021. The Waterfront, Shell Cove is a regionally significant project that has proven extremely popular with locals and visitors alike, providing job opportunities and boosting our tourism sector.

Capital works projects included the start of the Warilla Town Centre upgrade and improvements to the Bass Point Tourist Road. Council also announced plans to move ahead with the \$15M reconstruction of the Warilla Beach sea wall. The project will improve safety for the large number of people who live near, and use the popular beach and nearby shared path. We also installed a new lifeguard tower at Shellharbour South Beach. On the subject of beaches, I want to thank Council's lifeguards who rose to the challenge of a summer fraught with challenges due to extreme weather, performing countless rescues and saving many lives.

Council's commitment to improving our open spaces and recreation areas continued with multiple playground upgrades, including John Sheppard Reserve in Albion Park and the Village Green in Flinders.

We also resumed work on the much-anticipated Reddall Reserve play space at Lake Illawarra. Council's engagement on dog-friendly spaces also continued.

In the environmental space, our commitment to future proofing the community against the threat of climate change saw the installation of solar panels on several Council buildings, development of a Climate & Sustainability Policy Zero Emissions Strategy. Council's review of the Floodplain Risk Management Study and Plan for the Horsley Creek catchment also got underway, which includes parts of Albion Park Rail and Oak Flats. The review will help Council and emergency services to develop a program of flood management options and initiatives.

Shellharbour City's cultural life was enriched by Council's continued commitment to celebrating our city's Aboriginal history and culture, while furthering the conversation about reconciliation. We were proud to once again host the Reconciliation Flag Walk, NAIDOC Community Day and the NAIDOC Awards. Our cultural program also included the highly successful Symphony by the Sea Australia Day concert and the popular Shellharbour Rocks the Marina event. Council continued to deliver a variety of initiatives through our Public Art Strategy, including an exciting new project called Art in Unexpected Places. This project invited Aboriginal artists to design colourful artworks to reinvigorate bus stations and electrical/gas boxes. Council also continued with its vision to enhance the beauty of our city with colourful murals, including the completion of a stunning new design at Albion Park swimming pool.

Local governments were invited in the 2021/22 financial year to apply for an additional special rate variation for 2022/23. I am pleased that Council took the decision not to pursue this based on its sound financial position. As such, Shellharbour City Council is well placed to continue its delivery of important infrastructure and services to the community.

I thank the community, our customers, Councillors and staff for their support and look forward to the opportunities the next year will bring.

Chris Homer
Mayor, Shellharbour City

Executive team message



The 2021-2022 Annual Report highlights our achievements over the past 12 months. We continued delivery of new and renewed assets, infrastructure and services, while ensuring the financial sustainability of the Council.

In March 2022, Council's CEO of six years, Carey McIntyre, resigned. Carey's leadership pathed the way for growth and contributed to the progressive, values-driven and financially sustainable organisation that we are today. Prior to the commencement of Mike Archer as CEO in September 2022, The Executive Leadership Team members Ben Stewart (Director of Amenity and Assets) and Melissa Boxall (Director of Community and Customers) stepped into the role of Acting CEO.

The results of the last year were impacted by significant weather conditions experienced within the City, as well as the continuing implications associated with the COVID-19 pandemic. Despite these challenges, the year has also been full of milestones.

We are proud of the progress we've made in achieving great outcomes for our City. As an organisation we have been working towards the key focus areas of customer and community experience, leadership capability, continuous business improvement, financial sustainability and the success of Shell Cove, in order to support and provide benefit to our customers and the community.

The 2021/22 financial result saw Council achieve five of the six reported measures under the Office of Local Government. These results demonstrate Council's financial strategies and long-term plans are sound. The continuation of COVID-19 restrictions created financial challenges for our residential and business communities. Council responded by providing a financial relief package of approximately \$240k which included the deferral or waiving of rents for Council tenants, the waiving of interest charges on outstanding rates until 31 December 2021 and reducing invoice processing times for small businesses.

We have continued to provide our customers and the broader community with quality services and programs and where needed have adapted how we plan and deliver these to changing circumstances. Throughout the first half of the year, COVID-19 restrictions saw many of our

services move online including library offerings such as StoryTime and Book Club. The Light'n Up Shellharbour event, which saw a series of Christmas static light installations put up across the City, was introduced in place of the annual Carols event. Significant weather conditions also saw us adapt our works program to suit the conditions in order to ensure mowing, maintenance and renewal projects were delivered to the community.

The last 12 months have seen the delivery of approximately 82% of the 2021/22 approved Capital Works program. Major projects delivered included the construction of Reddall Reserve Boat Ramp, installation of solar panels on Council buildings, major road renewals at Ashburton Drive and Croome Road, and the construction of the new Oak Flats Services Depot building.

We remained committed to the success of Shell Cove by ensuring that it is well planned, built and resourced accordingly to provide development, tourism, business and community opportunities. This commitment was recognised by industry and peers with The Waterfront, Shell Cove winning two high-profile industry awards.

We were delighted to see Shellharbour Airport awarded Australia's best Small Regional Regular Passenger Transport Airport at the Australian Airport Association's National Airport Industry Awards 2021 for the major upgrade of our passenger terminal, cross runway, taxiways and aircraft parking bays.

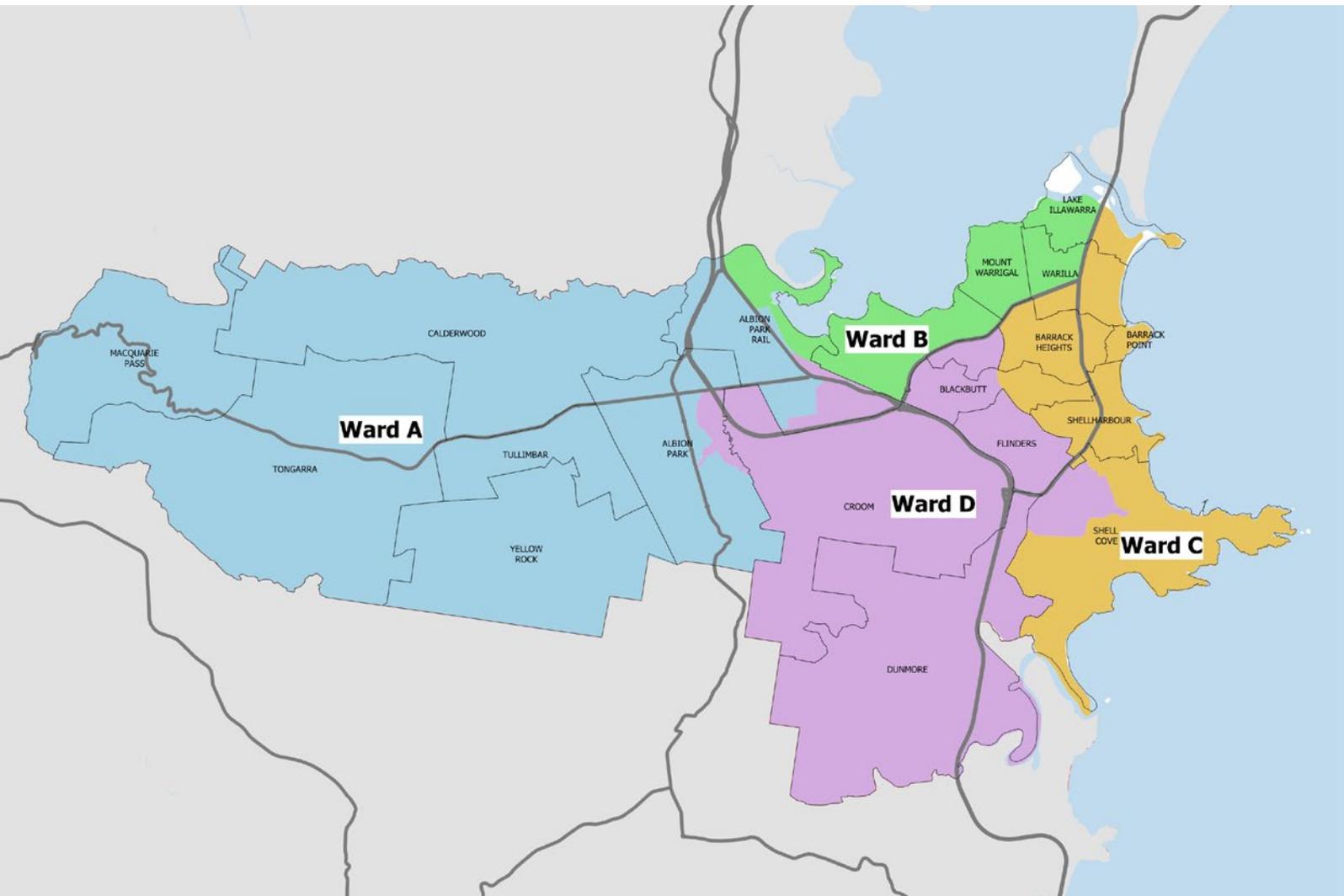
We invested in building our leadership capacity and capability as well as fostering a strong leadership culture through our core values of Collaboration, Accountability, Integrity, Respect and Sustainability and our organisational vision - Inspiring People, Enabling Growth.

This year has seen us work with our newly elected Mayor and Councillors to ensure that we are delivering benefits for the Community, Councillors, Customers, and of course the Council itself.

We wish to thank all those who have contributed to our achievements and acknowledge the continued support of the community.

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, Regional 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, Shell Cove, 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 way for younger households, including families. Meanwhile, development will continue within Shell Cove (particularly the Waterfront Precinct), Tullimbar, Calderwood and parts of Shellharbour City Centre.





ESTIMATED
2021 RESIDENT
POPULATION

76,443

Who we are

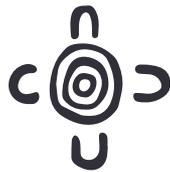
POPULATION

2021 ABS Census Data



90%

of residents are Australian citizens (NSW 82.7%)



5.0%

of residents are Indigenous Australians (NSW 3.4%)



16.1%

of residents are were born overseas (NSW 27.6%)



9.8%

were from non-English speaking backgrounds (NSW 26.6%)

Largest non-English speaking country in Shellharbour City was Former Yugoslav Republic of Macedonia 2.2% (NSW 0.4%)

METHOD OF TRAVEL TO WORK

2021 ABS Census Data



Car as driver
Shellharbour **57.5%**
NSW 43.1%



Car as passenger
3.2%
3.2%



Worked at home
18.5%
31%



Train
0.5%
2.8%



Walked
0.9%
2.5%



Bus
0.6%
1.1%

HIGHEST LEVEL OF SCHOOLING

2021 ABS Census Data



	Year 10	Year 12	TAFE	University
Shellharbour	32.8%	39.8%	2.9%	2.7%
NSW	20.1%	56.9%	2.6%	4.7%

2021 ABS Census Data



23.1%
of residents are low income households (NSW 21%)

EMPLOYMENT

2021 ABS Census Data

Shellharbour
NSW



	Full time employment	Part time employment	Unemployed
Shellharbour	52.1%	31.7%	4.3%
NSW	55.2%	29.7%	4.9%

2016 ABS Census Data

976

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

DISABILITY & VOLUNTEERING

2021 ABS Census Data



Need for assistance with core activities
7.1%
NSW 5.8%

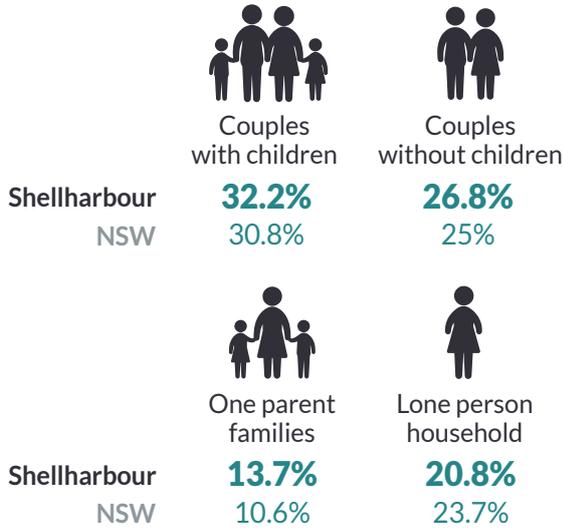
Population with at least one long-term health condition
36.3%
NSW 30.9%



Persons aged 15+ who volunteer
9.7%
NSW 13%

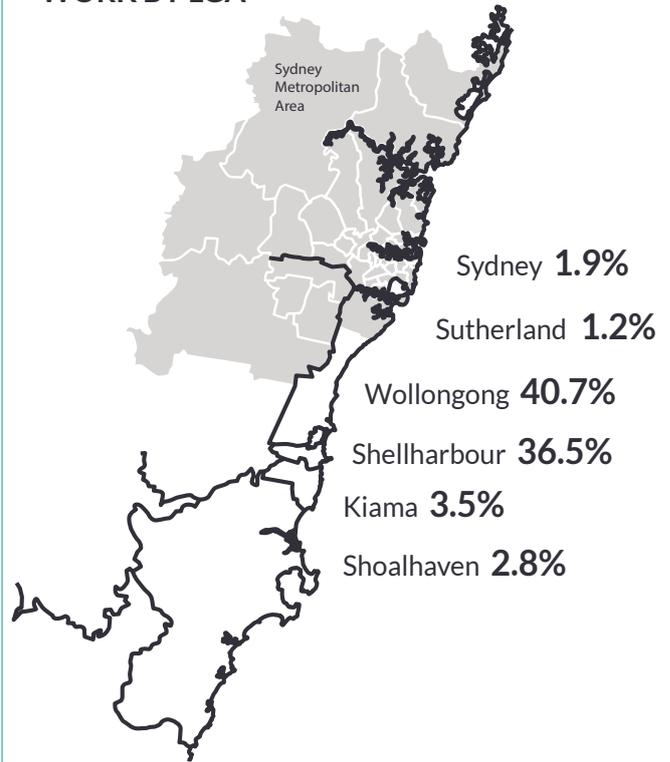
FAMILY STRUCTURE

2021 ABS Census Data



WHERE OUR RESIDENTS WORK BY LGA

2021 ABS Census Data



AGE GROUPS

2021 ABS Census Data



Age Group	Shellharbour	NSW
(0 to 11) Babies, pre-school, Primary schoolers	15.1%	14.5%
(12 to 24) Secondary schoolers, Tertiary education and independence	16.4%	15.6%
(25 to 59) Young workforce Parents and homebuilders Older workers & pre-retirees	44%	46.5%
(60 to 85+) Empty nesters & retirees Seniors Elderly aged	24.5%	23.5%

TOP 5 INDUSTRY SECTORS FOR LOCAL JOBS

2021 ABS Census Data

Industry Sector	Jobs	%
Health Care & Social Assistance Shellharbour NSW	3,123	16.9% 13.1%
Retail Trade Shellharbour NSW	3,285	17.7% 10.2%
Construction Shellharbour NSW	2,234	12.1% 8.8%
Education & Training Shellharbour NSW	2,262	12.2% 8.8%
Accommodation & Food Services Shellharbour NSW	1,743	9.4% 7.5%

Who we are Our Council

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

The elected council sets the overall direction for the municipality through long-term planning and decision making. It adopts a strategic view of the future it wishes to achieve for its community and makes plans and policies to achieve this.



Chris Homer
Mayor

m. 0459 937 620
e. chris.homer@shellharbour.nsw.gov.au

WARD A



Cr Kellie Marsh

m. 0409 858 623
e. kellie.marsh@shellharbour.nsw.gov.au



Cr Maree Duffy-Moon

m. 0459 938 951
e. maree.duffy-moon@shellharbour.nsw.gov.au

WARD B



Cr John Davey

m. 0459 924 309
e. john.davey@shellharbour.nsw.gov.au



Cr Moira Hamilton

m. 0428 251 811
e. moira.hamilton@shellharbour.nsw.gov.au

WARD C



Cr Lou Stefanovski

m. 0459 913 673
e. lou.stefanovski@shellharbour.nsw.gov.au



Cr Colin Gow

m. 0459 866 739
e. colin.gow@shellharbour.nsw.gov.au

WARD D



Cr Rob Petreski

m. 0427 063 342
e. robert.petreski@shellharbour.nsw.gov.au



Cr Jacqui Graf

m. 0459 913 671
e. jacqui.graf@shellharbour.nsw.gov.au

Who we are

Our Organisation



DIRECTOR

GROUP MANAGER

MANAGER

Who we are Our Employees



426
Permanent/temp
employees



88%
(375)
Permanent

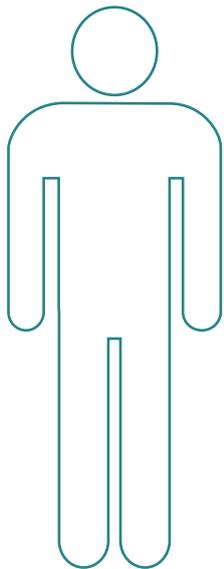
10.98%
(47)
Temporary

53.15%
of employees
live locally in
Shellharbour LGA

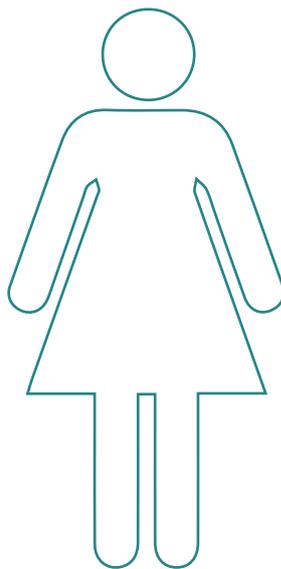
Full
time **79%**
(338)



Part
time **21%**
(88)



53%
Male (226)



47%
Female (200)



15-24	7.98%
25-34	19.72%
35-44	23.24%
45-54	26.29%
55-64	19.48%
65+	3.29%

Baby boomers
(1946 to 1964)
14.32%

Generation X
(1965 to 1976)
41.31%

Generation Y
(1977 to 1995)
32.86%

Generation Z
(1996 and later)
11.50%

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) **14.96%**

Who we are Our Values, Our Vision



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.

Our organisational vision – Inspiring People, Enabling Growth provides staff with an aspirational statement about Council's future that connects to these Core Values and is used as a tool in decision making and planning for the future.

INSPIRING
People
ENABLING
Growth

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 2021

July

- The Creative Series
- Masha & Sako in concert

August

- [Online](#) - Lightening the lockdown load with Dr. Justin Coulson webinar

September

- [Online](#) - Screen addicted kids & parents with Dr. Justin Coulson webinar
- [Online](#) - 'What is your parenting style?' with Dr. Justin Coulson webinar
- [Online](#) – The Creative Series

October

- [Online](#) - Festival Hairstyles with Courtney Anne
- [Online](#) – The Creative Series
- [Online](#) – Transition to school webinar

November

- Meet the Mayoral Candidates session
- [Online](#) – Nature Talks
- Live on the Lawn Series
- [Online](#) – The Creative Series
- Create and Sip Series

December

- Create and Sip Series
- Live on the Lawn Series
- Light'n Up Shellharbour – Various locations
- Elf & Seek
- Create & Sleigh Community Event
- Gingerbread house and Christmas Cupcake decorating

Year in review

Events 2022

January

- Sea the Light Lantern-Making Sessions
- School Holidays – ArcheryTag
- Live on the Lawn Series
- Youth Services - KiKi's Open Mic Night
- Warilla Splash Down
- Drama Workshops
- Create and Sip Series
- Live on the Lawn Series
- Festival Hairstyles with Courtney Anne
- Symphony by the Sea – Community Event
- Australia Day Citizenship Ceremony
- Paint and Snack with Da Vinci Art

February

- Pool Open Days – Inflatable Fun
- Create & Sip – Valentines Day
- Mindfulness Mentoring
- Poolside Sunset Cinema
- Live on the Lawn Series
- Pinot & Picasso Pop Up

March

- NAIDOC Revisited – NAIDOC Community Day
- Official Screening – NAIDOC Regional Awards short film
- All About Women Satellite
- Cultural Treasures
- Shellharbour Seniors Festival
- Create & Sip Series

April

- Community Conversations Series
- Create & Sip Series
- Civic Centre Market
- Youth Art Exhibition
- ANZAC Day
- Easter Craft Series
- Easter Crafternoon – Community Event
- School Holiday Workshops
- The Creative Series – Belly Dancing workshops
- Planetarium: Perfect Little Planet
- Nursery Open Day

May

- Vaudevillarra!
- Pinot & Picasso Pop Up
- Create & Sip Series
- Ultimate Learner Log Book Run
- 2022 Business Tax Strategies workshop
- Good Neighbour Awards
- Cities Service Boston Memorial
- Reconciliation School Flag Walk

June

- Create & Sip Series
- Nature Talks - Shark Research
- Shellharbour Rocks – Major Festival
- Lantern Workshops
- Drag Trivia Night hosted by 'Queen of the South' Ellawarra
- Local Wetland Workshop
- Volunteers Appreciation Movie Night
- Nooky, Scraps + Dmac - Blak Out @ Blackbutt Youth Centre

Year in review

Community Engagement

Online engagement



39,321

visits

109

projects

1,284

followers

Top visited projects

- Playground renewals and upgrades
- Reddall Reserve Master Plan in Action
- Proposed dog friendly beach areas
- Warilla Beach seawall renewal
- 2021 Local Government Elections

29,194

first time viewers reached this year

Face to Face engagement



23

meetings with Community Groups

8

Ideas Lounge and drop-in sessions held

22

Schools engaged with on relevant projects



Proposed Dog Friendly Beaches signage



CSP Ideas Lounge



Coastal Management Program pop-up



Disability Access and Inclusion at KidsFest



Child Friendly City Action Plan at Warilla Primary School

Social media engagement

 grew to
18,000
followers

 grew to
3,876
followers

Highest reach/engagement posts

29 April 2022

Reddall Reserve playground construction announcement

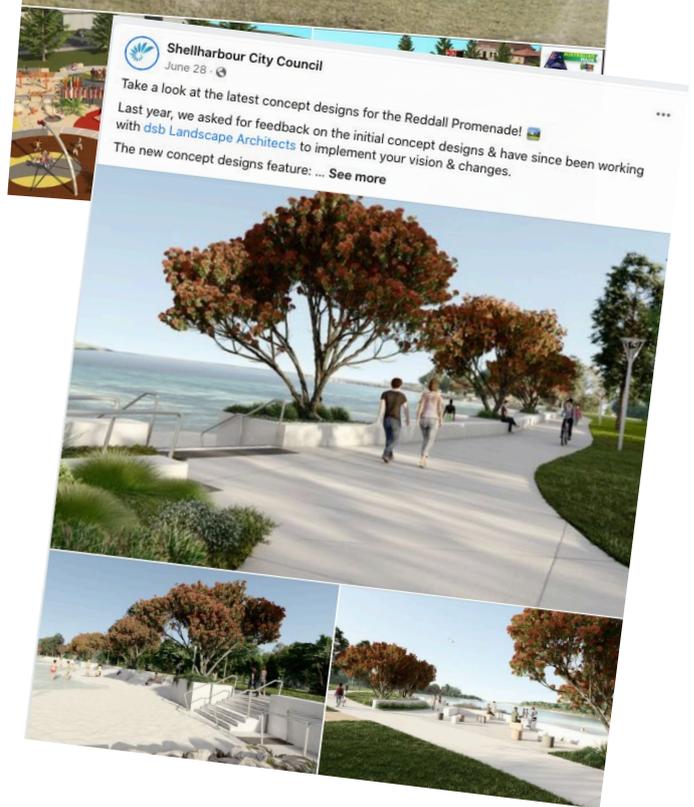
Reach: **38,999** Engagement: **2,162**
(reactions, comments, shares & clicks)



28 June 2022

Reddall promenade concept designs announcement

Reach: **19,229** Engagement: **3,223**
(reactions, comments, shares & clicks)



Year in review

Key Financial Results

Total Income

2021/22 | **\$ 291.920M**

2020/21 | \$220.032 M

2019/20 | \$183.950 M

2018/19 | \$198.603 M

Total Expenditure

2021/22 | **\$ 123.101M**

2020/21 | \$ 129.613 M

2019/20 | \$113.485 M

2018/19 | \$127.708 M

Total Capital Spend

2021/22 | **\$ 29.165M**

2020/21 | \$ 30.117 M

2019/20 | \$34.883 M

2018/19 | \$16.754 M

Net Operating Result

2021/22 | **\$ 168.819M**

2020/21 | \$ 90.419 M

2019/20 | \$70.346 M

2018/19 | \$70.895 M

Income breakdown \$'000

	Rates & annual charges	User fees & charges	Interest & investment revenues	Other revenues	Operating grants & contributions	Capital grants & contributions	Other income
2021/22	\$69.270	\$17.335	\$1.750	\$45.084	\$12.174	\$144.230	\$2.077

Expenses breakdown in focus areas \$'000

Employee benefits & on-costs	Materials & services	Borrowing costs	Depreciation, amortisation & impairment of non-financial assets	Other expenses	Net loss from disposal of assets
\$40.334	\$36.707	\$858	\$21.138	\$23.160	\$904

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 2021-2022 Operational Plan, 138 actions were tracked and reported on a quarterly basis in Council's Quarter Review of the Operational Plan. All four reports are available on Council's website. The following is a progress summary of the actions as at 30 June 2022.

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

The results of the year were impacted by significant weather conditions experienced within the City, as well as the continuing implications associated with the COVID-19 pandemic.

% Actions on track

2020/21 - 87%

2019/20 - 78%

2018/19 - 90%

2021/22

93%

No. of actions on track

2020/21 - 107

2019/20 - 141

2018/19 - 135

2021/22

128

Total Performance Progress (%)

OFF TRACK
7%

ON TRACK /
COMPLETED
93%



Year in review

Awards and Recognition

Waterfront Shell Cove Industry Awards

The Waterfront, Shell Cove was recognised by industry and peers throughout the year by winning two high-profile industry awards. At the NSW Local Government Professionals Awards, the project won the Partnership and Collaboration category, while on the same night at the Urban Development Institute of Australia National Awards for Excellence, The Waterfront, Shell Cove won the National Design Excellence award for the Nautilus apartments.

Best Small Regional Regular Passenger Transport Airport

Shellharbour Airport was awarded Australia's best Small Regional Regular Passenger Transport Airport at the Australian Airport Association's (AAA) National Airport Industry Awards 2021 for the major upgrade of our passenger terminal, cross runway, taxiways and aircraft parking bays. Shellharbour Airport also received a highly commended sustainability award for its environmental sustainably practices in tackling climate change by reducing emissions.

Development Application Strategy

The Development Application Strategy was the recipient of a Highly Commended Award within the Culture Change Innovation and Excellence category presented by NSW Local government. The award demonstrates the positive role the Strategy plays in Council's service delivery.

Our Achievements 2021/22

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 2021 – 2022.

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

- 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

While COVID-19 continued to impact our events program, Council looked at creative ways to reinvent milestone events and engage with the community. The focus remained on delivering events that encouraged connection by bringing our community together whilst providing an opportunity to celebrate and recognise. An example of an adapted event included Light'n Up Shellharbour.

Light'n Up Shellharbour

In place of our annual Carols event, a series of Christmas static light installations were put up throughout the City, including Mood Park Albion Park, Boonerah Point Mount Warrigal, Little Lake Barrack Point and the main street of Shellharbour Village. In addition, a 15-minute light and sound show located at the Civic Centre was the highlight of 'Light'n Up Shellharbour', with nightly shows running from 8pm-10pm.



As restrictions eased Council took the opportunity to create events that reenergised the community and safely brought residents back together. Highlights included: Australia Day Aboriginal Welcome Ceremony, Symphony by the Sea, Youth Week, Seniors Week, Cultural Treasures and Shellharbour Rocks the Marina.

Anzac Day Memorial Service

Council held the annual ANZAC Day memorial service which was also live streamed across social media giving those unable to attend a chance to take part.

Operational
Income

\$310k

Operational
Expense

\$817k

Capital
Spend

-

Total performance
progress met



Symphony by the Sea

Shellharbour's inaugural Symphony by the Sea concert attracted over 3,000 community members, who gathered by Lake Illawarra to witness a 40-piece orchestra as the sun set. The event included a beautiful welcome ceremony from renowned local cultural organisation, Gumaraa, as well as food trucks and free entertainment. The event received extremely positive feedback from many in the community.

Shellharbour Rocks the Marina

Shellharbour Rocks the Marina, a free one-day music festival was held on Saturday 18 June 2022. The festival included an incredible line-up of 30 local music acts sprinkled across The Waterfront, its stunning boardwalk, as well as inside its vibrant restaurants, cafes and bars. The main stage opened with a welcome ceremony by Gumaraa and closed with local super stars The Vanns. The day was full of good vibes that the whole family could enjoy. Visitors were able to wander through the delicious food trucks and experience local artistry and talent with a variety of market stalls on offer. An estimated 12,000 visitors attended the event.



OBJECTIVE 1.1 Vibrant, safe, creative and inclusive

STRATEGY 1.1.3 Keep Shellharbour a friendly environment where people feel safe

Council implemented 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 aims to improve safety across the City through a range of events, initiatives and partnerships that work collaboratively to identify hot spot locations, address community safety concerns, monitor crime trends and assess current developments and master plans to reduce the opportunity of crime in our City.

In partnership with White Ribbon Australia, Council launched a call to action media campaign inviting interested community members to attend information sessions about taking part in the Community Action Group Project which aims to promote gender equality and prevent violence against women and children.

The renewal of Shellharbour's 17 alcohol-free zones and alcohol prohibited areas was resolved by Council for a further four years, effective until December 2025. Alcohol-free zones assist in improving public safety through the prevention of disorderly behaviour caused by the consumption of alcohol in public places.

Council undertook proactive parking patrols and responded to complaints relating to illegal parking. Council's parking program includes the monitoring of illegal parking at our school zones to ensure motorists comply with the road rules, making these areas safer for the most vulnerable members of the community.

Over 3,670 patrols in relation to companion animals were conducted throughout the City. These patrols provide a strong presence in the community and result in addressing issues ranging from barking, roaming unregistered dogs and dog attacks. Targeted education was conducted around key locations, with a focus on updating animal details and cleaning up after pets including the installation of stencils along the walking paths between Shellharbour Village and Ski Way Park, Oak Flats. The stencils have alternating messaging, including "Scoop your Poop" and "Love Me Leash me".



Operational
Income

\$1.804M

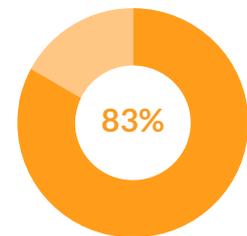
Operational
Expense

\$2.222M

Capital
Spend

-

Total performance
progress met



Good Neighbour Awards

The Good Neighbour Awards were held in May and aim to celebrate the people and places that make our neighbourhoods a great place to live. Categories included Neighbour of the Year, Street of the Year and a drawing competition for children.

The winners were:

2022 Good Neighbour of the Year – Petra Medcalf

Street of the Year – Tuan Street, Blackbutt

Children's drawing competition - Liarna



OBJECTIVE 1.1 Vibrant, safe, creative and inclusive

STRATEGY 1.1.4

Provide a liveable community that is accessible and inclusive

Council's Disability Access and Inclusion Plan (DAIP) provides a strategic approach towards reducing and removing barriers for people with a disability and aims to foster a more accessible and inclusive community. The four key components of our DAIP include:

- Developing positive community attitudes,
- Creating liveable communities,
- Supporting access to meaningful employment, and
- Improving access to services through better systems and processes.

From January 2022, Council organised and participated in a range of engagement methods asking the community about disability, access and inclusion in relation to the four key components. Engagement is scheduled up until the end of July 2022 and will inform the next Disability Access and Inclusion Plan.

The DAIP was formally reviewed, recognising the achievements made against the Plan in the last four years, which include:

- Annual celebrations to recognise and acknowledge International Day of People with Disabilities.
- Council's Disability Access and Inclusion Advisory Committee receives an annual budget for capital works and other initiatives that create more liveable communities for people with disability and their carers. From 1 July 2017 to 30 June 2021 the Committee has contributed to over 80 capital projects including improvements to footpaths, kerb ramps, bus stops and car parking spaces with the total cost of the projects over \$350,000.
- A highlight includes changes to Council's internal Development Assessment referral process to ensure access and inclusion comments are included across the broad range of key developments across the City.

Plans of management categorise land, authorise leases or licenses and determine what development can take place. The key values of the land and its purpose are identified so they can be protected and enhanced. We ensure public consultation happens for plans of management before they are adopted.

Over the last 12 months, a total of eight Crown Reserve Plans of Management were drafted and endorsed by Council and/or Crown Lands for public exhibition seeking community feedback. Public exhibition occurred for six draft plans of management and one Crown land plan of management was adopted during this time. Drafting of remaining plans of management continued.

Council continues to manage all property occupation agreements and bookings associated with Sportsfields, Community Centres and Halls. Communication with local sporting clubs and associations was a key focus over the year as significant wet weather was experienced across the City affecting many of our Sportfields. COVID-19 restrictions also impacted the utilisation of our Community Centres, Halls and Sportsfields.

Over 70 applications were received during 2021/22 for temporary licences requesting the use of Council lands for events such as civil ceremonies, access over Council land and filming permits.

Operational
Income

\$612k

Operational
Expense

\$459k

Capital
Spend

-

Total performance
progress met



Property Strategy 2020-2030

The Property Strategy 2020-2030 ensures 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. Property must be managed and refreshed to ensure it effectively supports changing services, the community's needs and are well utilised. Over the year, Council finalised various disposals of land for community benefit, implemented 15 new leases and licences, created four procedures for property dealings and conducted five acquisitions to support community developments in line with the Property Strategy.



OBJECTIVE 1.1 Vibrant, safe, creative and inclusive

STRATEGY 1.1.5 Nurture a creative community participating in arts and cultural activities

Council's Public Art Strategy enables and cultivates a collection of inspiring, accessible and dynamic public art experiences in the City. In supporting this commitment Council has commissioned four new public art murals located at Albion Park Pool, Warilla Town Centre, The Links, Shell Cove and on the corner of Pioneer Drive and New Lake Entrance Road.

A new and exciting curatorial project – 'Art in Unexpected Places' saw the opportunity to enliven public spaces with art, in the most unexpected ways. Bus stations and electrical/gas boxes across the City have been reinvigorated with colourful displays of art.

Aboriginal artist Richard Campbell created nine paintings on electrical boxes that run throughout George Street, Warilla. The artworks depict stories that have been passed down from generation to generation. Richard 'paints from the heart' and has been doing so for the past 30 years.

Furthermore, and as a pilot project, artworks have been installed within bus stations across the City. Three local artists were selected to take part in this outdoor exhibition, including Hannah Jensen, Leaf Klevjar and Rachel Young.



Council continues to support and implement a range of arts and creative initiatives for the community, including art-making and creative workshops in conjunction with Council events and through the Creative Series at the Shellharbour Civic Centre and Shellharbour City Libraries.

Council supported Create NSW in their research and development of the new South Coast Regional Arts Development Organisation. Council actively supported engagement and consultation by providing key contacts and organisations that could assist in understanding the particular issues, challenges and rewards of working regionally in the area.

Operational
Income

\$85k

Operational
Expense

\$110k

Capital
Spend

\$4k

Total performance
progress met



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 through the implementation of our Child Friendly Action Plan, Youth Friendly Action Plan, Cultural Diversity Action Plan, Age Friendly Action Plan and Community Life Strategy.

Child Friendly Action Plan

Council is committed to contributing to a City that is child friendly. Focus this year has been on an internal child safety review leading to the development of the Child Friendly Action Plan and draft Child Safety and Wellbeing Policy in line with the NSW Child Safe Standards. Consultation has been delivered in creative and engaging ways to ensure children have a voice in the development of key documents.

A number of initiatives took place throughout the year to support the wellbeing of children and families. These included development and promotion of kid's rainy day activities resource, celebration of Children's Week through an art competition and a transition to school webinar. In addition, to support family's during the lock down period three webinars were delivered with leading family psychologist, Dr Justin Coulson, topics included: Lightening the lockdown load; Screen addicted kids and parents and What is your parenting style.

Youth Friendly Action Plan

Council contributed to a youth friendly City by supporting young people to live, grow and play through the implementation of the Shellharbour Youth Plan. A group of young leaders make up our Shellharbour Youth Council, who meet throughout the year to support Council initiatives and plan for young people across the local government area in line with the Shellharbour Youth Plan. The Youth Council committed to supporting and implementing various youth-led projects, including wider environmental education, public art installations and online social media campaigns. They also played a pivotal role in consulting, developing and planning events for Youth Week 2022.



Over 1,200 youth, their family and friends attended Youth Week celebrations throughout April, which included a series of art workshops across the City focusing on painting and graphic design artworks, an open mic night and youth markets. Council also partnered with Southern Youth and Family Services to run a miniature art program as well as inviting local young artists to submit their artworks to be included in the Youth Week Art Exhibition. The Exhibition was held at the Shellharbour Civic Centre giving participants and artists the opportunity to showcase their works to invited friends and family. The Exhibition displayed over 50 young artists and over 70 unique artworks.

Operational Income

\$72k

Operational Expense

\$956k

Capital Spend

-

Total performance progress met



Cultural Diversity Action Plan

Several multicultural service providers were engaged to support the development of cultural diversity and social cohesion in the community including, the Illawarra Multicultural Youth Network, the Illawarra Refugees Issues Forum and the Local Government Multicultural Network. Topics included, employment, education, service provision, domestic violence, legal, language services, housing, advocacy, discrimination and rights, digital access/literacy and COVID-19 health responses.

Cultural Treasures Festival was held in March 2022, with a program of events taking place across the week. These consisted of a Welcome to Country, a performance by Gumaraa, Aboriginal children's storytime and craft, a Vietnamese bamboo xylophone performance and workshop, a Balinese cooking workshop, a Japanese Shodu calligraphy workshop, an Irish folk music and sodabread-making workshop, an Irish folk music performance and dance, a South American live music performance, a screening of the children's movie 'Encanto' and a Colombian 'arepas' children's cooking workshop. The activities and workshops were all well attended and the feedback from members of the community who participated in the festival was all very positive.

Age Friendly Action Plan

Council was successful in receiving grant funding under the 2022 Seniors Festival Grants program which saw the festival program held across March - April 2022. Launching at the Health and Wellbeing Seminar and Mini Expo, with highlights of the program including a Comedy Festival, craft activities, free use of Council pools and Pickle Ball at the Shellharbour City Stadium.

Council is partnering with La Trobe University and Palliative Care NSW to gain a greater awareness of the wants and needs of the community in their end of life journey through the Healthy End of Life Project (HELP). Outcomes will help inform some of our upcoming new strategies including the Disability Access and Inclusion Plan and Healthy Ageing Strategy.

Engagement with the community included providing a safe space for residents to come together and look at what services are available to support people in their end of life journey, identify gaps in existing systems and explore strategies for improvement. A series of **short films** were also launched as part of the project, providing others with the opportunity to hear from four local residents about their experiences with end of life, death and dying and how these experiences have enriched and added to the way they view and live life.



Community Life Strategy

A key focus over the year has been the development of a Community Life Strategic Framework. The Framework is underpinned by a set of key outcome statements that form the foundation for community development and youth services operations and guide the development and implementation of a series of Action Plans.

OBJECTIVE 1.1 Vibrant, safe, creative and inclusive

STRATEGY 1.1.7 Provide dynamic and responsive library and museum services

Council's libraries have met the challenges of the ever-changing environment during the COVID-19 lockdown and beyond, providing the Shellharbour community with a continuous and exciting range of library services and programs during the year.

During COVID-19 restrictions, Council's libraries shared programs, workshops and activities online for people of all ages. Customers were offered the opportunity to meet library staff online for live sessions of Book Club, Brain Training, craft workshops and StoryTime. For those who were unable to attend a scheduled event, programs and activities were recorded and available for on-demand viewing via the Library at Home website.

A Library 'Click & Collect' service was launched in September 2021 as soon as public health orders allowed. Customers were able to order their library items online, or by calling the library and then pick them up outside their local library branch. The service proved very popular during September and October, loaning thousands of items to customers who had been missing their library visits during the lockdown period.

In recent years, eBooks & eAudiobooks have become increasingly popular and new titles have been added to the eLibrary collection each month to support the growing demand from residents. The eLibrary provides the community with 24/7 access to thousands of digital titles. Loans from the eLibrary have grown from 32,522 items in 2018/19 and more than doubled to 78,670 digital items borrowed in 2021/22.

Shellharbour's online newspaper service, NewsBank, which features over 2,000 Australian newspapers, has been upgraded to include full image editions of popular daily newspapers including The Illawarra Mercury, The Sydney Morning Herald, The Australian and The Daily Telegraph. Community members can use their library membership to gain free access via the library website to this increasingly popular service.

Council's library service has also added over 20 new databases to the eLibrary service. The Gale platform now provides access to an extended range of current, reliable information that supports education, research, lifelong learning, and general interest, which are all available online. Subjects include books and authors, health, science and environmental studies.

As restrictions were lifted, Shellharbour's library spaces have been vibrant and in demand, welcoming the community into the libraries for an exciting schedule of library programs and plenty of new books and library materials.

The library shelves at all five libraries have been continually updated to include the best-selling authors and trending titles as soon as they are released. Multiple copies of popular titles have been purchased and showcased in the 'Shellharbour Must Reads' collection to meet customer demand for the latest popular publications.

A library program highlight was the Sensory Music Concerts held in March. The concerts offered an inclusive environment for families to experience world-class classical music with their children. The concert experience was specifically designed to be friendly and welcoming to those on the autism spectrum and attracted families and people of all ages.

Successful grant funding enabled the Council's libraries to provide Tech Savvy Seniors training including sessions on social media, online shopping, tablet and iPad use, how to use the internet and photo-sharing. The training was provided at Warilla Library and City Library from May to June.

Operational
Income

\$302k

Operational
Expense

\$2.217M

Capital
Spend

\$369k

Total performance
progress met



The libraries have presented an array of lifelong learning programs across the branches including 'STEAM studio' workshops for primary students, 'Sing & Grow' for preschool children, Brain Training for Seniors, and Gentle Yoga. Attendance at Story Time, Babies Love Books, Book Clubs, Scrabble Club and other regular programs has increased as the year progressed. The Sydney Writers' Festival livestream and National Simultaneous Storytime were popular events in May. All up, over 10,000 people attended over 500 library programs during the year.



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. Our local pools offered numerous aquatic programs including, aqua aerobics, learn to swim, inflatable days and pool open days. as well as successfully hosting local and district and regional swimming carnivals were also successfully held while complying with COVID-19 restrictions.

Council continued to provide beach lifeguard services through regular beach patrols and by supporting other agencies in multiple search and rescue incidents. A portable lifeguard tower was installed at South Shellharbour Beach, that provides enhanced visibility of the beach, a more permanent solution with a longer life span, better storage and is overall safer for our lifeguards. The tower is built to last for a minimum of 10 years with the ability to recycle materials at the end of its life.

Across the year Council launched the 'My Place, My Community' resource, developed a Community Facilities Needs Study, Strategy and Action Plan and continued to implement the Open Space and Recreation Strategy.

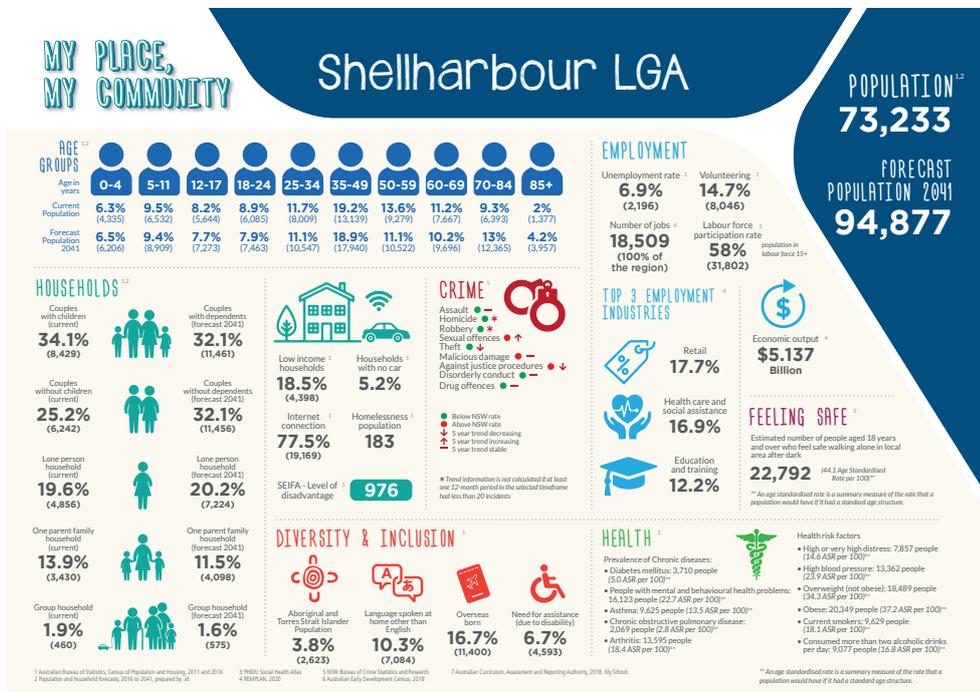
The 'My Place, My Community' resource provides access to information on the history, features, future and diversity of each suburbs place and community across the Shellharbour Local Government Area. The resource continues to be shared with service providers to assist in their planning and grant applications and is based on census data.

Operational Income
\$468k

Operational Expense
\$2.742M

Capital Spend
-

Total performance progress met



Council's [Community Facilities Needs Study, Strategy and Action Plan](#) outlines a set of principles, priorities and actions to guide how Council provides, manages and activates its community facilities over the next 10 years, for the benefit of the community. The Strategy considers existing Council owned and/or managed community facilities and also provides a framework and rationale for future planning and investment in different types of facilities. Council is committed to ensuring advice for future open spaces, sports grounds and facility planning is informed by strategic documents, evidence-based policy and sports trend information.

Council's [Open Space and Recreation Strategy](#) outlines Council's ten year plan to guide Council's decision making in respect to planning, investment and use of its open space and recreational facilities. It covers both active recreation, such as organised sports, as well as passive activities, such as walking or enjoying nature. Detailed findings from the Open Space and Recreation Needs Study were used to inform the development of the Strategy.

During this period Council continued to implement a number of Actions out of the Study and Strategy, including five playground renewal projects across the City, investigations on a potential beach location for dogs and the design of two new dog agility parks. Council adopted a priority list for the master planning of Active Open Spaces and the Harrison Park Master plan was adopted.



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

Council maintained a focus on maintenance of the City's diverse open spaces.

Significant and prolonged rainfall impacted mowing schedules and access to numerous locations. Council remained committed to servicing all locations by adapting its works program to suit to the conditions. Regular sportfields inspections were conducted to maximise use for community sport, whilst balancing the safety and long term playability of the fields. Council ensured the City was well presented for key events such as Wings over the Illawarra, Run Shellharbour and Illawarra Convoy.

Significant rain events and COVID-19 have meant this year has been extremely challenging for The Links, with both the Tavern and golf rounds played seeing a decrease in numbers and the golf course closed for approximately 80 days in total between January and June 2022. Repairs and maintenance continued to be carried out to the golf course which included improved drainage, bunker rectification and golf cart repairs.



Shellharbour City Stadium (Stadium) used the closure period as a result of COVID-19 restrictions to carry out a maintenance program to ensure the facility was ready to reopen safely to the public. The community embraced the reopening of the Stadium with all programs and competitions filling fast. The Stadium continued to provide regular sporting competitions and birthday parties to the community and in addition hosted a number of events including Muay Thai Boxing, Dance Sensations tournament and the National Wheelchair Basketball round.

Operational
Income

\$5.938M

Operational
Expense

\$11.220M

Capital
Spend

\$984k

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

2.2.3 Reduce our ecological footprint

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

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

Council remained committed to protecting and managing our coasts, waterways and Lake Illawarra by delivering against actions in the Lake Illawarra Coastal Management Program (CMP) and the Coastal Zone Management Plan (CZMP) and take steps towards the Shellharbour Coastal Management Plan (CMP). These included the agreement of a governance structure between Shellharbour and Wollongong Councils for the implementation of the Lake Illawarra CMP, commencement of the Entrance Management Options study for Lake Illawarra and a number of grant funding applications.

The Shellharbour Coastal Management Advisory Committee was established to guide the development of the Shellharbour CMP for the open coast to replace the CZMP, with consultants engaged to commence the Shellharbour CMP Scoping Study.

Assessment of the Beachwatch (bacteriological) quarterly data received for Shellharbour North Beach, Warilla Beach and the Lake Illawarra Entrance lagoon was 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.

The Stormwater Management Service Charge Program was allocated to the provision of new stormwater assets and the upgrade of existing stormwater infrastructure. Capital projects either fully or partially funded by the program included:

- headwall safety upgrades across the City
- upgrade of stormwater network at Timbs Road and The Esplanade, Oak Flats
- design phase of Pioneer Drive, Blackbutt
- stormwater upgrade project and Blackbutt dam finalisation works

Capital and maintenance work in waterways progressed as planned over the year, including the cleaning and maintenance of stormwater pits and pipes, and waterway asset inspections were carried out across the City.

Operational
Income

\$691k

Operational
Expense

\$218k

Capital
Spend

\$953k

Total performance
progress met





Environmental Grant Funding

Council was successful in a number of environmental grant applications, these projects include:

- Bathymetric survey of Lake Illawarra (12 month project)
- Community Engagement and Participation Strategy – Lake Illawarra (3 years)
- Planning and Policy – Development Control Plan updates for Shellharbour and Wollongong Councils (2 years)
- Beach scraping activities at Reddall Reserve and Elliot Lake (12 months),
- Dune Restoration at Warilla Beach (3 years)
- Installation of beach monitoring cameras to monitor our changing coastline (3 years)
- Environmental Protection Authority - Council Litter Prevention grants program (12 months)

The total value of grant funding received is in the order of \$405k.

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

The development of Council's first Climate and Sustainability Policy and the Zero Emissions Shellharbour Strategy saw Shellharbour lead the way in helping ensure that Council can meet the needs of current residents, visitors and businesses without compromising the needs of future residents, visitors and businesses. These documents will underpin work and progress in improving Council's sustainability performance including a move to achieving carbon neutral status for Council's operations by 2035.



Council is committed to protecting and managing natural areas across the City. One way in which this is undertaken is through Plans of Management that identify the key values of the land and its purpose in order to ensure the land can be protected and enhanced. Review of these plans then guide the strategic direction of on ground rehabilitation over a period of 12 months and includes identified threatened species and improving habitat or reducing impacts that may have a negative impact on threatened species.

Minimal volunteer bushcare groups were active due to COVID-19 and weather events. Council undertook all necessary maintenance within reserves and open spaces.

Council collaborated with the Illawarra District Weeds Authority to ensure significant and emerging weeds within the City are identified and treated. This work ensures Council's obligations are met under the Biosecurity Act and minimise weed incursions into bushland and agricultural areas.

To ensure environmental compliance and best practice Council provided environmental reviews and assessment of development applications. Council also worked across multiple external agencies to strengthen direction on regional frameworks to ensure environmental compliance is adhered to, and that cultural and heritage values are maintained.

Operational
Income

\$122k

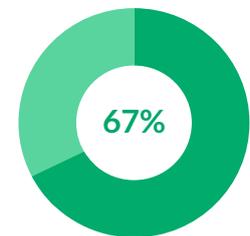
Operational
Expense

\$1.134M

Capital
Spend

-

Total performance
progress met



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 15 environmental and sustainability education initiatives as part of the Sustainable Shellharbour environmental education initiatives program, including nine Nature Talks in the Library, two Environmental Education Stalls, two Constructed Wetlands Workshops, the annual Aussie Backyard Bird Count and monthly distributions of Sustainable Shellharbour Newsletter.

In support of World Food Day and Fair Food Week in October, Council contributed to Food Fairness Illawarra's Connecting Over Fair Food online participatory campaign. Support was provided through two features in the Sustainable Shellharbour newsletter, and a post on Council's Facebook page, which engaged 2,298 people, and encouraged them to share their connection to fair and environmentally sustainable food practices.

Nature Talks

Nature Talks in the Library are always very popular and well attended with many of the events having to be held via an online forum due to COVID-19, topics included:

- Urban Biodiversity: More than Meets the Eye with Dr John Martin
- Climate Change with Dr Carl
- Soil with Matthew Evans
- Bioluminescence: Nature Aglow with David Finlay
- Rehabilitating Birds and Prey with Peggy McDonald
- Astronomy and our Night Sky with David Finlay
- Mission Mushroom with Alison Pouliot
- Secret Lives of Ants with Nic van Oudshoorn
- Managing Sharks with Amy Smoothy (Department of Planning and Environment Fisheries)

The Nature Talks received a great turn out to the in-person talks which returned in April 2022, with an average of 40 participants to each event.

Environmental Education Stalls

Council hosted two Environmental Education stalls in June 2022, including a stall at the Albion Park Garden Club and the Shellharbour Rocks the Marina festival.

At the Albion Park Garden Club stall, Council shared a presentation on the Grow Local Edible Garden Guide and Native Garden Guide. At the Shellharbour Rocks stall, Council welcomed enquires about the local environment and enjoyed chatting with community members about wildlife at Blackbutt, Wetlands at Shell Cove and Flinders, the Sustainable Shellharbour Program, and local Bushcare groups.

Both events also served as an opportunity to promote Council's Sustainable Shellharbour program and recruit members for the monthly newsletter.

Operational
Income

\$71k

Operational
Expense

\$250k

Capital
Spend

-

Total performance
progress met





Constructed Wetlands Workshops

In June 2022, Council hosted two Constructed Wetlands Workshops with Wetland Ecologist Dr Swapan Paul and Medical Entomologist Dr Cameron Webb. The workshops explored:

The purpose and function of a constructed wetland:

- Common species of plants and animals that inhabit constructed wetlands
- Common questions and concerns on algae, reeds, sedimentation, predators, mosquitoes, and safety
- Management approaches for the above issues

The workshops focused on the Shell Cove and Flinders wetlands and included a site walk-around at each. The Shell Cove workshops had 27 participants and the Flinders Workshops had 34 participants.

Backyard Birds

In collaboration with BirdLife Australia, Council encouraged residents to get involved with the annual Aussie Backyard Bird count and spend 20 minutes recording birds in the Shellharbour area. A total of 333 bird checklists were submitted between 18 - 24 October 2021, which was a great result.

An educational video titled Backyard Birds with Alison was developed to promote awareness of birds visiting residents' gardens in Shellharbour and what people can do to help birds in urban areas. The video received a high level of engagement on the Library and Council Facebook pages with over 1,000 views. The video has also been placed on the [Library at Home](#) website.

OBJECTIVE 2.2 Practices sustainable living

STRATEGY 2.2.1

Provide community engagement and education on environmental sustainability

The focus was on the 'Little Green Bag for the big green bin' initiative. Council has made recycling of Food Organics and Garden Organic (FOGO) even easier with all households across the City receiving a free six months' supply of compostable bags in response to community feedback. The bags are certified to the compostable Australian Standard AS4736, which means that they completely break down in less than 90 days.

Benefits of using FOGO and 'The Little Green Bags' include saving landfill space, a reduction in methane gas emissions and giving back to the earth by producing a nutrient-rich compost.

To support residents that might be new to FOGO, Council also offered a free caddy. This initiative was and continues to be marketed heavily in mainstream and social media with very positive feedback received from the community.

Since introducing 'The Little Green Bags', compostable bags for use in FOGO caddy's, Shellharbour City households have made some amazing achievements.

Council conducted random kerbside bin audits in March 2021 (before the Little Green Bag) and December 2021 (after introducing the Little Green Bags) and found that our food resource recovery rate has increased from 32% to 47%.

Operational
Income

\$113k

Operational
Expense

\$237k

Capital
Spend

-

Total performance
progress met



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 35,270 tonnes of material was collected at the kerbside through Council's domestic waste management service. Of this 14,072 tonnes was collected through the red-lidded bin and subsequently sent to landfill, 5,803 tonnes was collected through the yellow-lidded bin for recycling and 15,395 tonnes was collected through the green-lidded bin for reprocessing. This resulted in a resource recovery rate of 58%.

During the year, Council continued to support strategies to combat illegal dumping within the Shellharbour and greater Illawarra region. Council is a member of the Illawarra Shoalhaven Joint Organisation Regional Illegal Dumping (RID) program, which works together with other member Councils and the Environmental Protection Authority to educate and enforce illegal dumping and littering. Whilst illegal dumping is occurring, incidents are remaining low, the use of technology and gathered intelligence, Council continues to reduce the amount of illegal waste that is dumped and ultimately cleaned up at Council's expense.

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.

Council was successful in securing two grants from the NSW Environment Protection Council was awarded a Scrap Together grant of \$9,650 by the NSW Environment Protection Authority. The Scrap Together grant aims to increase the proportion of food waste put into the FOGO bin rather than the red bin in council areas with existing FOGO collections. Also, a Cigarette Butt Litter Prevention grant was awarded that will involve the installation of cigarette butt litter bins, signage, and other support activities to reduce cigarette butt litter in problem areas. The projects are now in the planning phase and will be completed within the 2022 calendar year.



Operational
Income
\$22.979M

Operational
Expense
\$20.795M

Capital
Spend
\$1.180M

Total performance
progress met



OBJECTIVE 2.2 Practices sustainable living

STRATEGY 2.2.3 Reduce our ecological footprint

Improvements at the Dunmore Recycling & Waste Disposal Depot, saw an increase in the amount of landfill gas captured at the site, above Council's previous targets. Improvements and upgrades were made to the landfill capping, gas capturing system and leachate containment.

A total of 20,854 tonnes of carbon were abated which is the equivalent of 2.5 billion smartphones charged.

A number of projects were completed across Council operational areas that will reduce our operational emissions including; LED lighting upgrades at Council buildings and installation of solar on seven Council key buildings.

Investigations and negotiations commenced into Council's electricity supply options to participate in a long-term Power Purchase Agreement. If approved, Council will be able to participate in a long-term energy contract with a renewable energy provider to invest in green power.

In response to reducing our carbon footprint, Council drafted an Electric Vehicle (EV) Infrastructure Plan for public spaces in our local government area which will guide the installation of EV chargers across the city and support EV uptake.

As part of the 2021/22 round of Council's annual Small Environmental Projects Fund three local schools were selected to participate in the Solar my School program, a multi-award winning initiative helping schools explore and install solar power. Lake Illawarra High School, Lake Illawarra South Public School and Oak Flats Public School will be able to reduce energy bills, educate students on sustainability and solar and reduce carbon emissions. The program aims to make it easy for schools to install solar by providing free independent expert advice and support from start to finish.

Climate and Sustainability Policy / Zero Emissions Shellharbour Strategy

Council endorsed its first draft Climate and Sustainability Policy and launched the Zero Emissions Shellharbour Program, which included the development of a draft Zero Emissions Shellharbour Strategy. The Strategy and our new Policy will set the direction for Council in doing our part at a local level to reduce carbon emissions for generations to come.

In 2020, Council set a target of Net Zero for 2050. However, through the development of our Policy and Strategy, some intermediate milestones were identified that Council could achieve ahead of 2050, which resulted in Council's decision to have three separate targets:

- Council purchases 100% of its electricity (Scope 2 emissions) from renewable sources by 2025
- Net zero emissions for Council operations by 2035
- Net zero emissions for the Shellharbour community by 2050

The draft Climate and Sustainability Policy and the draft Zero Emissions Shellharbour Strategy were placed on public exhibition for a period of 28 days following resolution of Council on 28 June 2022.

Operational
Income

-

Operational
Expense

\$108k

Capital
Spend

-

Total performance
progress met



OBJECTIVE 2.3

A city that is connected through places and spaces

STRATEGY 2.3.1

Activate a vibrant city centre

The Shellharbour Civic Centre (the Civic Centre) ensured it remained activated during COVID-19 restrictions by adapting the way in which it hosted events online between July and October 2021. Online programs included Lock down Fun program, Drawing Eyes workshop and a Comic Drawing workshop.

The Civic Centre reopened its doors on 25 October 2021 with bookings recommencing from 1 November 2021. Since reopening its doors, the Civic Centre has hosted a variety of face to face and online events and programs throughout the year. Events included the Creative Series, Elf & Seek, Indoor Archery Tag, Cooking classes with Nonna G, painting master classes, Pinot and Picasso, Belly Dancing Classes, Ceramic classes, Create and Sip workshops and the artist of the month program.



The Creative Series

The Creative Series returned face to face in November with 22 workshops held including Paint n Sip, Create & Sip workshops including Nourishing Clay Face Masks, Dried Floral Arrangements and Bath Salts, Gingerbread House decorating, cooking classes, wreath making, dried floral, clay making and cake & cupcake decorating.

Elf & Seek

The Civic Centre welcomed 10 new magical 'Elf on the Shelf' during December. Each night the elves got up to all sorts of mischief around the foyer, library, museum and café making it very difficult to keep track of their location. Children were able to watch their adventures via social media and the Civic Centre website. During the day children could play Elf & Seek throughout the Civic Centre to help find the elves. Over 330 people played Elf and Seek in the 11 days of Christmas.



Operational Income

\$125k

Operational Expense

\$1.357M

Capital Spend

-

Total performance progress met



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 core land use strategies guide the way in which Council undertakes land use planning in a socially, economic and environmentally responsive manner. These include the Shellharbour Local Environment Plan (LEP) 2013, Development Control Plan, Local Strategic Planning Statement (LSPS) and Local Housing Strategy.

Shellharbour LEP 2013 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. Several planning proposals were considered throughout the year including rezoning of land in areas such as Albion Park Rail, Tullimbar and Calderwood.

In response to the Illawarra Shoalhaven Regional Plan and the Shellharbour Local Housing Strategy, the Shellharbour Business Centres and Surrounding Residential Lands Study (the Study) was prepared and adopted by Council. The study reviews planning controls for centres and adjoining residential areas and aims to facilitate a greater diversity and mix of dwellings in and around centres.

Council continued to advocate for the community on state and regional planning matters. Majority of discussions were held with the NSW Government Department of Planning and Environment on the topics of affordable housing initiatives across the Illawarra and Shoalhaven, Tallawarra B Power Station compliance, the precinct profile of regionally significant employment lands at Shellharbour Airport.

A workshop by Transport for NSW (TfNSW) was attended to discuss the vision and objectives of planning for transport within the Wollongong and Shellharbour Local Government Areas. Attendance at this meeting enabled staff to advocate for good transport connections and opportunities for the community and ensure that Council's strategic planning work is considered as TfNSW continues to implement the Illawarra Shoalhaven Regional Transport Plan.

Local Strategic Planning Statement

The first review of the Local Strategic Planning Statement (LSPS) was undertaken to ensure that it remains consistent with the new Community Strategic Plan 2022-2032 and the Illawarra Shoalhaven Regional Plan 2041. Since the adoption of the LSPS four actions have now been completed. This review has allowed these completed actions to be updated or removed from the document. Two of the completed actions will be changed to implement the completed strategies, while the two other completed actions have been removed from the document.

There are 48 ongoing actions in the LSPS that Council continues to implement as and when appropriate. Another 14 actions in the LSPS have begun implementation. There are also 13 actions within the LSPS that relate to the review of planning controls within Council's Development Control Plan (DCP). A review of the DCP has recently commenced, which will consider these 13 actions as the scope of the review is formalised. This body of work provides the opportunity to potentially progress several LSPS actions.

Operational
Income

\$174k

Operational
Expense

\$458k

Capital
Spend

-

Total performance
progress met



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 City including;

- George Street, Warilla
- Pacific Lane, Shellharbour
- Yellow Rock Footpath Connection to Illawarra Highway, Tullimbar
- Footpath link from Princess Highway to Historical Aircraft Restoration Society, Albion Park
- Darcy Dunster Shared path Stage 2, Albion Park
- Church Street shared path, Albion Park
- Munmorah Circuit shared path, Flinders

Council was successful in receiving grant funding for several Road Safety and Traffic Management initiatives across the City. These projects include road safety upgrades at Terry Street, Albion Park, raised wombat crossings were installed at Central Avenue, Oak Flats and at several schools across the City including Flinders Public School, Oak Flats Public School, Warilla North Public School and Shell Cove Public School. All projects are expected to be delivered within the 2022/23 Financial Year.

Council presented an 'On the Road 65Plus' which is aimed to increase awareness of safe road user behaviour to older drivers.

National Road Safety Week was also promoted to the community and Council staff with many signatures added to the 'sign the pledge' board.



The inaugural Ultimate Learner Log Book Run Experience event was successfully delivered in May. The event was delivered online to on the road, learner drivers and their supervisors covering parts of the Wollongong, Shellharbour and Kiama Local Government Areas. Participants scanned QR codes in order to access directions for getting around the treasure-hunt style route and complete quizzes along the way.

Operational
Income

\$252k

Operational
Expense

\$1.536M

Capital
Spend

\$142k

Total performance
progress met



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 responsible, economically viable and safe outcomes for the community through effective urban planning and design.

The Development Application Strategy continues to play a role in continuous improvement in processing development applications. The Strategy was the recipient of a Highly Commended Award within the Culture Change Innovation and Excellence category presented by the NSW Local Government. The award demonstrates the positive role the Strategy plays in Council's service delivery.

A Business Improvement initiative commenced for the Development Application process. This will involve collaboration across teams within Council and is aimed at ensuring customer expectations are met. In supporting this, a significant amount of work took place in response to Planning Reforms mandated by the State Government, resulting in 30 process changes to address the new legislation, including the Introduction of displaying the Town Planning Assessment reports on Council's website.

Council is set to receive over \$2.5M for the delivery of the Reddall Reserve Promenade renewal project. Funded by the NSW Government, the Public Spaces Legacy Program initiative funds new and improved public open spaces to ensure a legacy and to provide health, wellbeing and economic benefits to boost the COVID-19 economic recovery. The funding is part of \$250M going towards over 100 public open space projects in 60 council areas across NSW.



To access the funding, Council was required to demonstrate improvements in development assessment timeframes and develop enhanced processes that helped to reduce 'red tape' when processing Development Applications. The aim is to keep the broader economy moving and bolster the construction industry. Council was successful in achieving the performance measures and were the successful recipient of the funding amount to be allocated for the Promenade, Oak Flats.

Operational
Income

\$1.556M

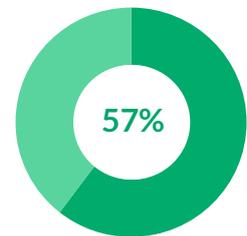
Operational
Expense

\$2.015M

Capital
Spend

-

Total performance
progress met



OBJECTIVE 2.3

A city that is connected through places and spaces

STRATEGY 2.3.5

Recognise, protect and celebrate our heritage

City Museum continued to deliver heritage research services to our community during the year. During the COVID-19 lockdown Council undertook online local history enquiries for customers and assisted people who were taking advantage of their extra time at home to research their family history.

Digitisation of Museum local history collections including photographs, maps and documents was the key focus throughout the year. The intensive digitisation effort was in preparation for the launch of the 'Discover Shellharbour' platform, which went live in June. The project ensures that the history and heritage of Shellharbour City is sustainable for future generations and accessible to our community.

In the second half of the year the Museum was pleased to welcome back students from local schools, including Stella Maris and Mount Warrigal, to the Libraries and Museum education program. Primary students enjoyed a museum scavenger hunt and learning about early toys and play in hands-on activities. The Museum's popular monthly 'Mini Explorers' program also recommenced before the end of the year, much to the delight of local pre-school aged children.

Council is committed to engaging with the Aboriginal community and stakeholders to ensure Aboriginal culture and heritage is recognised, protected and celebrated. Council have engaged with Aboriginal community members to recognise and celebrate the inclusion of Dharawal language in the work we are doing across the City. These projects included the road naming of one of the new Airport Business Park roads, the naming of meeting rooms at Council's new depot building and Dharawal names for the City's suburb entry signage.

The Aboriginal Interpretive Centre (AIC) is a long-term commitment made by Council to our local Aboriginal community. Council has made steps towards progressing the project through discussions with the Aboriginal Advisory Committee (AAC) and other stakeholders and has identified the Shell Cove Business Park as the most feasible location for the AIC. The Request for Quote (RFQ) for a Business Case for the AIC went live through our external vendor system and was open from April to 10 June. Unfortunately, Council received no submissions in response to the RFQ and is now investigating other options to progress the Business Case.

Council streamlined the way that we conduct our Culture and Heritage due diligence process. The aim of this process is to respect Aboriginal cultural heritage during the planning and delivery of Council's construction projects. This process includes steps and templates to identify and support Aboriginal community engagement for Council's construction projects.

Council also conducted an on-site focus group (Walk on Country) at Windang Island for Registered Aboriginal Parties (RAPs) as part of Phase 4 community engagement of the Aboriginal Culture and Heritage Assessment (ACHA) conducted by Biosis Council. The feedback received will be included into the ACHA and sent to RAPs. The aim of this assessment is to identify Aboriginal cultural heritage and environmental areas at Windang Island that would need to be recognised, protected and celebrated if any future works are to be undertaken.

Operational
Income

\$6k

Operational
Expense

\$216k

Capital
Spend

-

Total performance
progress met





‘Discover Shellharbour’

Shellharbour City Museum launched ‘Discover Shellharbour’, a new online local history platform in June. This one stop heritage shop provides 24/7 access to over 9,000 First Nations collection items, Museum objects, historic maps, photographs, documents, digital stories, and Council archives. The platform provides access to many never-before-seen Museum collection items and ensures the sustainability of Shellharbour’s history and collective memory for future generations.

Community members can browse the site to discover Shellharbour’s rich history and heritage, read about some of our City’s well-known families and individuals, and learn about Shellharbour’s most-loved places. ‘Discover Shellharbour’ also offers the opportunity for community members to contribute to local knowledge and understanding of Shellharbour’s history by submitting new content and tagging online items.



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 remained committed to the implementation, monitoring and review of its Developer Contributions Program which ensures that community infrastructure can be provided to meet our growing population. The focus this year has been to undertake a number of significant background studies that will inform the review of the plan. The formal review of the Local Infrastructure Plan is ongoing and will ensure the plan remains current, robust and defensible. The levying and receipt of development contributions tracked in accordance with assumptions built into the Operational Plan.

Council has worked hard to place a strong focus on delivering community infrastructure in a sustainable manner by looking at the whole of life of our assets, from strategic planning to construction through to maintenance and renewal.

The last 12 months have seen the delivery of approximately 82% of the 2021/22 approved Capital Works program. Severe adverse weather and implications resulting from COVID-19 caused significant delays and impacted the availability of resources during the year. However, several major projects were still delivered, these included:

- Warilla Streetscape and amenities project
- Collins Reserve new playground equipment
- Croom Hockey Clubhouse roof replacement
- Links Driving Range Shade Structure
- Sandscraping at Elliott Lake and Reddall Reserve
- Stormwater Reline, and
- Annual Road Renewal projects

Council continued to actively pursue funding sources to assist in the implementation of our Operational Plan. Over the year, Council has been successful in obtaining a number of grants including:

- \$1,000,000 NSW Government's 2021/22 Multi Sport Community Facility Fund for delivery of the Panorama Oval Amenities Renewal Project
- \$332,998 Transport for NSW Fixing Local Roads for Marshall Mount Road Rehabilitation
- \$750,500 Transport for NSW Road Safety Program for School Zone Infrastructure
- \$500,000 Transport for NSW Road Safety Program for Central Avenue / Fisher Street Oak Flats Pedestrian and Traffic Upgrades
- \$25,000 NSW Environmental Protection Authority for Cigarette Butt Litter Prevention

Shellharbour City Nursery

The 2022-2026 Shellharbour City Nursery Business Plan has been prepared to guide the Nursery to become a viable and sustainable business. It focuses on implementing growth activities to increase revenue, improve existing procedures and adopt an increased commercial focus. The plan provides a series of initiatives and actions for the next four years to enhance the nursery operations.

Shellharbour Beachside Holiday Park

Shellharbour Beachside Holiday Park performed well despite severe weather and COVID-19. Customer service measures were well above industry benchmark levels, with the Park achieving a score of 77/100 (scores above 60/100 are considered high achieving) - one of the highest scores recorded within the NRMA group of managed properties.

Operational
Income

\$15.525M

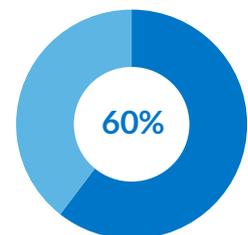
Operational
Expense

\$5.233M

Capital
Spend

\$12.721M

Total performance
progress met





Shellharbour Airport

Shellharbour Airport was awarded Australia's best Small Regional Regular Passenger Transport Airport at the Australian Airport Association's National Airport Industry Awards 2021 for the major upgrade of our passenger terminal, cross runway, taxiways and aircraft parking bays. Shellharbour Airport also received a highly commended sustainability award for its environmental sustainably practices in tackling climate change by reducing emissions.

The Airport operated in compliance with Civil Aviation Safety Authority and Aviation Transport Security Regulations and all other operationally relevant rules and regulations.

Roundabout Project

The concept of the Mound-about project was a trial to build a sustainable horticultural art piece in the middle of a roundabout aimed to reduce mowing, maintenance, associated emissions and traffic control costs, increase staff safety by reducing exposure to traffic and create an attractive open space.

Following the success of the Central Avenue, Oak Flats mound-about which has now gone more than 16 months without needing mowing, a second mound-about has been designed and constructed on Cygnet Avenue, Shellharbour. The mound-about uses Zoysia grass and sculptural elements by way of mounds to represent waves, rocks to celebrate our rugged coastline and the installation of a locally native cabbage palm.

The project has attracted a lot of attention and gained national and international exposure having featured at an international Turf conference. A third mound-about is now in the design phase and builds on the success of the existing projects.

McDonald Park Master Plan Complete

McDonald Park playground at Albion Park Rail was completed in time for the spring school holidays. The park masterplan was completed on 10 September 2021, with the addition of a workout bench, air walker and balancing beam. The play space incorporates a variety of graded play opportunities suitable for a range of ages and abilities. The McDonald Park playground was designed and installed by Creative Recreation Solutions Pty Ltd and includes a diverse range of activities for children to explore. The project was supported by NSW State Government, with a \$250k grant provided from NSW Governments Stronger Country Communities Fund. The park facilities include a learn to ride course, pump track, ninja warrior park, activity tower with a slide, a nature play trail, carousel, climbing equipment and picnic shelters for families. The public toilet amenities have also been upgraded to include an accessible public toilet block.

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 continued to invest in the continuous improvement of its asset management maturity. In June, an update to our Strategic Asset Management Plan was adopted by Council. This plan analyses the current state of 63,596 assets and recommends resource allocations for the next 10 years.

Council spent \$14.2M on renewing its assets through the 2021-2022 Operational Plan, which met the target of 94%. Some significant renewal projects completed during the financial year include:

- Bass Point Tourist Road Renewal
- Deakin reserve Sailing Club Refurbishment
- Warilla Town Centre Streetscape Renewal

Council has seen thousands of new assets transferred to our control from the Shell Cove Waterfront and Marina project, as well as assets from the Albion Park Rail Bypass that have been handed to Council for maintenance responsibility from Transport for NSW.

Building assets and services were maintained in accordance with service level requirements to help deliver clean and functional facilities for users.

Maintenance and repairs were undertaken on road and footpath assets across the City. These works have included a significant number of pothole repairs with the wet weather, as well as repairing defects in footpaths to remove trip hazards. Maintenance and renewal of signage was carried out as required. Scheduled street and footpath sweeping also continued. All these maintenance activities helped to keep our residents and our City moving in circumstances of significant rainfall.

Council continues to operate and maintain its cemetery facilities in response to the needs of the community. COVID-19 impacted the number of enquires and reservations taken over the period and at times severe weather also made it difficult to maintain cemeteries to the desired standard due to the inability for plant to access sodden areas.

Council's declared dams were managed in accordance with relevant legislation. Monthly inspections are conducted on Shell Cove Basin, City Centre Basin and St Joseph Dam. Manuals and Emergency Plans have been developed for these three basins. Council is awaiting final handover of the remodeled Green Meadows Dam through the asset handover process of the Albion Park Rail Bypass by Transport for NSW.

Operational
Income

\$132.452M

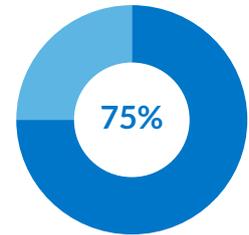
Operational
Expense

\$26.360M

Capital
Spend

\$3.060M

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

After 30 years in the making, the Illawarra and South Coast's new regional boat harbour welcomed its first boat on 29 October 2021 as the new harbour foreshore precinct officially opened to the public at The Waterfront, Shell Cove.

This exciting milestone delivered on the vision to establish The Waterfront, Shell Cove as an east coast landmark and a leading regional tourist destination. Council's and the community's ongoing commitment to the vision has resulted in an accessible and welcoming coastal destination that provides residents and visitors with tourism, recreational, employment and commercial opportunities. This transformative project is thought to be one of the largest ever undertaken by a local government authority in Australia.

Council has maintained a focus on balancing the area's natural beauty with the needs of a growing community. The project capitalises on the emergent 'blue economy'; taking advantage of Council's coastal location to stimulate and diversify the local economy, as well as create sustainable employment and tourism opportunities whilst delivering a financial return on the investment made delivering intergenerational benefits for the entire Shellharbour community.

The opening of flagship centrepiece of the project being the human-made 12.5Ha inshore harbour and its surrounding waterfront precincts, including a Marina, 2.6km of boardwalks and promenades including a play trail, public art, seating, shelters and amenities was commemorated with a smoking ceremony as a sign of respect to the traditional custodians of the land. The inner harbour contains a public jetty for boats to berth temporarily at no charge. The outer harbour features a dual-lane boat ramp with car and trailer parking, wash-down facilities, fish cleaning table, public toilets and fitness equipment.

The opening of The Waterfront was a key milestone in delivering the broader Shell Cove project, which has already directly created approximately \$2 billion dollars of investment and maintained over 85% local employment.

The Waterfront precinct complements the previously delivered 77Ha 18 hole championship golf course and 50Ha of open space including parklands, 3,500 home residential community equipped with a school, pre-schools, a medical centre and aged care facility.

The operation of the harbour and marina has helped create a marine based connection, known as the blue highway, between metropolitan NSW to the north and regional NSW to the south. The result is an increase in tourism and business connections for a more resilient economy along the NSW coastline.

Since its opening in late 2021, The Waterfront Shell Cove has successfully established itself as a destination for visitors and locals with a 75% increase in visitation already recorded.

Operational
Income

\$36.973M

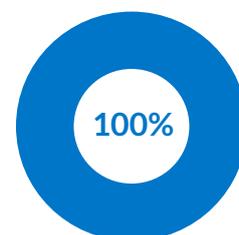
Operational
Expense

\$15,728M

Capital
Spend

\$6.311M

Total performance
progress met





The Waterfront, Shell Cove was recognised by industry and peers throughout the year by winning two high-profile industry awards. At the NSW Local Government Professionals Awards, the project won the Partnership and Collaboration category, while on the same night at the Urban Development Institute of Australia (UDIA) National Awards for Excellence, The Waterfront, Shell Cove won the National Design Excellence award for the Nautilus apartments.

Take a [virtual tour](#) of Shell Cove Harbour.

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

Once COVID-19 restrictions eased, Council was able to facilitate three Shellharbour City Business Network meetings and training opportunities. The Shellharbour City Business Network is a free service for business owners operating in the Shellharbour Local Government Area. It supports 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 to seek new business opportunities while implementing business development and performance improvements to current business operations. This is achieved through the development and implementation of business plans which detail a clear set of goals and actions to work towards and measure against. Actions within the Stadium and Nursery business plans were implemented in line with the timelines identified. New business plans for both the Shellharbour Airport and The Links are being developed and will be completed in the first half of the 2022/23 financial year.

Employment and support programs for students and volunteer groups within the community were impacted by COVID-19. This meant that requests for work experience remained low. However, there were a number of work experience placements supported in Council's Nursery facility from Workplace Learning Illawarra, Dapto High School and Peterborough School.

As at 30 June 2022, Council had a total of 23 Cadets, Apprentices and Trainees employed across varying roles. Council continued to build on and maintain professional partnerships with TAFE NSW, Apprenticeship Support Australia, University of Wollongong, Training NSW and additional tertiary institutions to better inform guidance and support for Council's Cadets, Apprentices and Trainees in the fields of Engineering, Gardening, Mechanical and Civil Construction.

Council liaised 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:

- NSW Health Infrastructure regarding the site of the new Shellharbour Hospital
- identifying opportunities available to assist the development of local businesses
- NSW Government initiatives that could assist the economic development of Shellharbour City
- supporting initiatives to develop the local tourism industry
- planning for the delivery of a further Economic Gardening business development program
- discussions with BlueScope regarding possible sponsorship of a major artwork for the City and
- continued support of the implementation of Council's major projects - including the development of the Aviation Business Park.

Operational
Income

\$2.822M

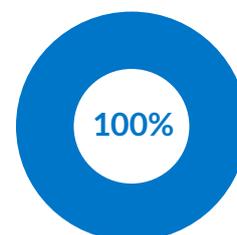
Operational
Expense

\$528k

Capital
Spend

\$3.241M

Total performance
progress met



OBJECTIVE 3.3

Welcomes, engages and attracts visitors

STRATEGY 3.3.1

Promote our City as a tourist destination of choice

The administration of all tourism activities in the City transitioned seamlessly to Council from the Tourism Shellharbour industry association. Tourism Shellharbour made a significant and valuable contribution to local tourism for well over 30 years and recently its Board felt the time was right, with the new tourism infrastructure and developments in the city, for Council to assume responsibility for all tourism activities.

Tourism Shellharbour launched a new [Visit Shellharbour](#) website. The new site features a number of attractions and experiences that promote Shellharbour as a premier holiday destination.

Promoting Shellharbour as a tourist destination of choice was a focal point with Shellharbour featuring regularly in travel and tourism magazines, and television shows highlighting the varied experiences and activities available in Shellharbour. These included: Sydney Weekender; the NRMA Open Road; Link Airways' Inflight magazine; and the bi-monthly Nautilus magazine.

Local filming was conducted for a segment on the Travel Oz television program, which aired in April. The segment included scuba diving with the Grey Nurse sharks at Bushrangers Bay, Shellharbour Marina, Shellharbour Airport and HARS Aviation Museum. The segment also included vision from a flight in the historic 1965 Caribou over the escarpment, marina, lakes and beaches.

Weekend Sunrise broadcast live from The Waterfront and Shellharbour Marina on 4 June, which included two crosses to the Waterfront Tavern interviewing the head chef and showcasing meals and cocktails; an interview with a musician from the Shellharbour Rocks the Marina Festival; a cross to on-board whale watching; and a fly over by two historic aircraft from the HARS Aviation Museum.

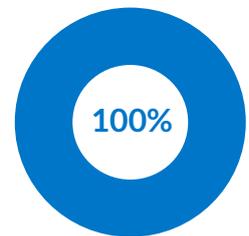


Tourism Shellharbour was successful in an Expression of Interest to Destination NSW to partner with neighbouring local tourism organisations in Wollongong, Kiama, Shoalhaven, Eurobodalla, Sapphire Coast and Southern Highlands on a high impact intrastate and interstate marketing campaign for the South Coast. The Feel New brand campaign will include social media, digital advertising and high impact media such as TV and outdoor billboards. The target is an off-season audience to make the South Coast an appealing short break destination throughout winter and spring.

The award winning Shellharbour Visitor Information Centre continued to provide information to both visitors to the area and local residents.

Operational Income	-
Operational Expense	\$327k
Capital Spend	-

Total performance progress met





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 2021/22 the Mayor and Councillors met with many organisations, associations, and Members of Parliament to discuss issues and opportunities for the City.

From 28 February - 2 March 2022, the Mayor and four Councillors attended the annual NSW Local Government Conference where member councils across NSW come together to consider motions related to strategic local government issues which affect members state-wide and introduce new or emerging policy issues and actions.

Mayor Homer and five Councillors attended the annual National General Assembly, held in Canberra from 19 to 22 June, where councils across Australia come together to discuss policy and issues affecting local government nationally. Councils are given the opportunity to submit motions to the conference for consideration. Key themes discussed included building stronger communities, closing the gap population, housing and workforce skills.

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, excluding the 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, with three reports having been considered in confidential during the period. 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 the year there were three extraordinary meetings relating to elections and one for a rescission motion on a confidential matter.

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: Community Facilities Needs Study and Strategy, Council's Community Land Plans of Management audit, Tripoli Way Extension and an eternal briefing on the transition of Killalea to NSW National Parks and Wildlife Service.

Operational
Income

\$5k

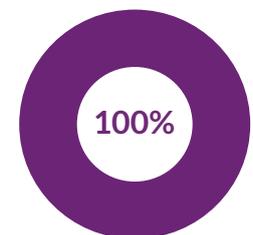
Operational
Expense

\$1.297M

Capital
Spend

-

Total performance
progress met





Council Elections

On 4 December 2021, Local Government Elections were held across NSW. This year saw residents vote for Mayor as well as two Councillors to represent each of the four newly established wards.

The elected council consisting of the Mayor Chris Homer and Councillors Kellie Marsh, Maree Duffy-Moon, John Davey, Moira Hamilton, Lou Stefanovski, Colin Gow, Robert Petreski and Jacqui Graf all took the Oath or Affirmation of Office on 23 December at the Civic Centre.

The elected council sets the overall direction for the City through long-term planning and decision making. It adopts a strategic view of the future it wishes to achieve for its community and makes plans and policies to achieve this.

The Ward A by-election will be held on 30 July due to an iVote failure at the local government election.

Councillor Induction and Professional Development Program

In February 2022, the Mayor and Councillors attended the Councillor Induction Weekend where they were provided information and advice to enable them to carry out their civic function.

Post induction a program of professional development training was launched which included presentations from various directorates and external consultants on a range of topics critical to their roles. This included code of conduct training, access to information and staff, social media and communications, Directorates operational overviews, an external strategic leadership and communications workshop and governance training.

An Induction Training check-in session was also provided, giving Councillors the opportunity to check-in where they were as a Council and individually.

OBJECTIVE 4.1 Led through collaboration

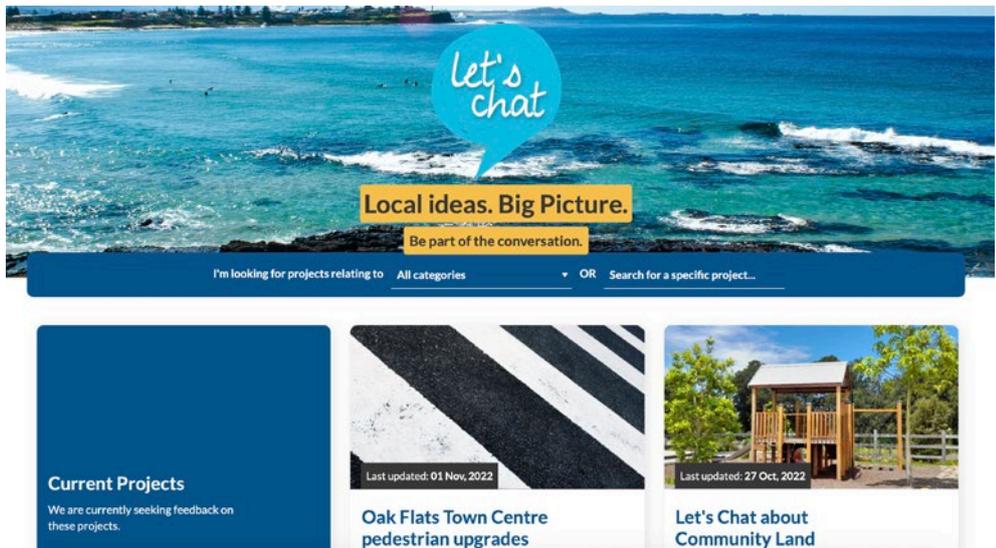
STRATEGY 4.1.2 Actively engage, consult and inform the community

Council continued to progress the actions outlined in the Communications and Engagement Strategy 2020-2024. The framework has helped to increase Council's social reach, across various platforms. Marketing Plans for Waste Management and the Civic Centre were developed with actioning of stage one well underway for each of these plans. Key achievements included a walkthrough video of the Waste Depot, rollout of The Little Green Bags, changes to the Civic Centre website and marketing of various events held at the Civic Centre.

Council's social media platform follows best practices, promoting regularly and interacting with our followers. We continue to create engaging timely content with eye catching visuals and see increases in our social media analytics. The period saw our Facebook page reach total 508,811 and our Instagram reach total 23,468. The most popular posts during this time period consisted of road updates during various floods reaching up to 62,000 people. Other popular posts included the announcement of Reddall Reserve playground and Shellharbour Rocks the Marina posts.

During COVID-19 lockdowns Council's communications and engagement focus was spent on ensuring our social media platform and engagement with the community was of the highest standard. Council sought to bring relevant, informative, humanised, and light-hearted posts to support the community during this tough period.

Council's online engagement platform 'Lets Chat' continued to grow with over 39,321 visitors to the site. The highest visited projects included playground renewals and upgrades, Reddall Reserve Master Plan, proposed do friendly Beach areas, Warilla Seawall Renewal and the 2021 Local Government Elections.

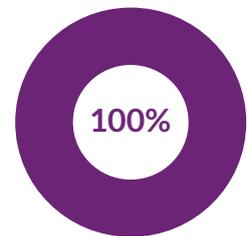


Operational Income
-

Operational Expense
\$620k

Capital Spend
-

Total performance progress met



Over 265 press releases/alerts were distributed to local media and 24 Mayors columns were submitted for inclusion in the Illawarra Mercury. Media queries from journalists totalled 138 with the following topics attracting media interest:

- COVID-19: Closure and re-opening of Council facilities and services, support provided by Council to residents and ratepayers, online webinars and programs
- La Nina: Flooding, waterlogged sports fields, discussion about synthetic playing fields.
- Opening of Shell Cove Boat Harbour, dining precinct and promenade and boosted tourism numbers.
- Warilla Beach Seawall Renewal project
- Environmental initiatives: Draft Net Zero Emissions policy & strategy, installation of solar panels on several Council buildings, nature talks, Flying-fox food and habitat funding
- Outdoor space & recreation: Community engagement on dog-friendly spaces, playground upgrades, outdoor exercise equipment
- Events: Shellharbour Rocks the Marina, Symphony by the Sea (Australia Day concert)
- NAIDOC Community Day, Reconciliation Flag Walk, expressions of interest for Aboriginal artists
- 2021 Local Government election
- NSW Supreme Court case relating to the failure of iVote during the 2021 Local Government Election
- New Shellharbour Hospital land acquisition announcement

An analysis of the coverage published over the year found 2,123 mentions. A sentiment analysis showed that 88% of the coverage was considered neutral in terms of public sentiment, 11% considered positive and 1% negative. Sentiment analysis is the process of determining the emotional tone created comprehending written or spoken words. Measuring the sentiment helps to gain an understanding of the attitudes, opinions and emotions created by a mention.

Local Government Week 2021

Local Government Week highlights the broad range of services, activities and facilities Council offers to the Shellharbour community. Council's annual Local Government Week showcase for schools in the area was unable to go ahead as planned this year, however, local young people were still able to discover the services undertaken by council in a fun and interactive way. Resource packs were shared with students and teachers (5-12 years and 12+). The packs were designed to give students a general knowledge of council through scavenger hunts, crosswords, find-a-words and other engaging activities.

Council also developed an educational video that was shared with local young people, as well as the broader community through social media. The video's audio was narrated by a member of the Shellharbour City Youth Council, Savannah Kesby.

OBJECTIVE 4.1 Led through collaboration

STRATEGY 4.1.3

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

Council is committed to continuing its reconciliation journey to build stronger and more positive outcomes for Aboriginal and Torres Strait Islander communities and the broader community. Council aims to achieve this through the development of a Reflect Reconciliation Action Plan (RAP). Council has reached a number of key milestones in the development of the RAP. An internal working group was established to assist in the development and implementation of the RAP. The working group is made up of Council staff from across the organisation and has representation from First Nation and Second Nations staff members and Team leaders.

A key component of the RAP is to engage with First and Second Nations community members. Council has engaged with its Aboriginal Advisory Committee members and further engagement with Aboriginal Organisations and community members will be ongoing across the life of the Reflect RAP. Council values the continued knowledge, advice and contribution provided by the Aboriginal Advisory Committee and other Key Aboriginal stakeholders.

A Let's Chat page advising the wider community of our RAP Journey is now live and will be updated as the project progresses. The draft RAP has been submitted to Reconciliation Australia for review, with Council currently awaiting feedback.

Key events delivered that acknowledge and celebrate our local Aboriginal history and community, included the Reconciliation School Flags Walk, NAIDOC Community Day and the NAIDOC Awards.

One way Council is continuing to strengthen reconciliation is through the appropriate acknowledgement of First Nations people. Council has demonstrated this by establishing an Acknowledgement of Country and of our Traditional Owners that is displayed on Council's website as well as on all electronic addresses and signatures.

Reconciliation Walk

On the 30 May, Council held the Reconciliation School Flag Walk at Reddall Reserve Lake Illawarra. National Reconciliation Week is a time for all Australians to learn about our shared histories, cultures, and achievements, and to explore how each of us can contribute to achieving reconciliation in Australia. This year's theme, "Be Brave, Make Change" is a challenge to all Australians - individuals, families, communities, organisations and government — to Be Brave and tackle the unfinished business of reconciliation so we can Make Change for the benefit of all Australians.

Over 500 school children, teachers, Elders, Councillors, Council staff, Aboriginal community organisations and members attended the day to reflect and walk together on our City's reconciliation journey. The day included a walk along the Lake foreshore, Smoking Ceremony and Cultural dance from Gumaraa, Welcome to Country from Uncle Gee Brown, Mayoral address, School flag exchange and moving Reconciliation speeches from Aboriginal Advisory Committee members Toumanda Fohrman and Jodi Edwards.

Operational
Income

-

Operational
Expense

\$44k

Capital
Spend

-

Total performance
progress met

100%



NAIDOC Events

Council delivered two NAIDOC events in lieu of events that have not been able to be held due to COVID-19 over the past two years. On 12 March, Council hosted a modified 2021 Local Government Regional NAIDOC awards in which Elders, Council dignitaries from Shoalhaven, Wollongong, Shellharbour and Kiama Councils and award winners, nominees and their families attended to recognise the achievements of the award winners.

The awards ceremony saw the launch of 'Heal Country - 10 years of the Local Government Regional NAIDOC awards' film. This film celebrated the award winners for 2021 and also included Elders, sponsors and Council employees to discuss their view on heal Country and reflect on the value of the NAIDOC awards for our communities. Council would like to congratulate all award winners and thank Beyond Empathy and the film stars for their contribution to the amazing film.

The day moved into the NAIDOC revisited event which provided community with the opportunity to get together and celebrate culture and some of our local Aboriginal singers and songwriters. The day was attended by over 200 community members who enjoyed the Welcome to Country from Uncle Gee, cultural performance by Gumaraa, music performances by Kyarna Rose and Aodahn as well as weaving and stalls and activities from local service providers. Thank you to all that made the day possible and Council look forward to hosting our next NAIDOC event in July.

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 meet the community's goals set out in the Community Strategic Plan (CSP), however challenges of achieving this outcome were increased over the period as we responded to the COVID-19 pandemic and extreme weather events. Our response has been led, consistent with the Core Values of the organisation, and we continue to remain focused on building and strengthening a relationship with the community by adapting our services and modifying work schedules and programs to ensure we can continue to deliver what we set out to achieve.

Council continued to support a range of programs, projects and initiatives that are coordinated through the Illawarra Shoalhaven Joint Organisation (ISJO). The ISJO Chief Executive/General Managers group met several times throughout the year and have continued to build effective regional connections.

All information required to be made publicly available under the Government Information (Public Access) Act 2019 (GIPA Act) was displayed on Council's website or provided upon request.

Council reported on its progress and outcomes on actions, activities and projects set out in the Operational Plan with respect to the strategies detailed in the Delivery Program on a quarterly basis, throughout the year. Each progress report celebrated achievements and discussed our challenges. It provides an opportunity to tell the Community what we have delivered, what's on track and what is at risk or undelivered for each quarter.

The 2020-2021 Annual Report and Financial Statement as well as the 2017-2021 End of Term Report were endorsed by Council on 30 November 2021. The Annual Report provides an overview of our Council's operational and financial performance against the combined Delivery Program 2018-2022 and Operational Plan 2020-2021 and in turn, the Objectives of the Community Strategic Plan 2018-2028. It is a key document of accountability, transparency and communication between Council and the community. The 2020-21 financial result saw Council achieve all nine of the Office of Local Government's performance indicators.

The End of Term Report provides an update on Council's progress towards achieving the CSP during the Council term. It highlights its progress towards achieving the community, environment, economic and leadership themes of the CSP.

Operational
Income

\$5.944M

Operational
Expense

\$8.374M

Capital
Spend

-

Total performance
progress met

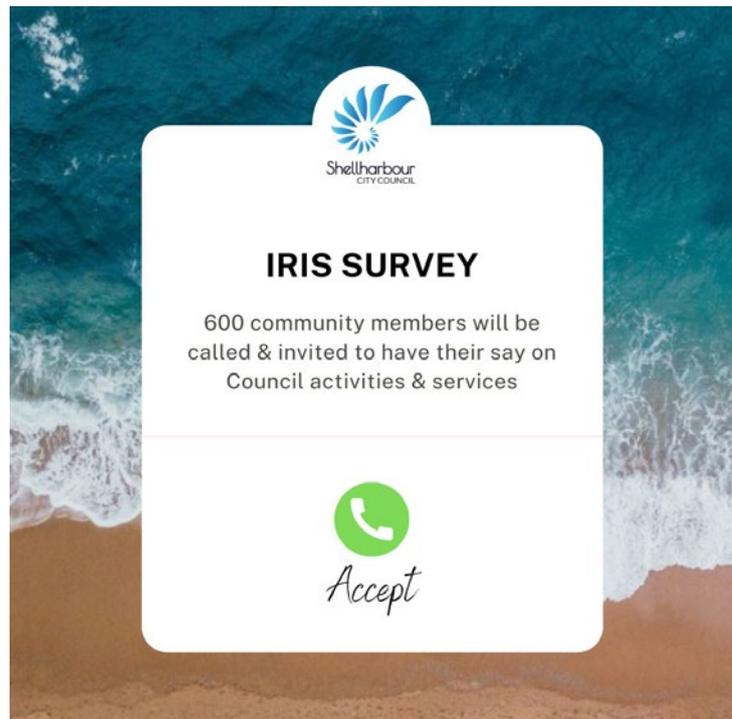


Community Survey

In August 2021 Council engaged independent research company Taverner Research to conduct the biennial community satisfaction survey, calling upon 600 residents in order to gather statistically valid responses from a cross-section of our community's demographics.

The Community Satisfaction Survey tracks Council's performance in service delivery, identifies priority areas and evaluates Council's customer services, Council's organisational skills and communication.

The overall satisfaction with Council, its Councillors, and perceptions of value for money have continued to trend upward with all measures recording statically significant increases in average ratings since 2019. The 2021 results show that most of Council's services and facilities have maintained the high level of satisfaction recorded in 2019.



Adoption of Integrated Planning and Reporting Documents

Council's Integrated Planning and Reporting documents were adopted in June after being placed on public exhibition for a period of 28 days.

The Integrated and Reporting framework allows Council to bring plans and strategies together in a way that supports a clear vision for the future and provides an agreed roadmap for delivering community priorities and aspirations. It is made up of:

- Community Strategic Plan 2022-2032
- Resourcing Strategy 2022-2032
- Delivery Program 2022-2026 including Operational Plan 2022-2023 and
- Local Strategic Planning Statement

The Plans are a legislative requirement which forms part of the Local Government Act 1993 and are designed to set a clear picture of: where we want to go, how we plan to get there, and how we will measure our progress for both Council and the community.



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 is committed to continually improving the services it delivers to enhance the customer experience and meet their expectations. We do this by ensuring that customer service is provided in accordance with the Customer Service Charter, continuing to focus on business improvement and capturing our processes, supporting our staff through continuous learning and development as well as reinforcing the organisations vision, values, culture and behaviours.

The Customer Experience Improvement Project

Many initiatives were assessed as part of the Customer Experience Improvement Project including looking to improve the way Council responds to dog attacks, Customer request resolutions, communication with customers relating to Council rates, and how customers are informed of completed service requests.

Project planning, engagement and implementation was undertaken to identify and action opportunities to enhance the customer experience and streamline service delivery.

These improvements will ensure Council meets the commitment of the Customer Service Charter in providing clear and concise information in a timely manner that meets customer expectations.

Business Improvement Program

Council worked to further document and embed standardised business processes across operational areas to help improve service quality, consistency and timeliness. The focus has been on undertaking a service-based end-to-end approach to documenting and improving Council's business processes. Council has achieved the milestone of publishing 240 businesses processes.

Learning and Development Program

Council continues to manage and coordinate the delivery and evaluation of its learning and development programs. Training was conducted for staff in areas such as Leadership, Code of Conduct, Leading in Lockdown, Time Management, Mental Health, Wellbeing, Development Application Process, Chemical Application, along with other training necessary for off-site work roles.

These training opportunities allow staff to develop and enhance their skills, continue to stay up to date with current best practice and best meet the needs of the Community, Customers and Council.

Operational
Income

\$69k

Operational
Expense

\$2.404M

Capital
Spend

—

Total performance
progress met





Organisational Vision

Council designed and launched VisionFest, an online three week program for staff aimed to promote awareness and understanding of the organisational vision - Inspiring People, Enabling Growth. The program featured videos showcasing how the vision was developed what the vision means to staff, virtual tours of some of our businesses including the Shellharbour Nursery and The Links, virtual interview style chats with selected staff gave others to opportunity to get to know them and what they do at Council in a personal and informal way.

The aim of the program was to embed the vision across the organisation to ensure it becomes a part of the way we work, that staff are proud of the vision and understand how it links to our Core Values and Core Corporate Behaviours. The program was extremely well received and attended across the organisation. Planning will continue to explore ways to showcase our organisational vision and the importance it plays in planning for our future.

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

Council continued to ensure the principles of the Sustainable Financial Strategy are considered in financial decision making. Strategic financial advice was provided to Councillors on a quarterly basis as part of the review of the 2020-2021 Operational Plan and Delivery Program which includes reporting on key local government industry performance measures.

Council met five of the six reported measures excluding the own source revenue ratio. This is associated with a one-off extraordinary item being the recognition of \$86M of Marina assets being contributed to Council from the Shell Cove project. If this item is excluded, that benchmark would be comfortably met by Council. Not meeting this ratio does not indicate that Council is reliant on external funding sources for its operations.

Shellharbour collaborated with other Illawarra Shoalhaven Joint Organisation (ISJO) member Councils on various joint tenders to deliver best value for money. A key contract with significant spend was the supply of construction materials including road base and aggregates. Other joint initiatives progressed include pest control, sanitary services and trade services. Shellharbour was also key in the NSW Healthshare Initiative to receive and distribute, free of charge, large volumes of RATs and KN95 masks to other ISJO Councils.

Long Term Financial Plan

The Long Term Financial Plan (LTFP) undertook a major review in line with the review of the Community Strategic Plan (CSP). The LTFP is an essential tool to assess Council's financial sustainability and also demonstrate Council's long term capacity to deliver the strategic Objectives contained within the CSP, Delivery Program and Operational Plan.

The primary purpose of this LTFP is to facilitate effective financial decision-making which is informed by the short, medium and long term expectations of the community.

Operational
Income

\$61.030M

Operational
Expense

\$3.475M

Capital
Spend

-

Total performance
progress met

100%

Financial Support Initiatives

Council increased its financial relief initiatives to assist residents and businesses adversely affected by the economic impacts of COVID-19. The assistance was made available to rate-payers, including owner-occupiers, non-owner occupiers, businesses and community groups.

Where financial hardship was demonstrated, Council supported its ratepayers by removing interest charges on outstanding rates as well as the credit card payment surcharge. These initiatives remained in place until 31 December 2021.

To support small businesses and community groups, Council provided relief by ensuring small businesses were paid within a week of receiving correctly rendered invoices, allowing users of Council facilities to receive a credit, or refund, for cancellations during the lockdown period, and where hardship was demonstrated providing a waiver of all, or part, of Council tenant's rental payments for the lock down period.

COVID-19 lockdowns required the closure of a number of Council facilities. Council pro-rated its fees for the use of these facilities. Shellharbour Beachside Holiday Park van owners who demonstrated hardship also had their occupancy fees waved for a period of 31 days.

**Help is available
for businesses
who have been
impacted by
COVID-19**



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 year has seen a number of exciting developments across technology optimisation in order to support the organisation. The transition of our employee performance review process from paper to online, and the reconfiguration and successful launch of a mobile-friendly Councillor Portal with enhanced features and content.

Working through the unprecedented times meant that Council was required to adapt and operate differently whilst still providing the same high level of service. Investment in information communications infrastructure and solutions over previous years has resulted in high reliability and availability of information communication technology and infrastructure and has supported the organisation through a changing world on the back of the pandemic.

Continued advances and improvements of Council's cyber security requirements saw focus put on the delivery of Multi-factor authentication (MFA). This security measure requires two or more proofs of identity to grant a user access to a website or application. Council successfully deployed MFA to over 400 staff which has greatly improved the security and safety of access to Council systems.

The development and implementation of the Information Management Strategy provides a guiding framework that sets out our approach to improving the way we create, use, manage, share and protect information to support planning, accountability and effective decision making. The strategy seeks to lead to better decision-making and outcomes for the Shellharbour Local Government Area by ensuring information that is collected, used and shared by Council is accessible, consistent and of good quality. It also seeks to ensure consistency in Councils Information Management processes, providing benchmarks for business accountability and adherence to the NSW State Records Act 1998.

Ongoing continuous improvements to the Geographical Information System (GIS) remained a key focus with the further streamlining of processes to improve efficiencies and accessibility of Information. The team continue to deliver accurate and timely processing plans which include Subdivisions plans and Strata Plans. 10.7 certificates continue to be a key achievement with 2,597 certificates being issues across the year. Certificates were processed within the three day turnaround time with 98% of customers applying online.

Operational
Income

\$377k

Operational
Expense

\$5.548M

Capital
Spend

\$200k

Total performance
progress met



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

The Business Continuity Plan assists Council to restore business operations in response to a significant disruption or catastrophic event and is regularly reviewed to ensure it is current and reflective of business needs.

Council continued implementation of its response and approach to the COVID-19 Pandemic through the Crisis Management Team to support business continuity during this time. The Crisis Management Team established three key response objectives, those being:

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

Council participated in several online meetings with the Local Emergency Management Committee regarding the implementation of community safety action plans to assist in managing compliance with the public health orders associated with COVID-19.

Council provided its support to the Emergency Services through its active representation at all the Illawarra Local Emergency Management Committee 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.

The Local Emergency Centre was activated to respond to significant rainfall events that impacted many people in our community. Council supported the State Emergency Services and managed the impact of the flooding to public assets by closing flooded roads, clearing debris and fixing building leaks. As soon as conditions improved reopening of, patching potholes, clearing debris from roads and other commenced to keep our City and its community moving. During this period, Council also assisted Local Land Services to find a site for an emergency animal holding facility.

Work on the Macquarie Rivulet Floodplain Risk Management Study and Plan continued focussing on flood frequency analysis, calibration and updating of the flood model. Both the review of the Elliot Lake Floodplain Risk Management Study and Horsley Creek Floodplain Risk Management Study and Plan are progressing well.

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

\$1.043M

Operational
Expense

\$4.096M

Capital
Spend

-

Total performance
progress met





Emergency response exercise at Shellharbour Airport

A full scale (practical) emergency response exercise was carried out at Shellharbour Airport to test and evaluate the adequacy of the Airport's Emergency Response Plan as well as the Airports and Emergency Services Organisations ability and preparedness to cope with different types of emergencies specific to the aviation industry.

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 2021* 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

Shellharbour City Council is responsible for enforcing the provisions of the *Companion Animals Act 1998* which provides for the effective and responsible care and management of companion animals.

As part of its requirements, Council is required to report a detailed statement of activities relating to enforcing and ensuring compliance with Companion Animals legislation. Council lodged all pound data returns with the Office of Local Government within the required timeframes.

Pound data collection returns lodged with the Office of Local Government

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 2021/22 financial year a total of 231 animals (40 cats and 191 dogs) were seized and taken to the pound. A total of 196 animals were returned to their owners, 26 animals were transferred to another rehoming agency and eight animals re-housed with a new owner.

Dog attack data lodged with the Office of Local Government

Council continued 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. 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.

Council reports dog attacks to the Office of Local Government via the Companion Animal Register within 72 hours of being notified of the attack. During this reporting period 30 dog attack incidents were reported during this period.

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.

Community education programs

Council developed and published a number of informative communications and social media posts that were promoted across Council's platforms. A number of stalls were set up during the year on beaches and within the new Shell Cove Marina precinct, providing education, information and promotional merchandise to members of the community.

To encourage the community to keep our beautiful parks, coastlines and public spaces safe, Council installed a number of creative and subtle messages reminding dog owners to clean up after their pets and also the importance of ensuring their dogs are kept on a leash whilst out and about. The stencils were painted on the well utilised shared paths along our beaches and foreshore.

Strategies in place to promote and assist the de-sexing of dogs and cats

Council has implemented a range of community education programs and continues to support the RSPCA's Companion Animal Welfare Scheme which implements a range of community education programs and de-sexing initiatives to provide discounted cat and dog de-sexing and free microchipping services to vulnerable members of the community.

Council's adopted 'Dog Friendly Spaces Strategy' continues 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.

Amount of funding spent on companion animal management and activities

Throughout 2021/22 Council spent over \$350k on companion animal management activities, including impounding fees and charges, veterinary care, specialist training and equipment, promotional material and wages.

Strategies in place for complying with the requirement under s 64 of the Companion Animals Act to seek alternatives to euthanasia for unclaimed animals

Council undertakes its impounding activities in accordance with a Deed of Agreement with the NSW RSPCA, through their facility at Industrial Road, Unanderra. This partnership provides opportunities for the re-homing of companion animals with Council and the RSPCA working together to maximise this outcome.

Council further continues to support a number of rehoming agencies and groups by waiving their requirement to register animals that are being rehomed. This allows the rehoming groups to focus spending on programs that save animals.

Off leash areas provided in the council area

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
- Dog park located on Whittaker Street, 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 Avenue, Mount Warrigal, excluding bushland

Swimming Pool Inspections (Regulation and Enforcement)

Council conducted 138 swimming pool inspections for this financial year. Details of private swimming pool inspections include:

Number of inspections of tourist and visitor accommodation	0
Number of inspections of premises with more than 2 dwellings	1
Number of inspections that resulted in a compliance inspection	57
Number of inspections that resulted in issuance of a certificate of non-compliance	9

Carers Recognition

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

Disability Inclusion

Shellharbour City Council's Disability Access and Inclusion Plan (DAIP) was extended for a further 6 months and now ends 31 December 2022. The DAIP continues to focus on how to make the City a more accessible and inclusive city and 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

A formal review of the Plan was completed in June 2022.

A copy of the review is available on Council's website [here](#).

Financial Assistance 2021/22

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

The following application for fee reduction was granted during the 2021/22 financial year.

Organisation	Reason Requesting	Amount
Assist Shellharbour (Formerly Shellharbour Baptist Church)	Disposal of unsolicited and unsuitable op-shop donations and some soft furnishings	\$1,100

Council also provides subsidies to various groups under its 'Leasing and Licencing on Council Public Land and Buildings' policy. These subsidies are made as 'in-kind donations' for the use of Council facilities for a lesser amount in return for the services that are provided to the community as well as the maintenance responsibilities that are undertaken on the property.

Requests for Donation 2021/22

A total of \$16,725 was donated from the miscellaneous donations budget as follows:

Organisation	Reason Requesting	Amount
First quarter allocation		
Mt Warrigal Kooris United Rugby League Team	To assist with the purchase of hand sanitiser, face masks and antibacterial cleaning products.	\$500
Shellharbour Cricket Club	To purchase new training equipment for junior teams.	\$500
St Vincent de Paul Society – All Saints Conference Shellharbour City	To contribute towards the purchase of an updated computer to assist with running the Vinnies emergency food program.	\$500
The Parkside Centre – Albion Park High School	To complete 'The Tend Project': a sensory outdoor learning area. Funding to be used for the purchase of sensory outdoor hammocks.	\$540
The Rail Cricket Club	To purchase balls and other equipment for the club.	\$500
Warilla Barrack Point Surf Life Saving Club	To assist with the purchase of an Inflatable Rescue Boat Trailer.	\$1,200
Community Service Awards	To encourage and reward students who have shown initiative and action in supporting their local community. These awards are presented in the form of gift vouchers to primary and high schools in the Shellharbour Local Government Area.	\$925
TOTAL		\$4,665.00
Second quarter allocation		
Hope in a Suitcase	To assist towards the purchase of additional storage space for donated items.	\$500
Marine Rescue Port Kembla	To purchase furniture for training room at Ski Way Park, Lake Illawarra.	\$600
Shell Cove Community Garden	To assist with the purchase of benches and shelving for the greenhouse, as well as installation of an automated watering system.	\$500
Shellharbour Hospital Auxiliary	To assist towards the purchase of a defibrillator machine for Shellharbour Hospital as the current unit needs replacement.	\$500
Shellharbour Woodcarvers	To assist towards the purchase of a defibrillator machine.	\$1,000
The Rail Cricket Club	To assist with the purchase of an honor board to acknowledge past and present life members.	\$500
TOTAL		\$3,600.00

Organisation	Reason Requesting	Amount
Third quarter allocation		
Oak Flats Garden Club	Assisting members with reduced membership fees as well as updating the garden at the entrance. Funds would also go to assist with the purchase of a defibrillator machine.	\$1,000
Illawarra Light Railway Museum Society	To assist with the cost of removal of concrete containing asbestos to create a new train display or playground to increase visitors.	\$1,500
Supported Accommodation and Homeless Services Shoalhaven Illawarra (SAHSSI)	To assist with the purchase of computer desks, bookshelf, table, children's furniture and soft furnishings for the refurbishment of the Warilla Refuge client space.	\$1,000
	TOTAL	\$3,500
Fourth quarter allocation		
Kiama & Shellharbour District Tennis Association	Purchase of top dressing from Council nursery to undertake maintenance on Albion Oval.	\$1,000
Lake Illawarra High School	Purchase of plants, seeds and irrigation upgrades to ensure a sustainable garden to provide knowledge on food & produce to residents as well as strengthen social connections.	\$2,000
Oak Flats Lions Club	Purchase and installation of a new toilet and grab rail for the disabled toilets at the centre.	\$1,000
Oak Flats Tennis Club	Purchaser of a new BBQ, training and game balls and a First Aid Kid – High Risk Remote Area Softpack Kit.	\$460
St Vincent De Paul All Saints Conference Shellharbour		\$500
	TOTAL	\$4,960
	Total	\$ 16,725.00

Applications for Sponsorship 2021/22

Organisation	Project Summary	Amount
Patrick Peardon	Full Time Festival Ron Costello Oval.	\$5,000
Illawarra Community Foundation	2021 i98fm Illawarra Convoy Shellharbour City Airport.	\$6,669
Kao Kreative	Run Shellharbour Shellharbour North Beach – Reddall Parade.	\$8,000
Corey Pickett	Vaudevillararra Shellharbour Civic Centre.	\$2,500
Wheelchair Sports NSW / ACT	Wheelchair Basketball Illawarra Festival Shellharbour City Stadium.	\$5,000
Albion Park Show Society	Albion Park Annual Show.	\$5,338.75
Ciaran Gribbin and Jennifer O'Dea	Summer of Love Festival.	\$10,000
Stand Up Paddle Boarding Shellharbour	Shellharbour Stand Up Paddle Board Festival.	\$5,000
Shellharbour City Festival of Sport Association	Shellharbour City Shell Cove Festival of Sport.	\$440
Australian Sports Foundation Strong Women Documentary	Strong Women Boxing Australia Workshop at Ibox Warilla (hosting 'come and try' boxing events for women across the City).	\$1,000
Albion Park RSL Sub-branch	ANZAC Dawn Service – hire of chairs.	\$500
Total		\$ 49,447.75

Financial Relief – COVID-19

Council at its meeting on 10 August 2021, resolved to provide financial relief as a result of the COVID-19 pandemic through a variety of measures.

For the 2021/22 financial year, a total of \$239,059 of financial relief was provided.

Written off Rates and Charges

There were no written off rates and charges for the 2021/22 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 2021/22, there were six Planning Agreements in force. The following is a summary of these plans. Full details of these agreements are available on Council's website.

1) Project 7200

On 18 August 2014 UrbanGrowth and Council entered into a Planning Agreement to finalise any outstanding local infrastructure obligations pertaining to the development of Site 7200. The Planning Agreement includes a monetary contribution of \$360,000 and land dedications; related development application 201/2014.

Status: Complete

2) 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 is negotiating an amendment with the developer, Lend Lease, based on the State Government approval to the original concept plan approval.

Status: Current

3) Munmorah Circuit

On 19 September 2014 Council entered into an agreement with Amgad Samaan, Ashraf Fayek, Barsoum Youssef & Nader Hanna Bastawrose to provide a monetary contribution of \$33,000 to enable the provision of five additional car parking spaces and footpath realignment adjacent to the existing car park at 12-18 Adam Murray Way, Flinders, and an ongoing maintenance fee, to address the shortfall of onsite parking associated with the proposed medical centre development; related development application 462/2013.

Status: Current

4) 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

Status: Complete

5) Yellow Rock Road Upgrade

On 23 November 2021 Council entered into a planning agreement with Dahua Pty Ltd for the provision of a monetary contribution towards the upgrade of a portion of Yellow Rock Road between the Illawarra Highway and Wongawilli Street. This contribution is payable in addition the section 7.11 contribution when the subject land is being developed.

Status: Complete

6) RBWI – 81 Escarpment Drive, Calderwood

On 29 March 2022 Council entered into a planning agreement with RBWI Pty Ltd for the provision for all Shellharbour City Council local infrastructure contributions that are necessitated by the Calderwood Urban Development Project including a monetary contribution toward both local and citywide infrastructure, the delivery of on-site infrastructure including a community centre, parks, sportsfields and road upgrades; related approval MP-2009/82 and development application 468/2013.

Status: Current

Local Infrastructure Contributions

Council has a single comprehensive local infrastructure contributions plan which levies contributions under section 7.11 of the *Environmental Planning and Assessment Act 1979*. This plan specifies what infrastructure will be provided and estimates how much it will cost. This is used to calculate a contribution rate, for both residential and non-residential development. Under this plan contributions are charged where there is a demonstrated link between the development and the infrastructure to be funded.

In 2021/22, Council adopted the *Local Infrastructure Contributions Plan 2019 (9th Review) Amendment 1* (the Plan) which incorporated the upgrade of Yellow Rock Road into the items to be funded in Benefit Area 9 – Tullimbar Infrastructure.

The Plan contains a detailed indicative works schedule that shows when specific infrastructure is intended to be provided. This enables the spreading of costs across the life of the plan. Expenditure under the Plan is programmed under Council's Long Term Financial Plan.

The following is a summary of the infrastructure projects on which contributions have been expended in 2021/22.

Myimbarr Sports Field – additional field

Funding source under the Plan: Item C1.04 – Myimbarr Sports Fields

Category of works: Open Space - Active

Value of works: \$1,300,000

Contributions funding for project: 44% (\$570,000)

Contributions expended 2021/22: \$20,508

Value of land/material public benefit used: Nil

Status: Design phase

Benson Basin Sports Field

Funding source under the Plan: Item 1.10 – Benson Basin Sports Facilities

Category of works: Open Space - Active

Value of works: \$2,990,989

Contributions funding for project: 100%

Contributions expended 2021/22: \$61,128.

Value of land/material public benefit used: Nil

Status: Design phase

Reddall Reserve playground upgrade and renewal

Funding source under the Plan: Item 1.26 – Passive open space embellishment (City East)

Category of works: Open Space - Passive

Value of works: \$1,325,000

Contributions funding for project: 57% (\$750,000)

Contributions expended 2021/22: Nil as, although works were completed in 2021/22, they were funded in prior years

Value of land/material public benefit used: Nil

Status: Complete

Illawarra Highway/Western Valley intersection

Funding source under the Plan: Item C3.18 – Illawarra Highway and Western Valley Intersection

Category of works: Roads infrastructure

Value of works: \$671,331

Contributions funding for project: 100%

Contributions expended 2021/22: \$671,331

Value of land/material public benefit used: Nil

Status: Complete (reimbursement for works completed by developer)

Warilla Dog Activity Park

Funding source under the Plan: Item 1.26 – Passive open space embellishment (City East)

Category of works: Open Space - Passive

Value of works: \$260,500

Contributions funding for project: 100%

Contributions expended 2021/22: \$49,111

Value of land/material public benefit used: Nil

Status: Design complete, tender for work issued

Aboriginal Interpretive Play Space

Funding source under the Plan: Item 1.26 – Passive open space embellishment (City East)

Category of works: Open Space - Passive

Value of works: \$415,895

Contributions funding for project: 62% (\$255,895)

Contributions expended 2021/22: \$4,895

Value of land/material public benefit used: Nil

Status: Design Complete, construction commenced

Art Trail

Funding source under the Plan: Item 1.26 – Passive open space embellishment (City East)

Category of works: Open Space - Passive

Value of works: \$50,000 per annum

Contributions funding for project: 100%

Contributions expended 2021/22: \$450

Value of land/material public benefit used: Nil

Status: Artwork commissioned to be provided in 2022/23

Contributions management

Funding source under the Plan: Item C6.04 – Section 94 Management

Category of works: Other Infrastructure and Services

Contributions funding for project: 100%

Contributions expended 2021/22: \$340,850

Value of land/material public benefit used: N/A

Status: Ongoing

Future contributions funded projects

Work commenced on the following projects in 2021/22 that will be partially funded through local infrastructure contributions. These projects are funded from a variety of sources and although work has commenced, no expenditure of contributions related funds occurred in 2021/22:

- Shell Cove Sports Fields (Item C1.08)
- Albion Oval Touch Football Fields (Item C1.18)
- Bardsley Park upgrade and renewal (Item C1.26)
- Dawes Park upgrade and renewal (stage 2) (Item C1.26)
- Shellharbour Library and Community Centre (Item C2.19)
- Tripoli Way extension (Albion Park Bypass) (Item C3.09)
- Tongarra Road and Church Street intersection upgrade (Item C3.12)

Environmental Upgrade Agreement

No Environmental Upgrade Agreements were entered into.

Fisheries Management

Council was not identified in any Recovery and Threat Abatement plans.

Stormwater Management Services

In urban areas, stormwater (rainwater plus anything carried along with it), runs down gutters and drains and is piped directly into local ponds, lakes and rivers. Unlike sewerage, stormwater does not get taken to a treatment plant. Eventually, much of it ends up reaching the ocean. To reduce stormwater pollutants entering our waterways, Council has installed a number of traps, including gross pollutant traps and trash racks. Ponds and wetlands are also used to improve stormwater quality.

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:

- Stormwater Gross Pollutant Trap (GPT) maintenance
- Stormwater pipe CCTV inspection program
- Headwall safety upgrades
- Modification of Blackbutt Dam
- The Esplanade / Timbs Road, Oak Flats stormwater upgrade
- Horsley Creek Flood Risk Management Study and Plan
- Pioneer Drive, Blackbutt stormwater upgrade design
- Calderwood Road, Calderwood stormwater renewal

Stormwater Monitoring

Funding from the Stormwater Levy has contributed to ongoing water quality and flood level monitoring.

Stormwater Education

Stormwater education programs were not carried out during the 2021/22 financial year due to COVID-19 restrictions and its impact on resources.

Coastal Protection Service

Council did not undertake any Coastal Protection Services that were levied.

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 2021/22 under the special rate variation amounted to \$5.34M. A breakdown of this expenditure according to asset class is provided below:

Buildings \$ 2,675,649	<ul style="list-style-type: none"> • Oak Flats Services Depot Redevelopment • Albion Park Scout Centre Recladding • Beverley Whitfield Pool Roof Replacement • Boonerah Point Reserve Amenities Design • Dawes Park Amenities Design • Central Park Amenities Design
Footpaths and Shared Paths \$ 419,131	<ul style="list-style-type: none"> • Shared Path: Blackbutt Reserve • Footpath: Balarang Reserve, Oak Flats • Footpath: Croome Road, Croom • Footpath: Munmorah Circuit, Flinders • Various Shared Path Designs
Transport \$ 1,516,488	<ul style="list-style-type: none"> • Warilla Town Centre Streetscape • Ashburton Drive, Croom • Croome Road, Croom • Yellow Rock Road, Tullimbar Design • Madigan Boulevard, Mount Warrigal
Open Spaces \$ 441,468	<ul style="list-style-type: none"> • Reddall Reserve Boat Ramp • Dawes Park Furniture • Deakin Park Sailing Club Refurbishment • Caldwell Park Play Equipment • Reddall Reserve Promenade Design
Stormwater \$ 289,787	<ul style="list-style-type: none"> • The Esplanade / Timbs Road, Oak Flats • Thomas Street, Lake Illawarra • Kimbeth Crescent, Albion Park Rail • Wolfgang Road, Albion Park
Total \$5,342,523	

Assets acquired by Council during 2021/22

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 \$29.2M for the 2021/22 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 2021/22, the total value of assets acquired was \$122.9M. This was comprised of \$111.5M of infrastructure assets and \$11.4M of contributed land. This came primarily from the completion and acceptance of Shell Cove Harbour (and related assets), as well as new developments in Calderwood, Tullimbar and Shell Cove being handed over.

Works Completed and In Progress

<p>Buildings & Aquatics</p> <p>\$5,215,967</p>	<ul style="list-style-type: none"> • Oak Flats Depot Redevelopment – Stage 3 • Croom Hockey Clubhouse Renewal • Various Solar Panel Installations • Dawes Park Public Toilet Renewal • Deakin Reserve Sailing Club Refurbishment • Albion Park Scout Centre Recladding • Beverley Whitfield Pool Roof Replacement
<p>Footpaths & Shared Paths</p> <p>\$1,783,752</p>	<ul style="list-style-type: none"> • Shared Path: Church Street, Albion Park • Footpath: Hargraves and Boomerang Avenue, Albion Park Rail • Shared Path: Darcy Dunster Reserve, Albion Park Rail • Shared Path: George Street, Warilla • Shared Path: Mumurah Circuit, Flinders • Footpath: Wallaroo Drive, Blackbutt • Shared Path: Blackbutt Reserve, Blackbutt • Footpath: Balarang Reserve, Oak Flats • Footpath: Croome Road, Croom
<p>Transport</p> <p>\$5,774,152</p>	<ul style="list-style-type: none"> • Bass Point Tourist Road Upgrade • Warilla Town Centre Streetscape • Croome Road, Croom • Ashburton Drive, Croom • Old Bass Point Road, Shellharbour • Tripoli Way, Albion Park – Design • Terry Street, Albion Park • Madigan Boulevard, Mount Warrigal • Holt Lane, Oak Flats • Chifley Lane, Oak Flats • Yellow Rock Road, Tullimbar – Design
<p>Open Spaces</p> <p>\$1,508,893</p>	<ul style="list-style-type: none"> • Warilla Beach Rock Revetment – Design • Reddall Reserve Play Equipment, Lake Illawarra • Collins Reserve Play Equipment, Blackbutt • Fred Ball Park Play Equipment, Albion Park • Reddall Reserve Promenade, Lake Illawarra – Design • Reddall Reserve Boat Ramp, Lake Illawarra • Dawes Park Furniture Upgrade, Barrack Point • Warilla Dog Agility Park – Design • Warilla Beach Rockwall Renewal

<p>Stormwater</p> <p>\$1,017,314</p>	<ul style="list-style-type: none"> • The Esplanade and Timbs Road, Oak Flats – Upgrade • Gross Pollutant Trap Refurbishments • Headwall Safety Upgrades • Stormwater Pipe Relining • Pioneer Drive, Blackbutt – Upgrade Design • Thomas Street, Lake Illawarra – Renewal
<p>Commercial</p> <p>\$10,749,003</p>	<ul style="list-style-type: none"> • Shellharbour Airport Upgrade • Shellharbour Marina Fuel and Sewage Pump-Out Facility • Shellharbour Marina Services Centre • Shellharbour Marina Storage Facility
<p>Other</p> <p>\$3,116,226</p>	<ul style="list-style-type: none"> • Dunmore Recycling and Waste Disposal Depot Landfill Cell • Fleet Vehicle and Major Plant Changeovers • Library Book Acquisitions
<p>Total</p> <p>\$29,165,307</p>	

Assets contributed by developers and others

Asset Class	Value \$'000
Developer contributions 'in kind'	-
Drainage	12,908
Paving	5,395
Roads	6,075
Bulk earthworks (non-depreciable)	9,928
Other non-cash items	22,239
Land under Roads	4,182
Foreshore Infrastructure	70,009
Total	\$ 130,736

Assets held by Council at the end of 2021/22

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 2021/22 financial year.

Asset Type	Quantity
Buildings	254
Sealed Roads	395km
Unsealed Roads	3km
Footpaths	265km
Stormwater Drainage	338km
Stormwater Pits	12,896
Swimming Pools	10

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 2021/22

Contractor	Contract detail & purpose	Contract Value (\$)
Innaco Pty Ltd	2020/1/13 Leachate Treatment System Operation and Maintenance Services. Operation and maintenance of the Dunmore Recycling Waste Disposal Depot leachate treatment system to ensure landfill leachate is managed in compliance with the site Environment Protection Licence 5984.	\$319,870
Western Earthmoving Pty Ltd	Bass Point Tourist Road Renewal Project - Renewal of road, construction of kerb and gutter, stormwater network, electrical, water service lines, line marking and signage, landscaping.	\$1,787,550
Patterson Building Group Pty Ltd	Construction of the new Depot Services Building and associated works.	\$3,276,482
Roadworx Pty Ltd	2021/22 Road Renewals package.	\$604,545
Cadifern Civil Pty Ltd	Church Street Shared Use Path - Stage 1. Construction of concrete shared use path and two traffic islands.	\$269,972
Advisian Pty Ltd	Review of the Horsley Creek Floodplain Management Study and Plan.	\$198,360
Cleary Bros Pty Ltd	Terry Street Shoulder Widening Stage 4 & 5.	\$219,470
ADB Safegate Australia Pty Ltd	Shellharbour Airport Runway and Apron Lighting.	\$599,871
GCL Civil Projects Pty Ltd	Warilla Town Centre Streetscape Stage 1 - Installation of street trees, new street furniture, pressure washing of pavements, resurfacing of concrete medians.	\$159,160
Cadifern Civil Pty Ltd	Darcy Dunster Shared Use Path Stage 2 - Replacement of existing footpath, reshaping of swales, installation of bike-safe fence, line marking.	\$218,560
Batmac Constructions	Croome Hockey Clubhouse Renewal - Replacement of roofing, ceiling, electrical works, Building Code Australia (BCA) compliance works.	\$181,813
Advance Constructions Pty Ltd	Design and Construction of Warilla Streetscape Stage 2.	\$619,837
Creative Recreation Solutions	Playground Renewals Collins Reserve, Fred Ball & Pelican Reserve Park.	\$314,529
Telstra	Replacement of telephony system to enable Council to receive and make external phone calls and manage calls to the Customer Service Centre.	\$378,272
Batmac Constructions	Dawes Park Amenities Upgrade - Construction.	\$365,416
Warrane Design Construct Fitout Pty Ltd	Remedial works on fire damage at the Links (no determined program/budget as majority covered by insurance).	\$776,449
Delta Pty Ltd	Dunmore Landfill Cell 6 Construction.	\$2,311,471

Contractor	Contract detail & purpose	Contract Value (\$)
Roadworx Pty Ltd	Pavement Rehabilitation of Old Bass Point Road, Croom Road and Marshal Mount Road.	\$1,063,891
New England Constructions Pty Ltd	Shell Cove Marina Services Building Design and Construction.	\$3,706,066
New England Constructions Pty Ltd	Tavern Undercroft Fitout - Shell Cove Boat Harbour Tavern undercroft area fit out for marina storage and workshop.	\$574,240
Donnelley Civil Pty Ltd	Beach Scraping at Reddall Reserve and Elliott Lake and Rock Revetment Works at Elliott Lake.	\$155,848

Condition of Public Works

As at 30/06/2022

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

\$ '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	2021/22 Required maintenance	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings	1,707	3,414	2,548	3,028	159,198	218,839	42.9%	14.7%	40.8%	0.7%	0.8%
	Sub-total	1,707	3,414	2,548	3,028	159,198	218,839	42.9%	14.7%	40.8%	0.7%	0.8%
Other Structures	Other structures	16	31	-	-	1,782	3,286	86.1%	7.1%	5.9%	0.9%	0.0%
	Sub-total	16	31	-	-	1,782	3,286	86.1%	7.1%	5.9%	0.9%	0.0%
Roads	Sealed roads	2,223	4,446	1,308	1,624	194,758	243,885	44.1%	43.3%	10.8%	1.7%	0.1%
	Unsealed roads	196	393	-	-	1,054	1,546	70.9%	0.0%	3.8%	25.4%	0.0%
	Bridges	297	595	-	-	16,147	19,933	69.7%	10.7%	16.7%	2.9%	0.1%
	Footpaths	980	1,960	1,225	1,053	64,334	79,632	37.5%	47.8%	12.2%	2.4%	0.1%
	Other road assets	434	867	2,039	1,724	23,256	28,420	64.7%	17.3%	14.9%	3.1%	0.0%
	Bulk earthworks	-	-	-	-	172,278	172,278	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	4,130	8,261	4,572	4,401	471,827	545,694	62.9%	27.6%	8.0%	1.5%	0.1%
Stormwater drainage	Stormwater drainage	3,650	7,300	842	774	284,964	377,860	42.9%	30.2%	24.9%	1.6%	0.4%
	Sub-total	3,650	7,300	842	774	284,964	377,860	42.9%	30.2%	24.9%	1.6%	0.4%
Open space/recreational assets	Swimming pools	-	-	1,589	1,556	4,131	10,869	4.4%	48.6%	47.1%	0.0%	0.0%
	Other open space recreational assets	907	1,815	6,265	6,578	44,210	57,013	68.8%	14.6%	13.3%	2.8%	0.4%
	Sub-total	907	1,815	7,854	8,134	48,341	67,882	58.5%	20.0%	18.7%	2.4%	0.4%
Foreshore infrastructure	Foreshore infrastructure	94	189	915	967	75,657	76,984	99.7%	0.1%	0.0%	0.2%	0.0%
	Sub-total	94	189	915	967	75,657	76,984	99.7%	0.1%	0.0%	0.2%	0.0%
Other infrastructure assets	Other	-	-	-	-	10,181	11,789	72.4%	24.1%	3.5%	0.0%	0.0%
	Sub-total	-	-	-	-	10,181	11,789	72.4%	24.1%	3.5%	0.0%	0.0%
Total Classes	Total - All Assets	10,504	21,010	16,731	17,304	1,051,950	1,302,334	55.8%	24.1%	18.5%	1.3%	0.3%

Equal Employment Opportunity Management Plan

Equal Employment Opportunity (EEO) Management Plan 2022-2026 (the Plan) sets out Council's commitment to promoting a culture that is supportive and demonstrative of EEO principles in the workplace, in turn supporting employees to provide quality services to our community. Council aims to provide a workplace that fosters equity, fairness, respect for social and cultural diversity and that is free from unlawful discrimination. The Plan oversees all of Council's EEO practices and policies and has been created in accordance with the Local Government Act 1993.

The following provides an overview of achievement during 2021-2022.

Understanding of EEO Principles and their responsibilities

Council continues to ensure that all relevant Council policies and procedures contain EEO principles and that all policies and procedures are communicated to staff. We also remain committed to ensuring that our staff induction includes information on the Plan and principles of EEO.

Recruitment, Selection and Development Practices

Council periodically reviews current recruitment practices and processes to ensure they conform with EEO principles. Adequate training is provided to employees involved in the recruitment process and we ensure that all position descriptions and advertisements adhere to the EEO principles. We also remain committed to identifying and implementing programs which increase the participation rate of employees within target groups and offer equal opportunities to all employees to relieve/act at higher grades or alternative positions in line with EEO principles.

Education and Training of EEO principles

Council continues to focus on the communication and provision of education and training on EEO principles. Our learning and development programs seek opportunities to build awareness, educate and train our staff on EEO and diversity. We also put focus on our leadership capability to ensure that supervisory and management level staff receive information on Anti-Bullying, harassment and EEO principles and how to manage breaches of any such principles.

Council remains focused on the successful implementation of the Plan through the allocation of clear responsibilities, adequate resources and review of our policies and procedures.

Councillor induction, training and ongoing professional development:

Item	
Mayor or councillors who completed any induction training course, induction refresher course or supplementary induction course during the year.	Mayor Chris Homer, Cr Kellie Marsh, Cr Maree Duffy-Moon, Cr John Davey, Cr Moira Hamilton, Cr Lou Stefanovski, Cr Colin Gow, Cr Robert Petreski, Cr Jacqui Graf
Mayor or councillors who participated in any ongoing professional development program during the year.	Mayor Chris Homer, Cr Kellie Marsh, Cr Maree Duffy-Moon, Cr John Davey, Cr Moira Hamilton, Cr Lou Stefanovski, Cr Colin Gow, Cr Robert Petreski, Cr Jacqui Graf
Number of seminars, circulars and other activities delivered as part of the ongoing professional development program during the year.	14

Councillor Costs

Total cost during the year of the payment of expenses of, and the provision of facilities to councillors in relation to their civic functions was \$149,104.97

Item	Cost (\$)
Provision of dedicated office equipment allocated to councillors.	\$72,433.94
Telephone calls made by councillors.	\$5,856.30
Attendance of councillors at conferences and seminars.	\$26,287.54
Provision of induction training and professional development for mayor and other councillors.	\$16,836.54
Training of councillors and provision of skill development.	Nil
Expenses of any spouse, partner or other person who accompanied a councillor in the performance of his or her civic functions, being expenses payable in accordance with the Guidelines for the payment of expenses and the provision of facilities for the mayor and councillors.	\$1500.00
Expenses involved in the provision of care for a child of, or an immediate family member of a councillor.	Nil
Other miscellaneous expenses.	\$26,190.65
Total	\$ 149,104.97

Interstate and Overseas Visits

Item	Cost (\$)
Interstate visits by councillors, including transport, accommodation and other out-of-pocket travelling expenses.	\$7,135.97
Overseas visits by councillors, council staff or other persons representing council (including visits sponsored by other organisations).	Nil

Senior Staff Remuneration

Shellharbour City Council employed one Chief Executive Officer and three Directors during the period 1 July 2021 to 30 June 2022.

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

Chief Executive Officer

The Chief Executive Officer resigned ending employment with Shellharbour City Council on 1 April 2022.

As at 1 April 2022, the Chief Executive Officer was paid a total remuneration of \$377,962.44, which includes payment of unused annual leave on resignation of employment.

Directors

As at the 30 June 2022, the three Directors were paid a total remuneration of \$785,889.10.

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 2021/22 financial year.

Council had interests in the following entities during the 2021/22 financial year:

- Shell Cove – development of residential property and associated infrastructure
- CivicRisk Mutual – provision of property, motor vehicle, public liability, and professional indemnity insurance
- Illawarra Shoalhaven Joint Organisation – consists of four member councils - Shellharbour, Kiama, Shoalhaven and Wollongong – to establish strategic regional priorities, provide regional leadership and advocacy for strategic regional priorities and identify opportunities for intergovernmental co-operation

Labour Statistics

Number of persons directly employed by Council as at 25 May 2022

Employment Status	Number of staff
Permanent Full-time	302
Permanent Part-time	78
Casual	195
Fixed-term contract (Full-time and Part-time)	55
Total	630

Number of persons who performed paid work for Council on the 25 May 2022

Employment Status	Number of staff
Permanent Full-time	296
Permanent Part-time	70
Casual	51
Fixed-term contract (Full-time and Part-time)	54
Total	471

Number of persons employed by Council who are 'Senior Staff' for the purposes of the Local Government Act 1993 as at 25 May 2022

Employment Status	Number of positions	Number of staff
Chief Executive Officer	1	0
Director Council Sustainability	1	1
Director Amenity and Assets	1	1
Director Community and Customers	1	1
Total	4	3

Number of persons engaged by the Council, under a contract or other arrangement with the person's employer, that is wholly or principally for the labour of the person as at 25 May 2022

Name of person / agency	Name of Company	Worked for Council on 25 May 2022	Reason for Engagement	Group
Jack McGregor	AWX Pty Ltd	Yes	Bar Attendant	The Links Tavern
Joshua Norris	AWX Pty Ltd	Yes	Food and Beverage	The Links Tavern
Leyla Ali	AWX Pty Ltd	Yes	Bar Attendant	The Links Tavern
Matilda Ockenden	AWX Pty Ltd	Yes	Bar Attendant	The Links Tavern
Melinda Sheldrick	AWX Pty Ltd	Yes	Bar Attendant	The Links Tavern
Callum Faulkner	AWX Pty Ltd	Yes	Bar Attendant	The Links Tavern
Jake Bonnici	AWX Pty Ltd	Yes	Bar Attendant	The Links Tavern
Sindy Took	AWX Pty Ltd	Yes	Bar Attendant	The Links Tavern
Julia Kaul	Julia Kaul Planning and Policy	Yes	Provision of technical advice - Development Contributions/ Calderwood Voluntary Planning Agreement.	City Planning
Robert Emmett	Hays Recruiting	Yes	Provision of Financial Services assistance	Finance
Total		10		

Number of persons supplied to the council, under a contract or other arrangement with the person's employer, as an apprentice or trainee as at 25 May 2022

Position	Number of positions	Number of staff	Note
Apprentice Greenkeeper	1	1	
Apprentice Fabricator	1	1	
Apprentice Gardener	4	4	
Apprentice Carpenter	1	1	
Apprentice Plant Mechanic	2	1	One role vacant
Apprentice Sports Turf Management	1	1	
Trainee - Civic Centre Activation	1	1	
Trainee - Learning and Development	1	1	
Trainee - Library Programs and Partners	1	1	
Trainee - Library Resources	1	1	
Trainee - Nursery	1	1	
Trainee - Golf Operations Assistant	1	1	
Total	16	15	

Summary of Legal Proceedings 2021/22

Court	Name of Other Party	Amounts Incurred	Finalised	Result
Land and Environment Court of NSW	Quinn	\$11,546.70	Ongoing	
Land and Environment Court of NSW	Christopherson	\$9,584.00	Finalised	Proceedings discontinued.
Land and Environment Court of NSW	Fortnum Property Pty Ltd	-	Ongoing	
Land and Environment Court of NSW	Broome Class 4 proceedings	-	Ongoing	
Land and Environment Court of NSW	Broome Class 5 proceedings	\$24,450.00	Ongoing	
Federation Court	Bright Events Pty Ltd	\$172,486.15	Finalised	Council's ownership of trademark confirmed.
NSW Civil and Administrative Tribunal (NCAT)	Moran	\$69,026.40	Finalised	Council's decision refusing access affirmed.
Supreme Court of NSW	Electoral Commission	\$103,703.47*	Finalised	The Court determined that the election was void and a new election was required for Shellharbour City Council – Ward A. Costs order was made in favour of Council. *The Electoral Commission agreed to pay Council's costs of the proceedings in the amount of \$92,625.84. That amount has now been paid to Council.

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

Review of proactive release program – Section 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 26 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	1	5	0	0	0	0	0	0	6	23%
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	0	0	0	4	15%
Members of the public (other)	2	12	0	1	0	1	0	0	16	62%
Total	4	20	0	1	0	1	0	0	26	
% of Total	15%	77%	0%	4%	0%	4%	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*	0	1	0	0	0	0	0	0	1	4%
Access applications (other than personal information applications)	4	19	0	1	0	1	0	0	25	96%
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0	0%
Total	4	20	0	1	0	1	0	0	26	
% of Total	15%	77%	0%	4%	0%	4%	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)	0	0%
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	0	0%
Invalid applications that subsequently became valid applications	0	0%

**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	0	0%
Law enforcement and security	0	0%
Individual rights, judicial processes and natural justice	20	100%
Business interests of agencies and other persons	0	0%
Environment, culture, economy and general matters	0	0%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
Total	20	

Table F: Timeliness

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

**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	0	0	0	0%
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	0	0	0	

*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	0	0%
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0	0%
Total	0	

**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	0	0%
Applicant-initiated transfers	0	0%
Total	0	

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.

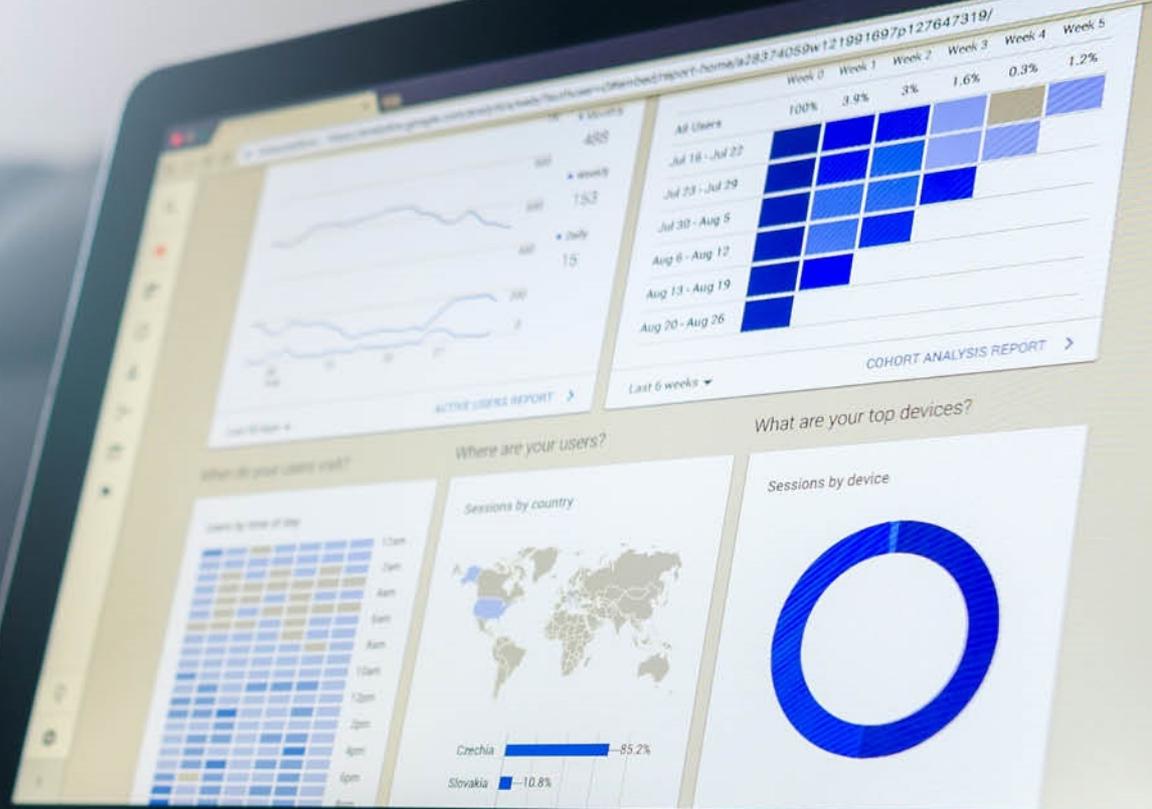
During 2021-2022, Council did not receive any Public Interest Disclosures.

Council undertook the following actions to meet its staff awareness obligations:

- 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



Shellharbour
CITY COUNCIL



AUDITED FINANCIAL STATEMENTS

For year ending
30 June 2022

Shellharbour City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Shellharbour City Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

Shellharbour City Council (Council) is constituted under the 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 B1-2.

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

Shellharbour City Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present 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 2022.

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 2022

Statement by Councillors and Management

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 28 February 2023.



Chris Homer
Mayor
28 February 2023



Kellie Marsh
Deputy Mayor
28 February 2023



Mike Archer
Chief Executive Officer
28 February 2023



Katie Buckman
Responsible Accounting Officer
28 February 2023

Shellharbour City Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	Restated 2021
Net operating result for the year – from Income Statement		168,819	90,419
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<u>90,056</u>	<u>12,289</u>
Total items which will not be reclassified subsequently to the operating result		90,056	12,289
Total other comprehensive income for the year		90,056	12,289
Total comprehensive income for the year attributable to Council		258,875	102,708

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

Shellharbour City Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	Restated 2021	Restated 1 July 2020
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	27,930	24,630	13,075
Investments	C1-2	12,000	14,500	47,507
Receivables	C1-4	9,833	9,781	12,035
Inventories	C1-5	15,426	16,845	20,116
Contract assets and contract cost assets	C1-6	1,751	1,123	424
Other	C1-11	492	1,036	259
Total current assets		67,432	67,915	93,416
Non-current assets				
Investments	C1-2	111,191	91,534	47,463
Receivables	C1-4	1,590	1,546	1,471
Infrastructure, property, plant and equipment (IPPE)	C1-7	1,443,716	1,210,692	1,118,469
Investment property	C1-8	32,445	32,882	32,182
Intangible assets	C1-9	2,822	3,035	3,195
Right of use assets	C2-1	1,365	1,757	1,510
Investments accounted for using the equity method	D1-1	–	–	721
Total non-current assets		1,593,129	1,341,446	1,205,011
Total assets		1,660,561	1,409,361	1,298,427
LIABILITIES				
Current liabilities				
Payables	C3-1	22,008	26,398	24,035
Contract liabilities	C3-2	6,176	5,465	530
Lease liabilities	C2-1	814	862	820
Borrowings	C3-3	1,304	6,700	5,416
Employee benefit provisions	C3-4	13,228	13,622	13,590
Total current liabilities		43,530	53,047	44,391
Non-current liabilities				
Lease liabilities	C2-1	570	904	865
Borrowings	C3-3	24,436	17,740	12,655
Employee benefit provisions	C3-4	595	636	596
Provisions	C3-5	11,435	15,914	21,513
Total non-current liabilities		37,036	35,194	35,629
Total liabilities		80,566	88,241	80,020
Net assets		1,579,995	1,321,120	1,218,407
EQUITY				
Accumulated surplus	C4-1	1,009,033	839,973	749,549
IPPE revaluation reserve	C4-1	570,962	480,906	468,617
Council equity interest		1,579,995	1,320,879	1,218,166
Non-controlling equity interests		–	241	241
Total equity		1,579,995	1,321,120	1,218,407

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

Shellharbour City Council

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	2022					2021				
		Accumul- ated surplus	IPP&E revalu- ation reserve	Council interest	Non- controll- ing interest	Total equity	Accumul- ated surplus	IPP&E revalu- ation reserve	Council interest	Non- controll- ing interest	Total equity
Opening balance at 1 July		839,973	480,906	1,320,879	241	1,321,120	686,780	468,617	1,155,397	241	1,155,638
Correction of prior period errors - corrected in prior year	G4-1	-	-	-	-	-	12,281	-	12,281	-	12,281
Correction of prior period errors - corrected in the current year	G4-1	-	-	-	-	-	50,488	-	50,488	-	50,488
Restated opening balance		839,973	480,906	1,320,879	241	1,321,120	749,549	468,617	1,218,166	241	1,218,407
Net operating result for the year		168,819	-	168,819	-	168,819	81,229	-	81,229	-	81,229
Correction of prior period errors - corrected in the current year	G4-1	-	-	-	-	-	9,190	-	9,190	-	9,190
Restated net operating result for the period		168,819	-	168,819	-	168,819	90,419	-	90,419	-	90,419
Other comprehensive income											
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	-	90,056	90,056	-	90,056	-	12,289	12,289	-	12,289
Other comprehensive income		-	90,056	90,056	-	90,056	-	12,289	12,289	-	12,289
Total comprehensive income		168,819	90,056	258,875	-	258,875	90,419	12,289	102,708	-	102,708
Distributions to/(contributions from) non-controlling interests		241	-	241	(241)	-	5	-	5	-	5
Closing balance at 30 June		1,009,033	570,962	1,579,995	-	1,579,995	839,973	480,906	1,320,879	241	1,321,120

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

Shellharbour City Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
68,814	Rates and annual charges		69,776	66,406
19,198	User charges and fees		18,038	20,415
1,604	Interest received		1,704	2,097
25,460	Grants and contributions		26,128	31,141
–	Bonds, deposits and retentions received		169	185
45,967	Other		56,335	68,887
<i>Payments:</i>				
(41,485)	Payments to employees		(40,933)	(37,688)
(20,352)	Payments for materials and services		(42,171)	(41,754)
(721)	Borrowing costs		(10,522)	(625)
(41,201)	Other		(28,112)	(42,834)
57,284	Net cash flows from operating activities	G1-1	50,412	66,230
Cash flows from investing activities				
<i>Receipts:</i>				
46,000	Sale of investments		20,333	59,764
–	Sale of real estate assets		–	3,470
–	Proceeds from sale of IPPE		542	696
<i>Payments:</i>				
(54,000)	Purchase of investments		(37,494)	(70,000)
–	Purchase of investment property		1,572	–
(55,646)	Payments for IPPE		(33,335)	(53,856)
–	Purchase of real estate assets		1,224	–
–	Purchase of intangible assets		(3)	(96)
(63,646)	Net cash flows from investing activities		(47,161)	(60,022)
Cash flows from financing activities				
<i>Receipts:</i>				
18,148	Proceeds from borrowings		7,060	7,767
<i>Payments:</i>				
(11,348)	Repayment of borrowings		(5,760)	(1,398)
(721)	Principal component of lease payments		(1,010)	(1,022)
–	Distributions to non-controlling interests		(241)	–
6,079	Net cash flows from financing activities		49	5,347
(283)	Net change in cash and cash equivalents		3,300	11,555
14,071	Cash and cash equivalents at beginning of year		24,630	13,075
13,788	Cash and cash equivalents at end of year	C1-1	27,930	24,630

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

Shellharbour City Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 02 March 2023. 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.

Adjustments have been made to the prior year comparatives due to a format change for the presentation of Council's Annual Financial Statements, in line with the changes made by the Office of Local Government in the Local Government Code of Accounting Practice and Financial Reporting.

These changes have seen a reclassification of fair value movements in investments previously categorised as "Interest and investment income" - fair value increments have been reallocated to "Other income", and fair value decrements have been reallocated to expenditure category of "Other expenses". This has impacted the Income Statement and Statement of Cashflows.

While the total values remain the same, the classification of income and expenses between these items has been changed. For this reason, the comparatives have also changed.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) fair values of investment properties
- (ii) fair values of financial investments - CivicRisk Mutual
- (iii) fair values of infrastructure, property, plant and equipment
- (iv) tip remediation provisions
- (v) employee benefit provisions

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables
- (ii) Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income for Not-for-Profit Entities*.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)*, 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 and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2021.

None of these standards are expected to have a significant impact on Council's future financial statements.

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective for the first time at 30 June 2022.

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

Coronavirus (COVID-19) impact

Coronavirus (COVID-19) has continued to have some impact on Council's operations during the 2022 year.

Council's original budget for 2022 which was adopted in June 2021, was based on a non-COVID-19 impacted business model.

These estimates had to be revised during the year with actual results below budget due to another lockdown period. This is highlighted in the Material Budget Variations note (B5-1).

Council provided a second wave of financial relief to its commercial tenants and some permanent occupants at the NRMA Shellharbour Beachside Holiday Park.

A1-1 Basis of preparation (continued)

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

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions or activities										
Environment	26,089	32,658	28,324	27,014	(2,235)	5,644	739	6,496	340,467	317,767
Community	9,591	9,757	20,743	22,464	(11,152)	(12,707)	924	755	405,797	368,827
Economy	187,772	119,677	48,176	58,757	139,596	60,920	147,249	67,020	732,441	557,479
Leadership	68,468	57,940	25,858	21,378	42,610	36,562	7,492	4,869	181,856	165,288
Total functions and activities	291,920	220,032	123,101	129,613	168,819	90,419	156,404	79,140	1,660,561	1,409,361

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 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 and the activation of the Shell Cove precinct 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.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	46,674	44,832
Farmland	250	246
Business	6,085	5,887
Less: pensioner rebates (mandatory)	(1,074)	(1,074)
Less: pensioner rebates (Council policy)	(105)	(113)
Rates levied to ratepayers	51,830	49,778
Pensioner rate subsidies received	595	588
Total ordinary rates	52,425	50,366
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	15,897	15,483
Stormwater management services	677	656
Waste management services (non-domestic)	391	369
Section 611 charges	41	40
Less: pensioner rebates (mandatory)	(361)	(369)
Annual charges levied	16,645	16,179
Pensioner subsidies received:		
– Domestic waste management	200	202
Total annual charges	16,845	16,381
Total rates and annual charges	69,270	66,747

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area 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 recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

\$ '000	Timing	2022	2021
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Waste management services (non-domestic)	2	6,339	6,208
Total specific user charges		6,339	6,208
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	1	288	297
Inspection services	2	124	113
Private works – section 67	1	5	8
Section 10.7 certificates (EP&A Act)	1	233	252
Section 603 certificates	1	155	184
Certificate registration	1	112	124
Development applications	1	1,345	1,351
Subdivision	1	359	380
Total fees and charges – statutory/regulatory		2,621	2,709
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	1	340	274
Caravan park	1	1,755	1,666
Cemeteries	1	335	289
Library	2	19	34
Recycling income (non-domestic)	1	117	188
Transport for NSW works (state roads not controlled by Council)	1	144	178
Swimming pools	2	418	454
Animal control	1	86	86
Golf course	2	3,819	4,833
Nursery	2	369	537
Shell cove maintenance	1	1	2
Shellharbour city stadium	2	207	334
Sportsfields	1	153	212
Other	1	612	805
Total fees and charges – other		8,375	9,892
Total other user charges and fees		10,996	12,601
Total user charges and fees		17,335	18,809
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		6,040	6,264
User charges and fees recognised at a point in time (2)		11,295	12,545
Total user charges and fees		17,335	18,809

Accounting policy

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.

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

B2-3 Other revenues

\$ '000	Timing	2022	2021
Fines	1	838	699
Commissions and agency fees	1	1,025	1,168
Sales of inventories	1	5,576	558
Rental income – Shell Cove	1	33	36
Gaming machines	2	597	806
Motor vehicle contributions	1	296	293
Other charges – rates and charges	1	178	139
Other	1	2,084	742
Sales of Inventories – Shell Cove	1	34,312	46,899
Other – Shell Cove	1	145	219
Total other revenue		45,084	51,559

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	44,487	50,753
Other revenue recognised at a point in time (2)	597	806
Total other revenue	45,084	51,559

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	2,294	2,059	–	–
Financial assistance – local roads component	2	496	477	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	3,523	2,203	–	–
Financial assistance – local roads component	2	765	512	–	–
Amount recognised as income during current year		7,078	5,251	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Community festivals	2	249	–	–	–
Community services	2	162	93	–	–
Emergency services levy	2	329	263	–	–
Employment / business schemes	2	270	24	–	–
Environmental	2	418	196	–	–
Library	2	260	246	–	–
Local Infrastructure Renewal Scheme (LIRS) subsidy	2	19	33	–	–
Street lighting	2	175	175	–	–
Stronger Country Communities Grant	1	–	–	104	256
Restart NSW	1	–	–	2,218	6,187
Other specific grants	2	1,298	112	1,871	588
Transport (roads to recovery)	2	894	950	–	–
Transport (other roads and bridges funding)	1	86	391	2,076	1,146
Previously contributions:					
Transport for NSW contributions (regional roads, block grant)	2	173	173	–	–
Other contributions	2	26	83	–	–
Employment / business schemes	2	12	6	–	–
NSW rural fire services	2	197	210	–	–
Sport and recreation	2	4	57	27	–
Total special purpose grants and non-developer contributions – cash		4,572	3,012	6,296	8,177
Non-cash contributions					
Drainage	2	–	–	12,908	17,276
Paving	2	–	–	5,395	2,937
Roads	2	–	–	6,075	5,334
Bulk earthworks (non-depreciable)	2	–	–	9,928	9,366
Other	2	–	(53)	22,239	5,161
Land Under Roads	2	–	–	4,182	11,578
Foreshore Infrastructure	2	–	–	70,009	–
Total other contributions – non-cash		–	(53)	130,736	51,652
Total special purpose grants and non-developer contributions (tied)		4,572	2,959	137,032	59,829
Total grants and non-developer contributions		11,650	8,210	137,032	59,829
Comprising:					
– Commonwealth funding		7,025	5,552	1,655	7,166

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
– State funding		3,342	2,503	4,614	1,011
– Other funding		1,283	155	130,763	51,652
		11,650	8,210	137,032	59,829

Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G5					
Cash contributions						
S 7.4 – contributions using planning agreements		2	–	–	736	16
S 7.11 – contributions towards amenities/services		2	524	621	–	–
Community facilities		2	–	–	2,927	3,473
Drainage		2	–	–	137	919
Open space		2	–	–	1,719	2,031
Roadworks		2	–	–	1,659	3,787
Traffic facilities		2	–	–	20	24
Total developer contributions – cash			524	621	7,198	10,250
Non-cash contributions						
Open space		2	–	–	–	230
Total developer contributions non-cash			–	–	–	230
Total developer contributions			524	621	7,198	10,480
Total contributions			524	621	7,198	10,480
Total grants and contributions			12,174	8,831	144,230	70,309
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			86	391	4,398	7,589
Grants and contributions recognised at a point in time (2)			12,088	8,440	139,832	62,720
Total grants and contributions			12,174	8,831	144,230	70,309

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants and contributions				
Unspent funds at 1 July	695	3,891	5,192	649
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,891	290	–	4,999
Add: Funds received and not recognised as revenue in the current year	–	–	2,650	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(421)	(3,486)	(2,062)	(456)
Unspent funds at 30 June	2,165	695	5,780	5,192
Contributions				
Unspent funds at 1 July	64,583	54,751	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	8,863	9,968	–	–
Add: contributions received and not recognised as revenue in the current year	–	–	–	–
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	(1,315)	–	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	(136)	–	–
Unspent contributions at 30 June	72,131	64,583	–	–

Accounting policy

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

B2-4 Grants and contributions (continued)

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

B2-5 Interest and investment revenue

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	75	95
– Cash and investments	1,656	1,788
– Cash and investments – Shell Cove	19	26
Total interest and investment income (losses)	1,750	1,909
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	75	95
General Council cash and investments - Shell Cove	19	(26)
General Council cash and investments	708	749
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	878	998
– Voluntary Planning Agreement	70	93
Total interest and investment income	1,750	1,909

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2022	2021
Fair value increment on investment properties			
Fair value increment on investment properties		1,135	700
Total fair value increment on investment properties	C1-8	1,135	700
Fair value increment on investments			
Fair value increment on investments through profit and loss		44	183
Total Fair value increment on investments		44	183
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		419	436
Total Investment properties		419	436
Other lease income			
Room/Facility Hire		479	549
Total other lease income		479	549
Total rental income	C2-2	898	985
Total other income		2,077	1,868

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	32,326	29,929
Employee leave entitlements (ELE)	4,642	4,199
Superannuation	3,701	3,445
Workers' compensation insurance	1,197	1,079
Fringe benefit tax (FBT)	277	202
Other	369	359
Total employee costs	42,512	39,213
Less: capitalised costs	(2,178)	(1,597)
Total employee costs expensed	40,334	37,616
Number of 'full-time equivalent' employees (FTE) at year end	398	400

Accounting policy

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 G1-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		4,384	4,664
Contractor and consultancy costs		17,646	16,577
Audit Fees	F2-1	153	126
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	387	281
Advertising		255	236
Computer maintenance		1,454	1,232
Electricity and gas		928	996
Insurance		952	715
Postage		159	151
Street lighting		1,142	1,140
Telephone and communications		301	275
Valuation fees		230	201
Cost of sales		1,586	2,012
Agency fees		258	254
Training costs (other than salaries and wages)		429	348
Other expenses		999	681
Financial investing advice		20	19
Investigation and promotion		55	79
Memberships, subscriptions and publications		458	410
Software		517	441
Water rates		307	274
Management Fee – Shell Cove		952	1,084
Sales Fee – Shell Cove		513	584
Administration Fee – Shell Cove		513	584
Other – Shell Cove		1,036	1,320
Legal expenses:			
– Legal expenses: planning and development		73	132
– Legal expenses: other		400	536
Expenses from short-term leases		332	34
Expenses from leases of low value assets		268	376
Total materials and services		36,707	35,762
Total materials and services		36,707	35,762

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2022	2021
(i) Interest bearing liability costs			
Interest on leases		73	60
Interest on loans		535	565
Total interest bearing liability costs		608	625
Total interest bearing liability costs expensed		608	625
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	C3-5	250	202
Total other borrowing costs		250	202
Total borrowing costs expensed		858	827

Accounting policy

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.

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

\$ '000	Notes	2022	2021 Restated
Depreciation and amortisation			
Plant and equipment		1,329	1,333
Office equipment		401	403
Furniture and fittings		256	239
Land improvements (depreciable)		313	315
Infrastructure:	C1-7		
– Buildings – non-specialised		3,254	2,754
– Buildings – specialised		2,488	2,282
– Other structures		110	117
– Roads		3,626	3,446
– Bridges		236	211
– Footpaths		895	793
– Stormwater drainage		2,751	2,522
– Swimming pools		230	214
– Other open space/recreational assets		1,763	1,454
– Foreshore infrastructure		748	–
– Other infrastructure		148	148
Right of use assets	C2-1	1,021	856
Other assets:			
– Library books		467	471
– Other		573	493
Reinstatement, rehabilitation and restoration assets:			
– Waste depot/Sandmine Asset	C3-5,C1-7	313	429
Intangible assets	C1-9	216	256
Total gross depreciation and amortisation costs		21,138	18,736
Total depreciation and amortisation costs		21,138	18,736
Total depreciation, amortisation and impairment for non-financial assets		21,138	18,736

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets and Note C1-9 for intangible assets.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2022	2021
Impairment of receivables			
Other		20	31
Total impairment of receivables	C1-4	20	31
Fair value decrement on investments			
Fair value decrement on investments (other)		48	76
Total Fair value decrement on investments	C1-2	48	76
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		1,155	1,350
– Government taxes		242	292
– Waste levy		6,623	5,715
Donations, contributions and assistance to other organisations		1,379	740
Write-down of inventories held for sale or distribution		2,891	176
Write-down of inventories held for sale or distribution - Shell Cove		10,802	26,604
Total other		23,092	34,877
Total other expenses		23,160	34,984

Accounting policy

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

B4 Gains or losses

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

\$ '000	Notes	2022	2021
Infrastructure, property, plant and equipment			
Proceeds from disposal – infrastructure	C1-7	542	696
Less: carrying amount of infrastructure assets sold/written off		(1,446)	(2,384)
Gain (or loss) on disposal		(904)	(1,688)
Gain (or loss) on disposal of investments			
Proceeds from redemptions/maturities – investments	C1-2	20,333	59,764
Less: carrying amount of investments redeemed/matured		(20,333)	(59,764)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(904)	(1,688)

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 29 June 2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
Revenues					
Rates and annual charges	69,240	69,270	30	0%	F
User charges and fees	19,296	17,335	(1,961)	(10)%	U
This unfavourable variance primarily relates to the provision of COVID financial relief provided by Council as well as a reduction in the use of Council Services during periods of lockdown.					
Other revenues	41,806	45,084	3,278	8%	F
Operating grants and contributions	5,501	12,174	6,673	121%	F
This variance can mainly be attributed to the 75% advance payment of the 2023 year Financial Assistance Grant.					
Capital grants and contributions	126,732	144,230	17,498	14%	F
The variance primarily relates to additional assets being dedicated to Council from new developments than what was anticipated.					
Interest and investment revenue	1,604	1,750	146	9%	F
Other income	-	2,077	2,077	∞	F
Expenses					
Employee benefits and on-costs	42,161	40,334	1,827	4%	F
Materials and services	21,255	36,707	(15,452)	(73)%	U
The original budget reflected the write down of inventories for Shell Cove within Materials and Services. The Actual result has been recorded in Other Expenses.					
Borrowing costs	1,083	858	225	21%	F
The variance relates primarily to two areas. The first one is loan interest expenses which were lower than anticipated due to the drawdown of one loan being later in the financial year than expected. The other is lower asset remediation borrowing costs associated with Council's Waste Disposal Depot.					
Depreciation, amortisation and impairment of non-financial assets	20,559	21,138	(579)	(3)%	U
Other expenses	38,296	23,160	15,136	40%	F
The original budget reflected the write down of inventories for Shell Cove within Materials and Services. The Actual result has been recorded in Other Expenses.					
Net losses from disposal of assets	400	904	(504)	(126)%	U
This variance relates to unbudgeted disposal of assets.					

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	1,758	1,474
Cash on hand and at bank – Shell Cove	–	416
Cash equivalent assets		
– Deposits at call	16,512	20,373
– Deposits at call – Shell Cove	9,660	2,367
Total cash and cash equivalents	27,930	24,630

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	27,930	24,630
Balance as per the Statement of Cash Flows	27,930	24,630

Accounting policy

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

C1-2 Financial investments

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Financial assets at fair value through the profit and loss				
NCD's, FRN's (with maturities > 3 months) ^{1,2}	–	3,002	–	8,889
Other long term financial assets	–	689	–	645
Total	–	3,691	–	9,534
Debt securities at amortised cost				
Government and semi-government bonds	–	17,500	–	9,500
Long term deposits	12,000	90,000	14,500	72,500
Total	12,000	107,500	14,500	82,000
Total financial investments	12,000	111,191	14,500	91,534
Total cash assets, cash equivalents and investments	39,930	111,191	39,130	91,534

(1) NCD - Negotiable Certificate of Deposit

(2) FRN - Floating Rate Note

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

Financial assets through profit or loss

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

Council's financial assets measured at fair value through profit or loss comprise investments in Floating Rate Notes (FRNs) and Civic Risk Mutual.

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

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

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	151,121	130,664
Less: Externally restricted cash, cash equivalents and investments	<u>(93,510)</u>	<u>(83,610)</u>
Cash, cash equivalents and investments not subject to external restrictions	57,611	47,054
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – general	2,570	3,913
Specific purpose unexpended grants – general fund	<u>5,670</u>	<u>5,082</u>
External restrictions – included in liabilities	8,240	8,995
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	71,869	64,366
Specific purpose unexpended grants (recognised as revenue) – general fund	2,275	805
Domestic waste management	10,690	9,227
Stormwater	47	–
Other contributions	<u>389</u>	<u>217</u>
External restrictions – other	85,270	74,615
Total external restrictions	93,510	83,610

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

\$ '000	2022	2021
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	57,611	47,054
Less: Internally restricted cash, cash equivalents and investments	<u>(26,962)</u>	<u>(18,717)</u>
Unrestricted and unallocated cash, cash equivalents and investments	30,649	28,337
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	4,828	4,442
Crown reserve	980	670
Road land acquisition / roadworks	2,827	2,389
Other (Waste Operations)	8,354	8,120
Other - Shell Cove	9,660	2,783
Other	<u>313</u>	<u>313</u>
Total internal allocations	26,962	18,717

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

\$ '000	2022	2021
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C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

\$ '000	2022	2021
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	30,649	28,337

C1-4 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Rates and annual charges	1,513	1,425	1,899	1,379
Interest and extra charges	176	165	230	167
User charges and fees	1,505	–	1,190	–
Accrued revenues				
– Interest on investments	674	–	572	–
– Commissions and agency fees	3,620	–	2,595	–
- Other income accruals	1,128	–	308	–
GST receivable	1,046	–	561	–
GST receivable – Shell Cove	–	–	2,236	–
Other debtors	177	–	233	–
Other receivables - Shell Cove	38	–	–	–
Total	9,877	1,590	9,824	1,546
Less: provision for impairment				
User charges and fees	(44)	–	(43)	–
Total provision for impairment – receivables	(44)	–	(43)	–
Total net receivables	9,833	1,590	9,781	1,546
Externally restricted receivables				
Domestic waste management	732	–	781	–
Stormwater management	60	–	37	–
Total external restrictions	792	–	818	–
Internally restricted receivables				
– Shell Cove	38	–	2,236	–
Internally restricted receivables	38	–	2,236	–
Unrestricted receivables	9,003	1,590	6,727	1,546
Total net receivables	9,833	1,590	9,781	1,546

Accounting policy

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.

C1-4 Receivables (continued)

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.

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Real estate for resale *	14,508	–	15,732	–
Stores and materials	427	–	524	–
Trading stock	491	–	589	–
Total inventories at cost	15,426	–	16,845	–
Total inventories	15,426	–	16,845	–

(*) Refer details below

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Total externally restricted assets	–	–	–	–
Total internally restricted assets	–	–	–	–
Total unrestricted assets	15,426	–	16,845	–
Total inventories	15,426	–	16,845	–

(i) Other disclosures

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(a) Details for real estate development				
Other properties	816	–	1,107	–
Residential – Shell Cove	13,692	–	14,625	–
Total real estate for resale	14,508	–	15,732	–

(Valued at the lower of cost and net realisable value)

Represented by:

Acquisition costs	816	–	1,107	–
Development costs – Shell Cove	13,284	–	14,217	–
Shell Cove project land	408	–	408	–
Total costs	14,508	–	15,732	–
Total real estate for resale	14,508	–	15,732	–

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

C1-6 Contract assets and Contract cost assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
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C1-6 Contract assets and Contract cost assets (continued)

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Contract assets	1,751	–	1,123	–
Total contract assets and contract cost assets	1,751	–	1,123	–

Contract assets

Stronger Country Communities Grants	–	–	147	–
Road Safety Program Grants	303	–	761	–
NSW Boating Now Grant	7	–	215	–
Community Sportsfield Upgrade Grants	81	–	–	–
Local Roads Community Infrastructure Grant	1,360	–	–	–
Total contract assets	1,751	–	1,123	–

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	31,715	–	31,715	14,652	14,349	–	–	(24,572)	(109)	–	36,035	–	36,035
Capital work in progress – Shell Cove	111,203	–	111,203	–	7,347	–	–	–	(108,015)	–	10,535	–	10,535
Plant and equipment	14,530	(7,408)	7,122	–	–	(2)	(1,329)	1,697	(236)	–	14,373	(7,121)	7,252
Office equipment	2,995	(1,284)	1,711	–	–	–	(401)	117	(184)	–	2,904	(1,661)	1,243
Furniture and fittings	5,419	(893)	4,526	–	–	(10)	(256)	95	–	–	5,394	(1,039)	4,355
Land:													
– Operational land	76,599	–	76,599	–	5,763	–	–	2,703	–	–	85,065	–	85,065
– Community land	144,101	–	144,101	–	1,458	–	–	–	–	3,858	149,417	–	149,417
– Land under roads (post 30/6/08)	60,707	–	60,707	–	4,182	–	–	237	–	1,726	66,852	–	66,852
Land improvements – depreciable	15,159	(4,997)	10,162	–	–	–	(313)	214	–	–	15,373	(5,310)	10,063
Infrastructure:													
– Buildings – non-specialised	108,896	(32,226)	76,670	–	–	(85)	(3,254)	6,861	1,744	19,162	129,203	(28,105)	101,098
– Buildings – specialised	90,113	(34,566)	55,547	–	–	(700)	(2,488)	679	142	4,920	89,636	(31,536)	58,100
– Other structures	3,660	(1,313)	2,347	–	–	–	(110)	284	(898)	159	3,286	(1,504)	1,782
– Roads	244,512	(49,886)	194,626	–	3,931	(388)	(3,626)	2,706	2,145	19,674	277,540	(58,472)	219,068
– Bridges	17,458	(3,254)	14,204	–	–	–	(236)	–	993	1,186	19,933	(3,786)	16,147
– Footpaths	65,356	(13,157)	52,199	–	2,577	(124)	(895)	2,498	2,808	5,271	79,632	(15,298)	64,334
– Bulk earthworks (non-depreciable)	54,335	–	54,335	–	108,015	–	–	–	9,928	–	172,278	–	172,278
– Stormwater drainage	325,880	(80,349)	245,531	–	4,842	(51)	(2,751)	798	8,066	28,529	377,860	(92,896)	284,964
– Swimming pools	8,607	(5,829)	2,778	–	–	–	(230)	19	–	1,564	10,869	(6,738)	4,131
– Other open space/recreational assets	42,829	(10,377)	32,452	–	1,938	(80)	(1,763)	1,251	7,574	2,838	57,013	(12,803)	44,210
– Foreshore infrastructure	–	–	–	–	–	–	(748)	1,182	74,850	373	76,984	(1,327)	75,657
– Other infrastructure	10,867	(1,334)	9,533	–	–	–	(148)	–	–	796	11,789	(1,608)	10,181
Other assets:													
– Library books	2,605	(1,195)	1,410	–	–	–	(467)	365	–	–	2,701	(1,393)	1,308
– Other	9,005	(1,906)	7,099	–	100	(7)	(573)	2,866	1,083	–	12,995	(2,427)	10,568
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Waste depot/sandmine asset	19,149	(5,034)	14,115	–	–	–	(313)	–	(4,729)	–	14,420	(5,347)	9,073
Total infrastructure, property, plant and equipment	1,465,700	(255,008)	1,210,692	14,652	154,502	(1,447)	(19,901)	–	(4,838)	90,056	1,722,087	(278,371)	1,443,716

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period							At 30 June 2021		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	20,622	–	20,622	15,485	14,632	–	–	(18,928)	(96)	–	31,715	–	31,715
Capital work in progress – Shell Cove	102,916	–	102,916	–	23,799	–	–	–	(15,512)	–	111,203	–	111,203
Plant and equipment	15,306	(8,542)	6,764	–	–	(224)	(1,333)	1,915	–	–	14,530	(7,408)	7,122
Office equipment	2,980	(894)	2,086	–	–	–	(403)	28	–	–	2,995	(1,284)	1,711
Furniture and fittings	5,014	(673)	4,341	–	–	–	(239)	424	–	–	5,419	(893)	4,526
Land:													
– Operational land	71,743	–	71,743	–	841	–	–	–	1,615	2,400	76,599	–	76,599
– Community land	135,511	–	135,511	–	230	(2)	–	–	(1,527)	9,889	144,101	–	144,101
– Land under roads (post 30/6/08)	49,129	–	49,129	–	11,578	–	–	–	–	–	60,707	–	60,707
Land improvements – depreciable	15,159	(4,682)	10,477	–	–	–	(315)	–	–	–	15,159	(4,997)	10,162
Infrastructure:													
– Buildings – non-specialised	105,922	(29,743)	76,179	–	–	(117)	(2,754)	3,362	–	–	108,896	(32,226)	76,670
– Buildings – specialised	88,306	(32,781)	55,525	–	–	(133)	(2,282)	2,437	–	–	90,113	(34,566)	55,547
– Other structures	3,531	(1,210)	2,321	–	–	(10)	(117)	153	–	–	3,660	(1,313)	2,347
– Roads	237,330	(46,769)	190,561	–	3,938	(854)	(3,446)	3,029	1,398	–	244,512	(49,886)	194,626
– Bridges	16,791	(3,182)	13,609	–	945	(139)	(211)	–	–	–	17,458	(3,254)	14,204
– Footpaths	61,167	(12,431)	48,736	–	2,013	(87)	(793)	1,405	925	–	65,356	(13,157)	52,199
– Bulk earthworks (non-depreciable)	29,457	–	29,457	–	15,512	–	–	–	9,366	–	54,335	–	54,335
– Stormwater drainage	309,197	(79,256)	229,941	–	14,300	(673)	(2,522)	1,507	2,978	–	325,880	(80,349)	245,531
– Swimming pools	8,317	(5,638)	2,679	–	–	(7)	(214)	320	–	–	8,607	(5,829)	2,778
– Other open space/recreational assets	35,907	(8,992)	26,915	–	2,477	(121)	(1,454)	3,790	845	–	42,829	(10,377)	32,452
– Foreshore infrastructure	–	–	–	–	–	–	–	–	–	–	–	–	–
– Other infrastructure	10,867	(1,186)	9,681	–	–	–	(148)	–	–	–	10,867	(1,334)	9,533
Other assets:													
– Library books	2,410	(944)	1,466	–	–	–	(471)	415	–	–	2,605	(1,195)	1,410
– Other	10,409	(2,945)	7,464	–	–	(15)	(493)	143	–	–	9,005	(1,906)	7,099
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Other remediation assets	24,950	(4,605)	20,345	–	–	–	(429)	–	(5,801)	–	19,149	(5,034)	14,115
Total infrastructure, property, plant and equipment	1,362,941	(244,473)	1,118,468	15,485	90,265	(2,382)	(17,624)	–	(5,809)	12,289	1,465,700	(255,008)	1,210,692

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

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

Accounting policy

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
Foreshore Infrastructure	10 to 140
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. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

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

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

Rural Fire Service assets

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

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 as it does not control these assets.

C1-8 Investment properties

\$ '000	2022	2021 Restated
Owned investment property		
Investment property on hand at fair value	32,445	32,882
Total owned investment property	32,445	32,882
Owned investment property		
At fair value		
Opening balance at 1 July	32,882	32,182
Net gain/(loss) from fair value adjustments	1,135	700
Other movements	(1,572)	–
Closing balance at 30 June	32,445	32,882

Accounting policy

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

C1-9 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
Intangible Assets		
Opening values at 1 July		
Gross book value	3,505	5,137
Accumulated amortisation	(470)	(1,942)
Net book value – opening balance	3,035	3,195
Movements for the year		
Other movements	(106)	–
Purchases	109	96
Amortisation charges	(216)	(256)
Gross book value written off	(316)	(1,729)
Accumulated amortisation charges written off	316	1,729
Closing values at 30 June		
Gross book value	3,182	3,505
Accumulated amortisation	(360)	(470)
Total intangible assets – net book value	2,822	3,035

Accounting policy

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

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

C2 Leasing activities

C2-1 Council as a lessee

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

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.

(a) Right of use assets

\$ '000	Plant & Equipment	Office Equipment	Total
2022			
Opening balance at 1 July	1,681	76	1,757
Additions to right-of-use assets	575	–	575
Depreciation charge	(956)	(65)	(1,021)
Other movement	41	13	54
Balance at 30 June	1,341	24	1,365
2021			
Opening balance at 1 July	1,315	195	1,510
Additions to right-of-use assets	1,228	–	1,228
Depreciation charge	(730)	(126)	(856)
Other movement	(132)	7	(125)
Balance at 30 June	1,681	76	1,757

(b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	814	570	862	904
Total lease liabilities	814	570	862	904

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2022					
Cash flows	814	570	–	1,384	1,384
2021					
Cash flows	862	904	–	1,766	1,766

(d) Income Statement

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

\$ '000	2022	2021
Interest on lease liabilities	73	60
Depreciation of right of use assets	1,021	856
Expenses relating to short-term leases	332	34
Expenses relating to low-value leases	536	376
	1,962	1,326

(e) Statement of Cash Flows

Total cash outflow for leases	1,351	1,447
	1,351	1,447

Accounting policy

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

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

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

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

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

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.

C2-1 Council as a lessee (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.

C2-2 Council as a lessor

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	2022	2021
(i) Assets held as investment property		
The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below		
Lease income (excluding variable lease payments not dependent on an index or rate)	419	436
Total income relating to operating leases for investment property assets	419	436
Operating lease expenses		
Direct operating expenses that generated rental income	21	24
Total expenses relating to operating leases	21	24
Repairs and maintenance: investment property		
(ii) Assets held as property, plant and equipment		
Lease income (excluding variable lease payments not dependent on an index or rate)	479	549
Total income relating to operating leases for Council assets	479	549
Other leased assets expenses		
Other	35	33
Total expenses relating to other leases assets	35	33
(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:		
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:		
< 1 year	690	552
1–2 years	510	306
2–3 years	449	261
3–4 years	317	218
4–5 years	249	119
> 5 years	5,704	3,489
Total undiscounted lease payments to be received	7,919	4,945

C2-2 Council as a lessor (continued)

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Payables				
Prepaid rates	2,090	–	1,924	–
Goods and services – operating expenditure	1,441	–	3,821	–
Accrued expenses:				
– Other expenditure accruals	7,004	–	5,907	–
– Other expenditure accruals – Shell Cove	–	–	88	–
Security bonds, deposits	2,235	–	2,066	–
GST payable	134	–	155	–
GST payable - Shell Cove	60	–	–	–
Claim & management fees – Shell Cove	7,594	–	11,327	–
Other – Retentions	297	–	294	–
Other	1,153	–	816	–
Total payables	22,008	–	26,398	–
Total payables	22,008	–	26,398	–

Payables relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Externally restricted assets				
Domestic waste management	989	–	460	–
Payables relating to externally restricted assets	989	–	460	–
Internally restricted assets				
Shell Cove	7,654	–	11,415	–
Payables relating to internally restricted assets	7,654	–	11,415	–
Total payables relating to restricted assets	8,643	–	11,875	–
Total payables relating to unrestricted assets	13,365	–	14,523	–
Total payables	22,008	–	26,398	–

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

\$ '000	2022	2021
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	2,172	1,549
Total payables	2,172	1,549

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	5,670	-	5,082	-
Unexpended specific purpose contributions		500	-	-	-
Total grants received in advance		6,170	-	5,082	-
User fees and charges received in advance:					
Airport landing fees		6	-	8	-
Planning proposals		-	-	-	-
Total user fees and charges received in advance		6	-	8	-
Other:					
Sale of asset proceeds		-	-	375	-
Total other		-	-	375	-
Total contract liabilities		6,176	-	5,465	-

Notes

(i) Council has received funding towards the construction of various assets. The funds received are under enforceable contracts which require Council to construct an identified asset which will be under Council's control on completion. 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.

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

\$ '000	2022	2021
User fees and charges received in advance:		
Airport landing fees	6	8
Planning proposals	-	-
Total revenue recognised that was included in the contract liability balance at the beginning of the period	6	8

Accounting policy

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

C3-3 Borrowings

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured ¹	1,304	24,436	1,591	17,740
Loans - secured Shell Cove	-	-	5,109	-
Total borrowings	1,304	24,436	6,700	17,740

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1 and E2-1.

C3-3 Borrowings (continued)

Borrowings relating to restricted assets

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Internally restricted assets				
Crown Reserve	40	240	100	340
Shell Cove	–	–	5,109	–
Borrowings relating to internally restricted assets	40	240	5,209	340
Total borrowings relating to restricted assets	40	240	5,209	340
Total borrowings relating to unrestricted assets	1,264	24,196	1,491	17,400
Total borrowings	1,304	24,436	6,700	17,740

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	24,440	1,300	–	–	–	–	25,740
Lease liability (Note C2-1b)	1,766	(382)	–	–	–	–	1,384
Total liabilities from financing activities	26,206	918	–	–	–	–	27,124

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	18,071	(1,398)	7,767	–	–	–	24,440
Lease liability (Note C2-1b)	1,685	81	–	–	–	–	1,766
Total liabilities from financing activities	19,756	(1,317)	7,767	–	–	–	26,206

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	1,000	1,000
Credit cards/purchase cards	300	300
Total financing arrangements	1,300	1,300
Undrawn facilities		
– 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

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

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

C3-4 Employee benefit provisions

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	2,843	–	2,888	–
Sick leave	3,159	–	3,369	–
Long service leave	5,584	554	5,794	593
Other leave	725	–	648	–
ELE on-costs	917	41	923	43
Total employee benefit provisions	13,228	595	13,622	636

Employee benefit provisions relating to restricted assets

Internally restricted assets

Employee Benefit Provisions	4,828	–	4,442	–
Employee benefit provisions relating to internally restricted assets	4,828	–	4,442	–
Total employee benefit provisions relating to restricted assets	4,828	–	4,442	–
Total employee benefit provisions relating to unrestricted assets	8,400	595	9,180	636
Total employee benefit provisions	13,228	595	13,622	636

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	7,712	7,587
	7,712	7,587

Description of and movements in provisions

Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

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

Other long-term employee benefit obligations

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

C3-4 Employee benefit provisions (continued)

On-costs

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

These amounts include superannuation, 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.

C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	11,435	–	15,914
Sub-total – asset remediation/restoration	–	11,435	–	15,914
Total provisions	–	11,435	–	15,914
Provisions relating to restricted assets				
Internally restricted assets				
Other (Waste Operations)	–	2,689	–	2,455
Provisions relating to internally restricted assets	–	2,689	–	2,455
Total provisions relating to restricted assets	–	2,689	–	2,455
Total provisions relating to unrestricted assets	–	8,746	–	13,459
Total provisions	–	11,435	–	15,914

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2022		
At beginning of year	15,914	15,914
Changes to provision:		
– Revised discount rate	(9,914)	(9,914)
– Revised costs	5,185	5,185
Unwinding of discount	250	250
Total other provisions at end of year	11,435	11,435
2021		
At beginning of year	21,513	21,513
Changes to provision:		
– Revised discount rate	(5,801)	(5,801)
Unwinding of discount	202	202
Total other provisions at end of year	15,914	15,914

C3-5 Provisions (continued)

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to restore, rehabilitate and reinstate the waste depot/sandmine site at Buckleys Road Dunmore.

Accounting policy

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

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

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

Asset remediation – tips and quarries

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 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.

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 infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

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.

D Council structure

D1 Interests in other entities

D1-1 Interests in joint arrangements

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

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
- its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.

D1-2 Unconsolidated structured entities

Council did not consolidate the following structured entities:

\$ '000	2022	2021
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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 Council's 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 2022 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	341	507
Liabilities in Council's Statement of Financial Position relating to the Structured Entity	60	97

D1-2 Unconsolidated structured entities (continued)

\$ '000	2022	2021
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	79	57

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including 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.

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 – interest rate and price risk

\$ '000	2022	2021
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.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,504	1,307
Impact of a 10% movement in price of investments		
– Equity / Income Statement	300	889

(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.

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

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

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 and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts		> 60 days overdue	Total
		0 - 30 days	31 - 60 days		
2022					
Gross carrying amount	9,846	379	19	36	10,280
Expected loss rate (%)	0.50%	1.50%	2.00%	7.06%	0.56%
2021					
Gross carrying amount	8,269	452	12	482	9,215
Expected loss rate (%)	0.50%	3.00%	4.50%	7.28%	0.98%

(c) Liquidity risk

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

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

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

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

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2022							
Trade/other payables – Shell Cove							
	0.00%	–	7,654	–	–	7,654	7,654
Loans - Shell Cove							
	0.00%	–	–	–	–	–	–
Payables							
	0.00%	2,235	12,119	–	–	14,354	14,354
Borrowings							
	2.12%	–	1,304	11,477	12,959	25,740	25,740

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
Total financial liabilities		2,235	21,077	11,477	12,959	47,748	47,748
2021							
Trade/other payables – Shell Cove	0.00%	–	11,415	–	–	11,415	11,415
Loans - Shell Cove	4.59%	5,109	–	–	–	5,109	5,109
Payables	0.00%	2,066	10,993	–	–	13,059	13,059
Borrowings	3.80%	–	1,591	4,433	13,307	19,331	19,331
Total financial liabilities		7,175	23,999	4,433	13,307	48,914	48,914

E2-1 Fair value measurement

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

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

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).

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021 Restated	2022	2021 Restated
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss		3,474	9,534	–	–	3,474	9,534
Total financial assets		3,474	9,534	–	–	3,474	9,534
Investment property							
Investment properties – land and buildings	C1-8	–	–	32,445	32,882	32,445	32,882
Total investment property		–	–	32,445	32,882	32,445	32,882
Infrastructure, property, plant and equipment							
Capital work in progress	C1-7	–	–	36,035	31,715	36,035	31,715
Capital work in progress - Shell Cove		–	–	10,535	111,203	10,535	111,203
Plant and equipment		–	–	7,252	7,122	7,252	7,122
Office equipment		–	–	1,243	1,711	1,243	1,711
Furniture and fittings		–	–	4,355	4,526	4,355	4,526
Operational land		–	–	85,065	76,599	85,065	76,599
Community land		–	–	149,417	144,101	149,417	144,101
Land under roads		–	–	66,852	60,707	66,852	60,707
Land improvements		–	–	10,063	10,162	10,063	10,162
Buildings – non-specialised		–	–	101,098	76,670	101,098	76,670
Buildings – specialised		–	–	58,100	55,547	58,100	55,547
Other structures		–	–	1,782	2,347	1,782	2,347
Roads		–	–	219,068	194,626	219,068	194,626
Bridges		–	–	16,147	14,204	16,147	14,204
Footpaths		–	–	64,334	52,199	64,334	52,199
Bulk Earthworks (non-depreciable)		–	–	172,278	54,335	172,278	54,335
Stormwater drainage		–	–	284,964	245,531	284,964	245,531
Swimming pools		–	–	4,131	2,778	4,131	2,778
Other open space/recreational assets		–	–	44,210	32,452	44,210	32,452
Foreshore infrastructure		–	–	75,657	–	75,657	–

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E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021 Restated	2022	2021 Restated
Other infrastructure		–	–	10,181	9,533	10,181	9,533
Library books		–	–	1,308	1,410	1,308	1,410
Other		–	–	10,568	7,099	10,568	7,099
Waste depot/sandmine asset		–	–	9,073	14,115	9,073	14,115
Total infrastructure, property, plant and equipment		–	–	1,443,716	1,210,692	1,443,716	1,210,692

Valuation techniques

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

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

Investment property

Land & Buildings

All of Council's investment properties are valued at fair value.

The 2022 revaluations were based on valuations 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 (IPPE)

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 2021 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 2021.

E2-1 Fair value measurement (continued)

Land Under Roads

Council has elected to recognise Land Under Roads where the road was acquired on or after 1 July 2008.

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 31 March 2022 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 30 June 2022 using publically available indicies to calculate the movement in fair value since the last revaluation date.

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 30 June 2022 using publically available indicies to calculate the movement in fair value since the last revaluation date.

Footpaths

Valuations were undertaken inhouse as at 30 June 2022 using publically available indicies to calculate the movement in fair value since the last revaluation date.

Bulk Earthworks

Bulk Earthworks are the major earthworks undertaken at the initial construction of the Shell Cove Marina. Bulk Earthworks are non-depreciable.

Bulk Earthworks are originally recorded at cost and subsequently recorded at fair value using the cost approach.

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 30 June 2022 using publically available indicies to calculate the movement in fair value since the last revaluation date.

E2-1 Fair value measurement (continued)

Swimming Pools

This asset class comprises the pool structure itself. The last valuation was undertaken at 31 March 2022 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.

Valuations were undertaken inhouse as at 30 June 2022 using publically available indicies to calculate the movement in fair value since the last revaluation date.

Foreshore Infrastructure

Valuations were undertaken inhouse as at 30 June 2022 using publically available indicies to calculate the movement in fair value since the last revaluation date.

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 30 June 2022 using publically available indicies to calculate the movement in fair value since the last revaluation date.

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, Jarryd Visser, MIEAust Chartered Professional Engineer in June 2022.

Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	Total IPPE	
	2022	2021
Opening balance	1,243,574	1,150,650
Total gains or losses for the period		
Recognised in profit or loss – realised	1,135	700
Recognised in other comprehensive income – revaluation surplus	90,056	12,289
Other movements		
Revaluation of remediation asset	(4,729)	(5,801)
Transfer from land stock	(1,572)	88
Purchases (GBV)	169,045	105,654
Disposals (WDV)	(1,447)	(2,382)
Depreciation and impairment	(19,901)	(17,624)
Closing balance	1,476,161	1,243,574

E2-1 Fair value measurement (continued)

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 7.5% of salaries for the year ending 30 June 2022 (increasing to 8.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 31 December 2021, and \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service 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.

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$340,834.85. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$153,036.96. Council's expected contribution to the plan for the next annual reporting period is \$284,941.68.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

Defined Benefit reserves only *	\$millions	Asset Coverage
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits	2,391.7	99.4%

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

The share of any funding surplus or deficit that can be attributed to Council is 0.77%

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

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

Investment return	5.5% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% 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.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2022

(ii) Other guarantees

Council has provided Bank Guarantees totalling \$396,328 as security over damages for work that may impact a third party.

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 Project's Management Agreement is terminated.

E3-1 Contingencies (continued)

The approved funding limit is \$35 million, based on the 2019 cashflow projections. The current projections have Project deficits to peak at \$8.1 million early in the middle of the 2023 financial year. The key risk for Council is the potential liability of \$35 million (in cash and/or land).

(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.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	2,195	1,499
Post-employment benefits	203	128
Other long-term benefits	217	149
Termination benefits	468	11
Total	3,083	1,787

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 2022, identified no related party transactions that would have otherwise be incurred by an ordinary citizen.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	58	60
Councillors' fees	180	146
Other Councillors' expenses (including Mayor)	149	75
Total	387	281

F1-3 Other related parties

Joint Venture

\$ '000	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
2022					
Shell Cove project administration fee 2021	1,025	3,620	Amounts provided under the management agreement	-	-
Shell Cove project administration fee	1,168	2,595	Amounts provided under the management agreement	-	-

F2 Other relationships

F2-1 Audit fees

\$ '000	2022	2021
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	106	74
Other Assurance Services	5	-
Remuneration for audit and other assurance services	111	74
Total Auditor-General remuneration	111	74
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Audit and review of financial statements - Shell Cove	42	42
Internal Audit Shell Cove	-	10
Remuneration for audit and other assurance services	42	52
Total remuneration of non NSW Auditor-General audit firms	42	52
Total audit fees	153	126

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021
Net operating result from Income Statement	168,819	90,419
Add / (less) non-cash items:		
Depreciation and amortisation	21,138	18,487
(Gain) / loss on disposal of assets	904	1,688
Non-cash capital grants and contributions	(130,736)	(51,882)
Losses/(gains) recognised on fair value re-measurements through the Income Statement:		
– Investments classified as ‘at fair value’ or ‘held for trading’	4	(107)
– Investment property	(1,135)	(700)
Unwinding of discount rates on reinstatement provisions	(9,664)	(5,599)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(97)	2,638
Increase / (decrease) in provision for impairment of receivables	1	(459)
(Increase) / decrease of inventories	195	(199)
(Increase) / decrease of other current assets	544	(777)
(Increase) / decrease of contract asset	(628)	(699)
Increase / (decrease) in payables	(2,380)	(2,611)
Increase / (decrease) in other accrued expenses payable	1,097	233
Increase / (decrease) in other liabilities	(3,111)	10,791
Increase / (decrease) in contract liabilities	711	4,935
Increase / (decrease) in employee benefit provision	(435)	72
Increase / (decrease) in other provisions	5,185	–
Net cash flows from operating activities	50,412	66,230

(b) Non-cash investing and financing activities

Developer contributions ‘in kind’	–	230
Drainage	12,908	17,276
Paving	5,395	2,937
Roads	6,075	5,334
Bulk earthworks (non-depreciable)	9,928	9,366
Other non-cash items	22,239	5,161
Land under roads	4,182	11,578
Foreshore Infrastructure	70,009	–
Total non-cash investing and financing activities	130,736	51,882

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	4,199	784
Other	3,590	4,115
Road infrastructure	1,605	15
Total commitments	9,394	4,914
These expenditures are payable as follows:		
Within the next year	9,394	4,914
Total payable	9,394	4,914

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Correction of errors

CORRECTION OF PRIOR PERIOD ERRORS - CORRECTED IN PRIOR YEAR

Infrastructure, Property, Plant and Equipment Assets

It has been identified that assets dedicated to Council in previous financial years were not capitalised. These errors have been adjusted against accumulated surplus to correct the error:

Stormwater drainage	\$7,230,259
Footpaths	\$1,742,100
Roads	\$1,457,594
Land under roads	\$1,702,111
Open space/recreational assets	\$ 6,696
Bridges	\$ 142,685

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2019) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

Changes to the opening Statement of Financial Position at 1 July 2019

Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Infrastructure, property, plant and equipment	945,963	12,285	958,248
Total assets	1,106,207	12,285	1,118,492
Net assets	1,041,045	12,285	1,053,330
Accumulated surplus	625,587	12,285	637,872

continued on next page ...

G4-1 Correction of errors (continued)

Council equity interest	1,040,804	12,285	1,053,089
Total equity	1,041,045	12,285	1,053,330

Adjustments to the comparative figures for the year ended 30 June 2020

Statement of Financial Position

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
Infrastructure, Property, Plant & Equipment	1,055,968	12,281	1,068,249
Total assets	1,231,845	12,281	1,244,126
Net assets	1,155,638	12,281	1,167,919
Accumulated Surplus	686,780	12,281	699,061
Council equity interest	1,155,397	12,281	1,167,678
Total equity	1,155,638	12,281	1,167,919

Income Statement

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
Grants and contributions provided for capital purposes	51,012	119	51,131
Total income from continuing operations	183,831	119	183,950
Depreciation and amortisation	17,769	123	17,892
Total expenses from continuing operations	113,485	123	113,608
Net operating result for the year	70,346	(4)	70,342

CORRECTION OF PRIOR PERIOD ERRORS - CORRECTED IN THE CURRENT YEAR

Matter A - Found Assets

During the current year, it has been identified that assets controlled by Council in previous financial years were not capitalised. These errors have been adjusted against accumulated surplus to correct the error:

Infrastructure, Property, Plant and Equipment Assets

Stormwater drainage	\$6,092,000
Footpaths	\$336,000
Roads	\$582,000
Open space / recreational assets	\$253,000
Buildings - specialised	\$204,000
Other	\$7,000

Investment Property

Investment property	\$4,081,000
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Matter B - Recognition of Shell Cove Assets

As part of the preparation of the 2022 Financial Reports, a review of the accounting treatment for the Shell Cove project led to a change in the recognition of assets transferred from Shell Cove to Council. This review resulted in the recognition of a Bulk Earthwork asset which should have been recognised in prior reporting periods.

This has resulted in the following adjustments:

- Bulk Earthworks have been recognised as a new asset class in 2022. The value of the bulk earthworks required to be recognised was calculated from 2018 - 2022 and resulted in an adjustment against accumulated surplus as at 1/7/2020

G4-1 Correction of errors (continued)

in respect of amounts relating to periods 2018 - 2020. Bulk earthworks relating to the period 2021, have been recognised as a capital contribution through the Income Statement.

- Council's 50% share of the assets transferred to Council have been recorded as a transfer out of Capital works in progress - Shell Cove and a corresponding transfer in to the respective asset class in note C1-7. The remaining 50% share of the assets is recognised as a non-cash Capital Contribution in the Income Statement. Previously these assets were derecognised through Shell Cove (via an equity withdrawal for the 50% share of the assets) and recognised as a non-cash Capital Contribution at a determined fair value amount representing 100% of the value through the Income Statement.

Matter C - Asset Remediation Provision Adjustment

In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, a provision shall be recognised when:

- Council has a present obligation as a result of a past event;
- it is probable there will be an outflow of resources; and
- that outflow can be reliably measured.

Council has a legal/public obligation to restore, rehabilitate and reinstate the Waste Depot site at Buckleys Road, Dunmore at the end of its useful life.

A review of the methodology used to calculate Council's asset remediation (Waste Depot) identified the provision was incorrectly including the costs to remediate waste cells which were not yet constructed. As the cells are yet to be constructed, there is no present obligation arising from a past event. It was also identified through this review that expected future cost increases were not taken into account in the calculation and that the discounting of future cost estimates for the time value of money was not applied correctly.

The resulting error relates to the provision raised as well as the corresponding remediation asset recognised to record the provision. The error also impacts the depreciation and borrowing costs recognised in prior years.

The provision was revised to only include cost estimates for completed waste cells which represent the present obligation to remediate the sites as well as to appropriately account for future cost increases and discounting. This has resulted in the restatement to the asset remediation provision (note C3-5) and remediation asset net carrying amount as detailed in the tables below.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

G4-1 Correction of errors (continued)

30-Jun-2021	(Previously stated)	Adjustments impacting opening balance as at 1/7/2020 (refer breakdown below) ¹	Matter A	Matter B	Matter C	(Restated)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income Statement (Extract)						
Grants and contributions provided for capital purposes	60,943	-	-	9,366		70,309
Depreciation and amortisation	18,408	-	90	-	238	18,736
Borrowing costs	979				(152)	827
Statement of Financial Position (Extract)						
Current assets						
Inventories	-	-	-	-		-
Non-current assets						
Infrastructure, property, plant & equipment	1,141,724	50,220	(90)	24,877	(6,039)	1,210,692
Investment property	28,801	4,081	-	-		32,882
Non-current liabilities						
Provisions	18,054	3,813			(5,953)	15,914
Equity						
Accumulated surplus	764,784	50,488	(90)	24,877	12,570	839,973
IPPE Revaluation reserve						
Non-controlling interest						

Adjustments impacting opening balance as at 1/7/2020	Matter A	Matter B	Matter C	Total adjustments impacting opening balance as at 1/7/2020
	\$'000	\$'000	\$'000	\$'000
Statement of Financial Position (Extract)				
Current assets				
Inventories	-	-		-
Non-current assets				
Infrastructure, property, plant & equipment	7,474	29,457	13,289	50,220
Investment Property	4,081	-		4,081
Non-current liabilities				
Provisions			3,813	3,813
Equity				
Accumulated surplus	11,555	29,457	9,476	50,488
IPPE Revaluation reserve				
Non-controlling interest				

G4-1 Correction of errors (continued)

Changes to the opening Statement of Financial Position at 1 July 2020

Statement of Financial Position

\$ '000	Original Balance 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
Infrastructure, property, plant and equipment	1,068,249	50,220	1,118,469
Investment property	28,101	4,081	32,182
Total assets	1,244,126	54,301	1,298,427
Provisions	17,700	3,813	21,513
Total liabilities	76,207	3,813	80,020
Net assets	1,167,919	50,488	1,218,407
Accumulated surplus	699,061	50,488	749,549
IPPE Revaluation reserve	468,617	–	468,617
Non-controlling interest	241	–	241
Total equity	1,167,919	50,488	1,218,407

Adjustments to the comparative figures for the year ended 30 June 2021

Statement of Financial Position

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Infrastructure, Property, Plant & Equipment	1,141,724	68,968	1,210,692
Investment Property	28,801	4,081	32,882
Total assets	1,336,312	73,049	1,409,361
Provisions	18,054	(2,140)	15,914
Total liabilities	90,381	(2,140)	88,241
Net assets	1,245,931	75,189	1,321,120
Accumulated Surplus	764,784	75,189	839,973
IPPE Revaluation Reserve	480,906	–	480,906
Non-controlling interest	241	–	241
Total equity	1,245,931	75,189	1,321,120

Income Statement

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Grants and contributions provided for capital purposes	60,943	9,366	70,309
Total income from continuing operations	210,590	9,366	219,956
Borrowing costs	979	(152)	827
Depreciation and amortisation	18,408	328	18,736
Total expenses from continuing operations	129,361	176	129,537
Net operating result for the year	81,229	9,190	90,419

G4-1 Correction of errors (continued)

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Net operating result for the year	81,229	9,190	90,419
Other comprehensive income	-	-	-
Total comprehensive income for the year	81,229	9,190	90,419

G5 Statement of developer contributions as at 30 June 2022

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	4,774	137	–	68	–	–	4,979	–
Roads	13,974	1,659	–	201	(671)	–	15,163	–
Traffic facilities	1,913	20	–	27	–	–	1,960	–
Open space	22,865	1,719	–	330	(136)	–	24,778	–
Community facilities	13,593	2,928	–	220	–	–	16,741	–
Other	2,256	524	–	32	(344)	–	2,468	–
S7.11 contributions – under a plan	59,375	6,987	–	878	(1,151)	–	66,089	–
Total S7.11 and S7.12 revenue under plans	59,375	6,987	–	878	(1,151)	–	66,089	–
S7.4 planning agreements	4,991	736	–	70	(17)	–	5,780	–
Total contributions	64,366	7,723	–	948	(1,168)	–	71,869	–

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.

G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 1								
Drainage	4,774	137	–	68	–	–	4,979	–
Roads	13,974	1,659	–	201	(671)	–	15,163	–
Traffic facilities	1,913	20	–	27	–	–	1,960	–
Open space	22,865	1,719	–	330	(136)	–	24,778	–
Community facilities	13,593	2,928	–	220	–	–	16,741	–
Other	2,256	524	–	32	(344)	–	2,468	–
Total	59,375	6,987	–	878	(1,151)	–	66,089	–

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

	Amounts	Indicator	Indicators			Benchmark
	2022	2022	Restated 2021	2020	2019	
\$ '000						
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	24,382	16.64%	14.12%	13.78%	19.25%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	146,511					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions ¹	134,337	46.21%	63.89%	66.66%	74.15%	> 60.00%
Total continuing operating revenue	290,741					
3. Unrestricted current ratio						
Current assets less all external restrictions	66,640	2.47x	1.75x	2.13x	1.86x	> 1.50x
Current liabilities less specific purpose liabilities	26,987					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	46,378	6.08x	12.50x	9.39x	6.23x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	7,628					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	3,279	4.49%	5.24%	4.87%	4.80%	< 10.00%
Rates and annual charges collectable	73,020					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	129,930	12.11 months	10.69 months	10.72 months	8.80 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	10,729					

(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

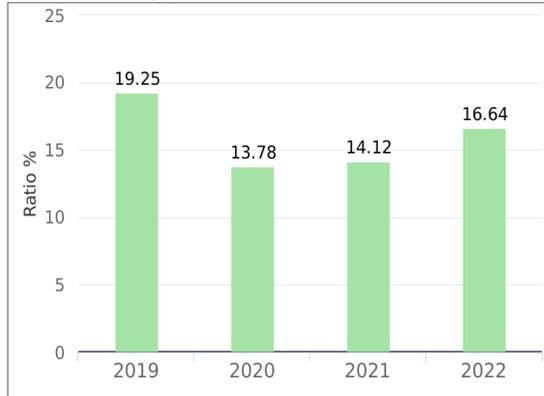
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 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 2021/22 result

2021/22 ratio 16.64%

Council remains well above the benchmark for this key ratio indicating that operational expenditures are not exceeding operating revenues.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2021/22 result

2021/22 ratio 46.21%

Due to an abnormally high amount of capital contributions received during the year relating to the Shell Cove Marina, Council has not achieved the benchmark for this ratio. If these contributions were excluded from the calculation, Council would have comfortably met the benchmark. It is forecast that Council will meet this ratio in 2022/2023 onwards.

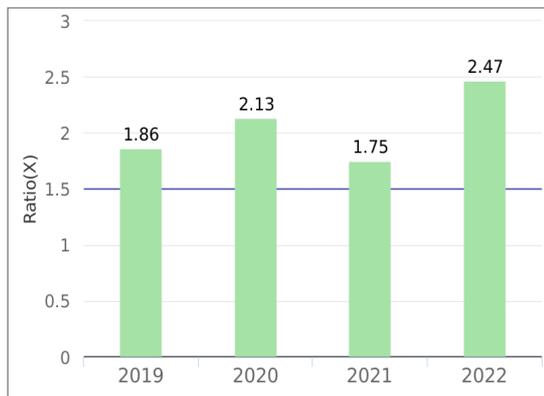
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2021/22 result

2021/22 ratio 2.47x

This ratio measures a Council's ability to meet obligations in the short term. Council continues to meet the benchmark of 1.5.

Benchmark: — > 1.50x

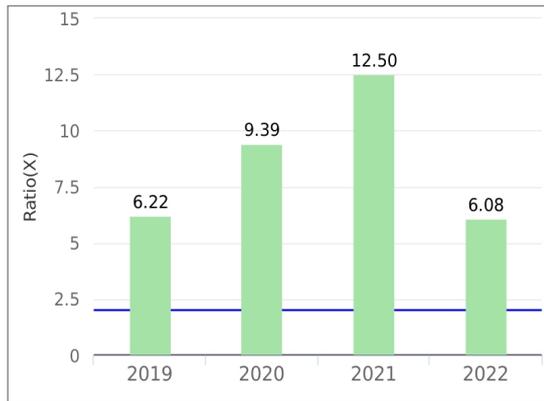
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

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 2021/22 result

2021/22 ratio 6.08x

Council's availability of operating cash to service debt remains well in excess of the benchmark.

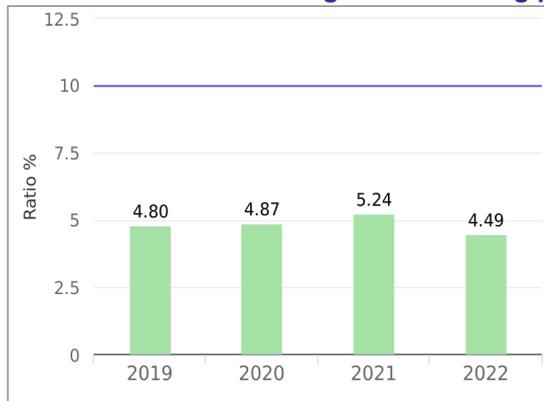
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2021/22 result

2021/22 ratio 4.49%

Council's recovery processes continue to be effective with the result for this ratio being below (favourable) both regional and rural benchmarks.

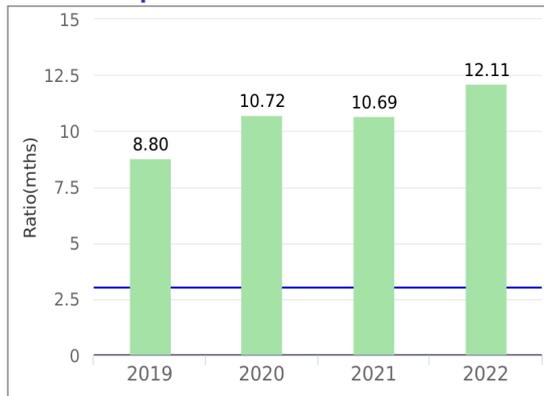
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2021/22 result

2021/22 ratio 12.11 months

Council's liquidity position remains strong with the result being five times above the benchmark.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 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

Chief Executive Officer

Mike Archer

Responsible Accounting Officer

Katie Buckman

Mayor

Chris Homer

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 2022, the Statement of Financial Position as at 30 June 2022, 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 2022, 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 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

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

A handwritten signature in black ink, appearing to read 'Lisa Berwick', with a horizontal line underneath the name.

Lisa Berwick
Delegate of the Auditor-General for New South Wales

2 March 2023
SYDNEY



Mr Michael Archer
Chief Executive Officer
Shellharbour City Council
Locked Bag 155
SHELLHARBOUR CITY CENTRE NSW 2529

Contact: Lisa Berwick
Phone no: 02 9275 7165
Our ref: D2302850/1784

2 March 2023

Dear Mr Archer

Report on the Conduct of the Audit for the year ended 30 June 2022 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 2022 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 2022 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.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

- **Found Assets** - it was identified that assets controlled by Council in previous financial years were not capitalised. These errors have been adjusted against accumulated surplus to correct the error. Retrospective correction of the error increased the prior year comparatives for IPPE by \$7.5 million and investment properties by \$4.1 million, as disclosed in note G4-1 to the financial statements. We recommend that management put in place appropriate processes to ensure that the asset register is complete and accurate. This could include an annual physical verification to ensure that assets exist and that all assets have been recorded.
- **Recognition of Shell Cove Assets** - as part of the preparation of the 2022 Financial Reports, a review of the accounting for the Shell Cove project led to a change in the recognition of assets transferred from Shell Cove to Council in the current and prior years. The error has been adjusted against accumulated surplus to correct the error. Retrospective correction of the error increased the prior year comparatives for IPPE by \$54.3 million, as disclosed in note G4-1 to the financial statements. We recommend management reassess their processes in relation to asset transfers from Shell Cove in light of the issues raised to ensure that assets are being transferred completely and accurately in future years.
- **Asset Remediation Provision Adjustment** - it was identified that the asset remediation provision did not include post closure costs in the estimation of the provision in the current year. In

addition, in prior years Council had included an element of the provision relating to inactive cells which did not represent a constructive obligation. The calculation of the provision also did not correctly reflect the impact of inflation and discounting. The error has been adjusted against accumulated surplus to correct the error. Retrospective correction of the error decreased the prior year comparatives for provisions by \$2.1 million, as disclosed in note G4-1 to the financial statements. We recommend that management put in place a process of regular review of the calculation to ensure it properly reflects all costs where there is a constructive obligation and the impacts of inflation and discounting are properly reflected.

INCOME STATEMENT

Operating result

	2022	2021*	Variance
	\$m	\$m	%
Rates and annual charges revenue	69.3	66.7	 3.9
Grants and contributions revenue	156.4	79.1	 97.7
Operating result from continuing operations	168.9	90.4	 86.8
Net operating result before capital grants and contributions	24.6	20.1	 22.4

Rates and annual charges revenue (\$69.3 million) increased by \$2.6 million (3.9 per cent) in 2021–22 due to:

- increased general rates revenue by 2.0 per cent in 2021-22
- increase in rateable properties by 1.5 percent (30,284 rateable properties in 2021-22 compared to 29,843 properties in 2020-21)

Grants and contributions revenue (\$156.4 million) increased by \$77.3 million (97.7 per cent) in 2021–22 due to:

- increase of \$1.8 million in the Financial Assistance Grant
- decrease of \$4.0 million in Restart NSW grants
- increase of \$79.1 million in non-cash developer contributions.

The Council's operating result from continuing operations (\$168.8 million including depreciation and amortisation expense of \$21.1 million) was \$78.4 million higher than the 2020–21 result.

The increase in income from continuing operations of \$71.9 million arose due to:

- \$2.6 million increase in rates and annual charges
- \$77.3 million increase in grants and contribution revenue
- \$6.5 million decrease in other revenue

- \$1.5 million decrease in user charges and fees
- \$50,000 increase in interest and investment income and other income.

The decrease in total expenses from continuing operations of \$6.5 million arose due to:

- \$2.7 million increase in employee benefits and oncosts
- \$945,000 increase in materials and services
- \$2.4 million increase in depreciation and amortisation
- \$31,000 decrease in borrowing costs
- \$11.8 million decrease in other expenses.

The net operating result before capital grants and contributions (\$24.6 million) was \$4.5 million higher than the 2020–21 result.

STATEMENT OF CASH FLOWS

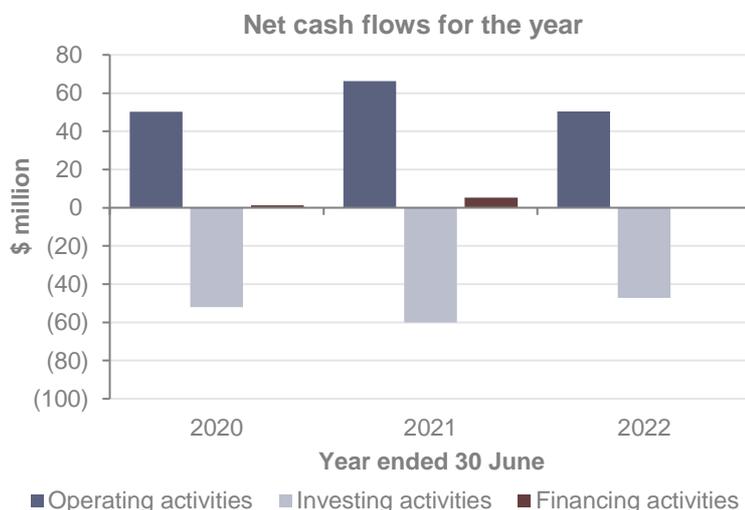
The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year.

The Council's cash increased by \$3.3 million at the close of the year.

Cash inflows from operating activities decreased by \$15.8 million from \$66.2 million in 2021-22 to \$50.4 million in 2021-22. This is due to a decrease in net cash inflow from grants and contributions of \$5 million, \$12.6 million increase in other cash inflows, \$1.2 million increase in cash outflows from expenses offset by increase in cash inflow from rates and annual charges of \$3.4 million.

Cash outflows from investing activities decreased by \$12.9 million from \$60.0 million in 2020-21 to \$47.1 million in 2021-22. This was due to decrease of net cash flows from investments of \$6.9 million and decrease in cash outflows from purchases of infrastructure, property, plant and equipment of \$20.5 million offset by decrease in cash inflow of \$3.6 million from sale of real estate assets and IPPE.

Cash inflows from financing activities decreased from \$5.3 million to \$0.1 million. This is primarily due to increase in repayments of borrowings of \$4.4 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	151.1	130.7	<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 \$9.9 million, mainly due to higher domestic waste management restrictions and developer contributions received. Balances are internally restricted due to Council policy or decisions for forward plans including works program. Internal restrictions have increased by \$8.3 million.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	93.5	83.6	
• Internal allocations	27.0	18.7	
• Unrestricted	30.6	28.4	

PERFORMANCE

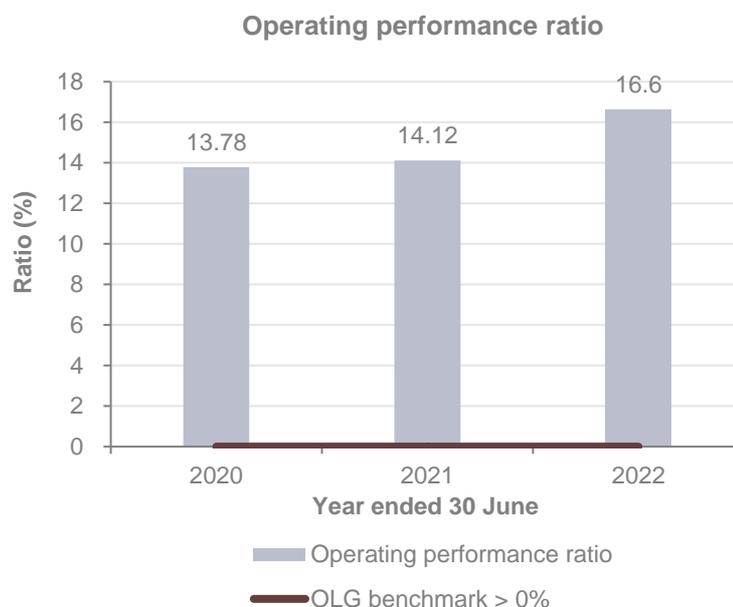
Performance measures

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 and Environment.

Operating performance ratio

The Council exceeded the OLG benchmark for the current reporting period.

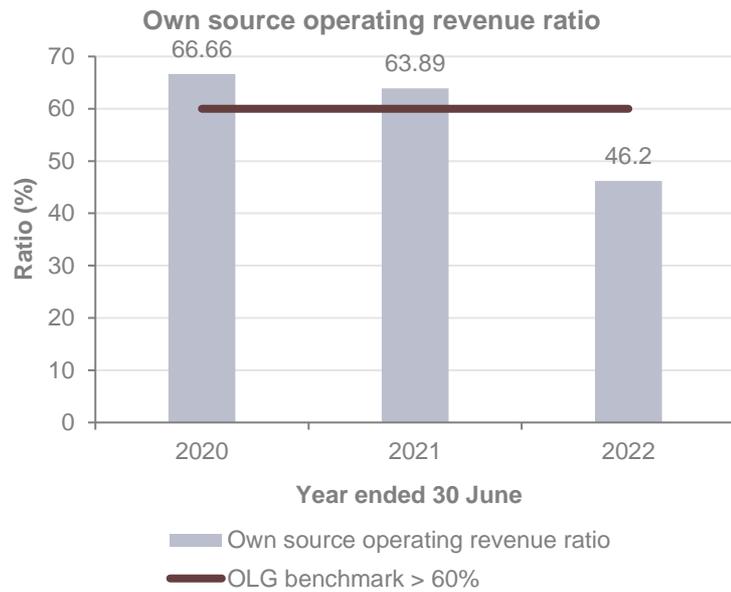
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

The Council did not meet the OLG benchmark for the current reporting period.

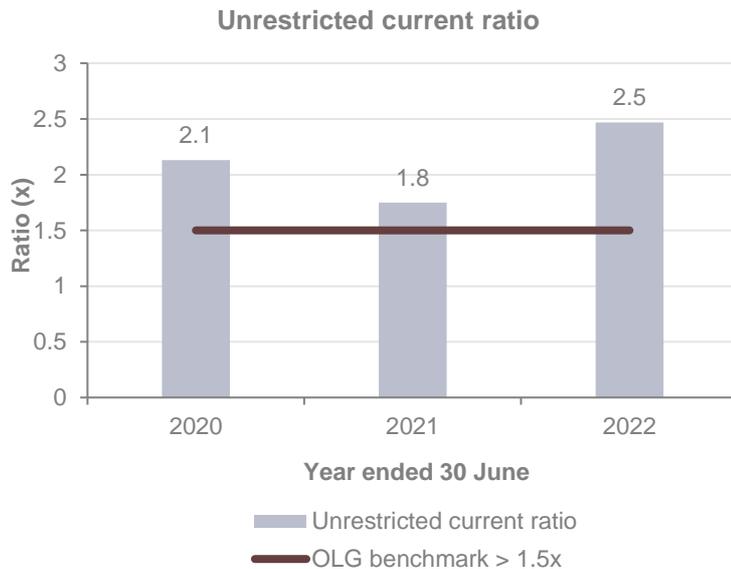
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Council exceeded the OLG benchmark for the current reporting period.

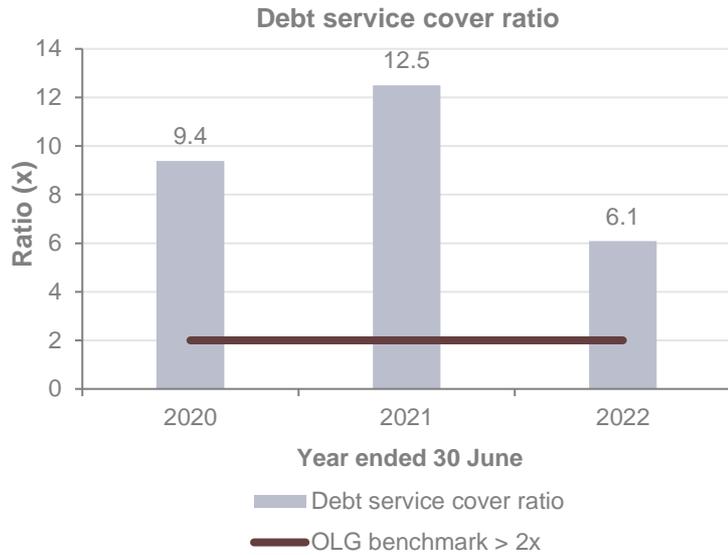
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council exceeded the OLG benchmark for the current reporting period.

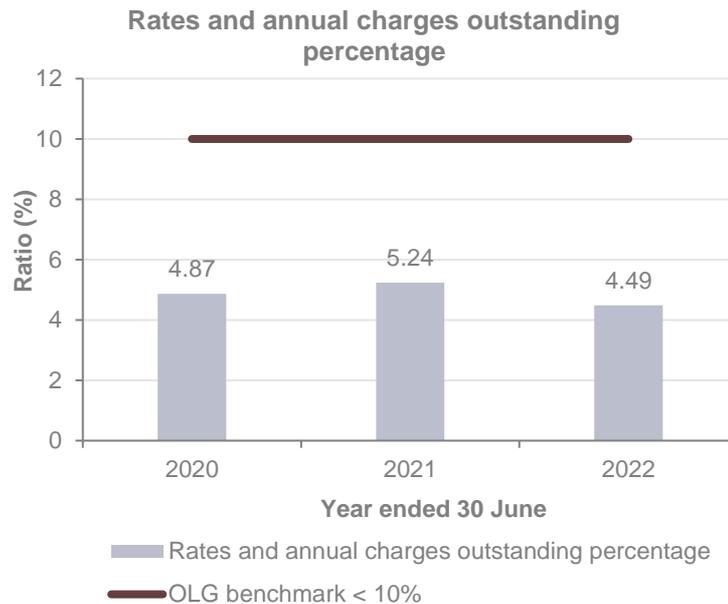
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

The Council exceeded the OLG benchmark for the current reporting period.

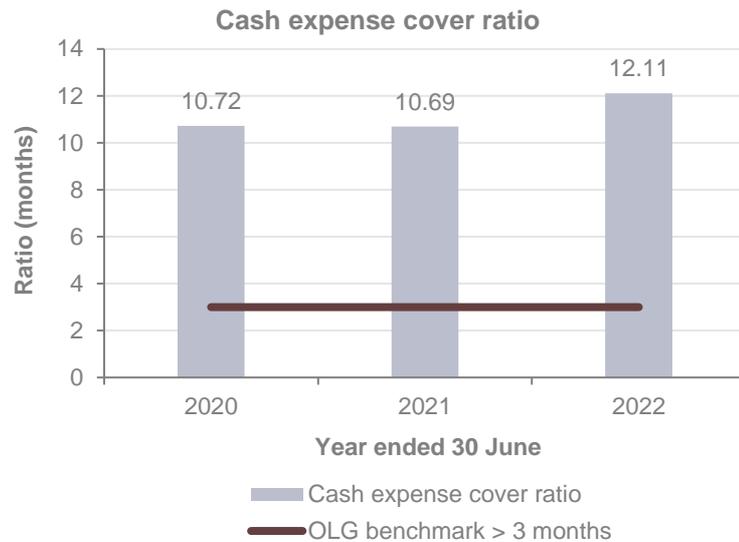
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

The Council exceeded the OLG benchmark for the current reporting period.

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.



Infrastructure, property, plant and equipment renewals

Infrastructure, property plant and equipment renewals in 2021-22 amounted to \$14.7 million in 2021-22 compared to \$15.5 million 2020-21.

OTHER MATTERS

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 that facilitated the preparation and the effective audit of the GPFS
- staff were able to provide all accounting records and information relevant to the audit.

Lisa Berwick
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Cr Chris Homer, Mayor

Ms Julie Walton, Chair of the Audit, Risk and Improvement Committee

Shellharbour City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022



Shellharbour City Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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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 2022

Statement by Councillors and Management

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:

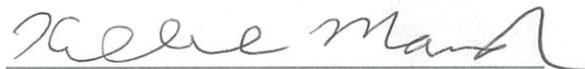
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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 28 February 2023.



Chris Homer
Mayor
28 February 2023



Kellie Marsh
Deputy Mayor
28 February 2023



Mike Archer
Chief Executive Officer
28 February 2023



Katie Buckman
Responsible Accounting Officer
28 February 2023

Shellharbour City Council

Income Statement of Nursery

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
Income from continuing operations		
User charges	344	536
Other income	1	1
Total income from continuing operations	345	537
Expenses from continuing operations		
Employee benefits and on-costs	177	224
Materials and services	180	344
Depreciation, amortisation and impairment	14	16
Calculated taxation equivalents	6	6
Total expenses from continuing operations	377	590
Surplus (deficit) from continuing operations before capital amounts	(32)	(53)
Surplus (deficit) from continuing operations after capital amounts	(32)	(53)
Surplus (deficit) from all operations before tax	(32)	(53)
Surplus (deficit) after tax	(32)	(53)
Plus accumulated surplus	–	17
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	6	6
Add:		
– Subsidy paid/contribution to operations	26	30
Closing accumulated surplus	–	–

Shellharbour City Council

Income Statement of The Links

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
Income from continuing operations		
User charges	3,820	4,833
Grants and contributions provided for operating purposes	4	5
Gain Sale of Assets	–	–
Other income	1,985	861
Total income from continuing operations	5,809	5,699
Expenses from continuing operations		
Employee benefits and on-costs	1,259	1,218
Borrowing costs	–	2
Materials and services	3,884	3,854
Depreciation, amortisation and impairment	723	671
Calculated taxation equivalents	69	68
Other expenses	150	208
Total expenses from continuing operations	6,085	6,021
Surplus (deficit) from continuing operations before capital amounts	(276)	(322)
Surplus (deficit) from continuing operations after capital amounts	(276)	(322)
Surplus (deficit) from all operations before tax	(276)	(322)
Surplus (deficit) after tax	(276)	(322)
Plus accumulated surplus	7,972	8,226
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	69	68
Closing accumulated surplus	7,765	7,972
Return on capital %	(1.1)%	(1.2)%

Shellharbour City Council

Income Statement – Shellharbour Beachside Holiday Park

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
Income from continuing operations		
User charges	1,774	1,666
Other income	20	19
Total income from continuing operations	1,794	1,685
Expenses from continuing operations		
Employee benefits and on-costs	25	17
Borrowing costs	19	20
Materials and services	795	796
Depreciation, amortisation and impairment	129	120
Calculated taxation equivalents	3	3
Other expenses	89	98
Total expenses from continuing operations	1,060	1,054
Surplus (deficit) from continuing operations before capital amounts	734	631
Surplus (deficit) from continuing operations after capital amounts	734	631
Surplus (deficit) from all operations before tax	734	631
Less: corporate taxation equivalent (25%) [based on result before capital]	(184)	(164)
Surplus (deficit) after tax	550	467
Plus accumulated surplus	11,553	10,919
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	3	3
– Corporate taxation equivalent	184	164
Closing accumulated surplus	12,290	11,553

Shellharbour City Council

Income Statement – Shellharbour Airport

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
Income from continuing operations		
User charges	339	274
Fair value adjustments – investment properties	879	533
Other income	456	413
Total income from continuing operations	1,674	1,220
Expenses from continuing operations		
Employee benefits and on-costs	480	388
Materials and services	314	332
Depreciation, amortisation and impairment	176	176
Calculated taxation equivalents	103	96
Total expenses from continuing operations	1,073	992
Surplus (deficit) from continuing operations before capital amounts	601	228
Grants and contributions provided for capital purposes	2,218	6,187
Surplus (deficit) from continuing operations after capital amounts	2,819	6,415
Surplus (deficit) from all operations before tax	2,819	6,415
Less: corporate taxation equivalent (25%) [based on result before capital]	(150)	(59)
Surplus (deficit) after tax	2,669	6,356
Plus accumulated surplus	31,578	25,067
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	103	96
– Corporate taxation equivalent	150	59
Closing accumulated surplus	34,500	31,578

Shellharbour City Council

Statement of Financial Position of Nursery

as at 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
ASSETS		
Current assets		
Receivables	3	–
Inventories	73	104
Total current assets	76	104
Non-current assets		
Infrastructure, property, plant and equipment	419	382
Total non-current assets	419	382
Total assets	495	486
LIABILITIES		
Current liabilities		
Overdraft *	253	229
Payables	2	8
Employee benefit provisions	19	29
Total current liabilities	274	266
Non-current liabilities		
Provisions	1	–
Total non-current liabilities	1	–
Total liabilities	275	266
Net assets	220	220
EQUITY		
Revaluation reserves	220	220
Total equity	220	220

(*) Cash & cash equivalents has been reclassified as an Overdraft

Shellharbour City Council

Statement of Financial Position of The Links

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
ASSETS		
Current assets		
Receivables	16	14
Inventories	414	392
Total current assets	430	406
Non-current assets		
Infrastructure, property, plant and equipment	25,864	27,042
Intangible assets	2,717	2,717
Total non-current assets	28,581	29,759
Total assets	29,011	30,165
LIABILITIES		
Current liabilities		
Overdraft *	12,296	12,252
Payables	184	405
Employee benefit provisions	363	370
Total current liabilities	12,843	13,027
Non-current liabilities		
Employee benefit provisions	11	9
Total non-current liabilities	11	9
Total liabilities	12,854	13,036
Net assets	16,157	17,129
EQUITY		
Accumulated surplus	7,765	7,972
Revaluation reserves	8,392	9,157
Total equity	16,157	17,129

(*) Cash & cash equivalents has been reclassified as an Overdraft

Shellharbour City Council

Statement of Financial Position – Shellharbour Beachside Holiday Park

as at 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	10,462	8,089
Total current assets	10,462	8,089
Non-current assets		
Infrastructure, property, plant and equipment	3,096	4,832
Total non-current assets	3,096	4,832
Total assets	13,558	12,921
LIABILITIES		
Current liabilities		
Payables	44	145
Total current liabilities	44	145
Total liabilities	44	145
Net assets	13,514	12,776
EQUITY		
Accumulated surplus	12,291	11,553
Revaluation reserves	1,223	1,223
Total equity	13,514	12,776

Shellharbour City Council

Statement of Financial Position – Shellharbour Airport

as at 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	6,197	9,458
Receivables	59	527
Total current assets	6,256	9,985
Non-current assets		
Infrastructure, property, plant and equipment	15,686	8,785
Investment property	18,069	17,190
Total non-current assets	33,755	25,975
Total assets	40,011	35,960
LIABILITIES		
Current liabilities		
Payables	13	52
Employee benefit provisions	14	22
Total current liabilities	27	74
Non-current liabilities		
Employee benefit provisions	–	5
Total non-current liabilities	–	5
Total liabilities	27	79
Net assets	39,984	35,881
EQUITY		
Accumulated surplus	34,500	31,578
Revaluation reserves	5,484	4,303
Total equity	39,984	35,881

Note – Significant Accounting Policies

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

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

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

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2005 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. 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

Taxation equivalent charges

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

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

Note – Significant Accounting Policies (continued)

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

Notional rate applied (%)

Corporate income tax rate – 25% (20/21 26%)

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (20/21 26%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is the equivalent company tax rate prevalent at reporting date.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

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 3.66% at 30/6/22.



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 2022, the Statement of Financial Position of each Declared Business Activity as at 30 June 2022 and the Significant accounting policies note.

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 2022, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

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

A handwritten signature in black ink, appearing to read 'Lisa Berwick', with a horizontal line underneath the name.

Lisa Berwick
Delegate of the Auditor-General for New South Wales

2 March 2023
SYDNEY

Shellharbour City Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Shellharbour City Council

Special Schedules

for the year ended 30 June 2022

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Shellharbour City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	50,795	53,253
Plus or minus adjustments ²	b	1,211	489
Notional general income	c = a + b	52,006	53,742
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.10%
Or plus rate peg amount	i = e x (c + g)	1,040	1,129
Sub-total	k = (c + g + h + i + j)	53,046	54,871
Plus (or minus) last year's carry forward total	l	557	349
Less valuation objections claimed in the previous year	m	(1)	-
Sub-total	n = (l + m)	556	349
Total permissible income	o = k + n	53,602	55,220
Less notional general income yield	p	53,253	55,197
Catch-up or (excess) result	q = o - p	349	23
Plus income lost due to valuation objections claimed ⁴	r	-	1
Carry forward to next year ⁶	t = q + r + s	349	24

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

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 2023.

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 2021–22 (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 2022 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2022'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

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

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

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

A handwritten signature in black ink, appearing to read 'Lisa Berwick', with a horizontal line underneath the name.

Lisa Berwick
Delegate of the Auditor-General for New South Wales

2 March 2023
SYDNEY

Shellharbour City Council

Unaudited report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000			1	2	3	4	5
Buildings	Buildings	1,707	3,414	2,548	3,028	159,198	218,839	42.9%	14.7%	40.8%	0.7%	0.8%
	Sub-total	1,707	3,414	2,548	3,028	159,198	218,839	42.9%	14.7%	40.8%	0.7%	0.8%
Other structures	Other structures	16	31	–	–	1,782	3,286	86.1%	7.1%	5.9%	0.9%	0.0%
	Sub-total	16	31	–	–	1,782	3,286	86.1%	7.1%	5.9%	0.9%	0.0%
Roads	Sealed roads	2,223	4,446	1,308	1,624	194,758	243,885	44.1%	43.3%	10.8%	1.7%	0.1%
	Unsealed roads	196	393	–	–	1,054	1,546	70.9%	0.0%	3.8%	25.4%	0.0%
	Bridges	297	595	–	–	16,147	19,933	69.7%	10.7%	16.7%	2.9%	0.1%
	Footpaths	980	1,960	1,225	1,053	64,334	79,632	37.5%	47.8%	12.2%	2.4%	0.1%
	Other road assets	434	867	2,039	1,724	23,256	28,420	64.7%	17.3%	14.9%	3.1%	0.0%
	Bulk earthworks	–	–	–	–	172,278	172,278	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	4,130	8,261	4,572	4,401	471,827	545,694	62.9%	27.6%	8.0%	1.5%	0.1%
Stormwater drainage	Stormwater drainage	3,650	7,300	842	774	284,964	377,860	42.9%	30.2%	24.9%	1.6%	0.4%
	Sub-total	3,650	7,300	842	774	284,964	377,860	42.9%	30.2%	24.9%	1.6%	0.4%
Open space / recreational assets	Swimming pools	–	–	1,589	1,556	4,131	10,869	4.4%	48.6%	47.1%	0.0%	0.0%
	Other open space / recreational assets	907	1,815	6,265	6,578	44,210	57,013	68.8%	14.6%	13.3%	2.8%	0.4%
	Sub-total	907	1,815	7,854	8,134	48,341	67,882	58.5%	20.0%	18.7%	2.4%	0.4%
Foreshore infrastructure	Foreshore infrastructure	94	189	915	967	75,657	76,984	99.7%	0.1%	0.0%	0.2%	0.0%
	Sub-total	94	189	915	967	75,657	76,984	99.7%	0.1%	0.0%	0.2%	0.0%
Other infrastructure assets	Other	–	–	–	–	10,181	11,789	72.4%	24.1%	3.5%	0.0%	0.0%
	Sub-total	–	–	–	–	10,181	11,789	72.4%	24.1%	3.5%	0.0%	0.0%
Total – all assets		10,504	21,010	16,731	17,304	1,051,950	1,302,334	55.8%	24.1%	18.5%	1.3%	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

Shellharbour City Council

Unaudited report on infrastructure assets as at 30 June 2022 (continued)

3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Shellharbour City Council

Unaudited report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

	Amounts	Indicator	Indicators			Benchmark
	2022	2022	Restated 2021	2020	2019	
\$ '000	2022	2022				
Buildings and infrastructure renewals ratio						
Asset renewals ²	14,652					
Depreciation, amortisation and impairment	16,249	90.17%	99.37%	160.71%	109.09%	>= 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	10,504					
Net carrying amount of infrastructure assets	1,087,985	0.97%	1.16%	1.50%	1.93%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	17,304					
Required asset maintenance	16,731	103.42%	104.43%	103.69%	105.28%	> 100.00%
Cost to bring assets to agreed service level #						
Estimated cost to bring assets to an agreed service level set by Council	21,010	1.61%	1.97%	2.34%	2.78%	
Gross replacement cost	1,302,334					

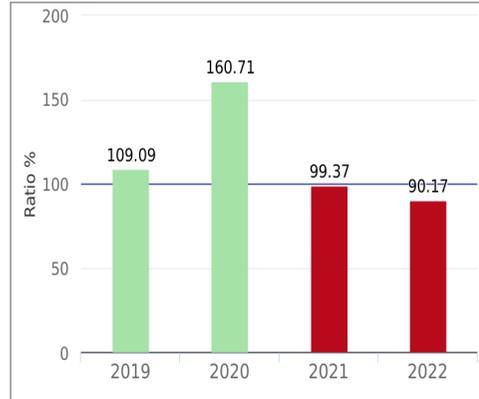
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Shellharbour City Council

Unaudited report on infrastructure assets as at 30 June 2022

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	
21/22 ratio	90.17%
Council's delivery of its capital works in 2021/22 was significantly impacted due to wet weather resulting in this ratio dropping below the benchmark. Council's ability to meet this benchmark on an annual basis will fluctuate from year to year, however Council is still expecting to meet this benchmark when averaged over a longer time frame.	

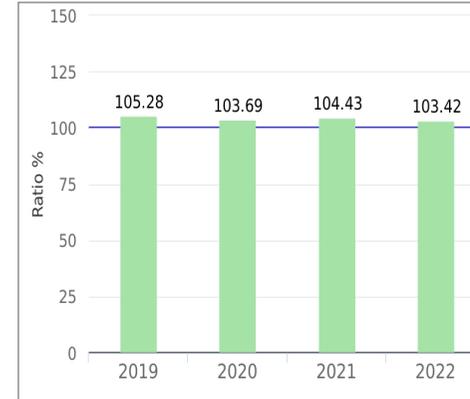
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
21/22 ratio	103.42%
Council's asset maintenance funding allocations continue to be above the required levels resulting in the benchmark being met.	

Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
21/22 ratio	0.97%
Council's focus on asset renewal expenditure continues to assist in the reduction of the infrastructure backlog percentage.	

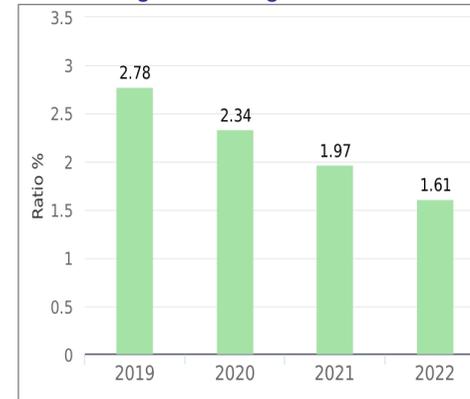
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result	
21/22 ratio	1.61%
This ratio continues to improve with the estimated cost to bring infrastructure assets to an agreed service level as set by Council decreases.	