

# ANNUAL REPORT

2017 - 2018







# Acknowledgment

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



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# About this report

This annual report provides an overview of Shellharbour City Council's operational and financial performance during the period 1 July 2017 to 30 June 2018. In particular, this report focuses on Council's work and achievements in implementing the strategies detailed in our four year Delivery Program 2013-2018. These strategies and actions are developed by Council in response to the expectations of the community (resulting from extensive community engagement) expressed as objectives in our ten year Community Strategic Plan (CSP) 2013-2023. 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.

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/Future-Planning/Integrated-Planning-Reporting](http://www.shellharbour.nsw.gov.au/Council/Future-Planning/Integrated-Planning-Reporting)





# Mayor's message

Shellharbour City Council made significant investments in infrastructure and programs for our community and continued to strengthen its financial position. As a result, we have much to be proud of this 2017/18 financial year.

Council completed its resubmission for the NSW Government 'fit for the future' assessment this financial year. Staff worked hard to exceed all of the required financial benchmarks of the assessment, which were designed to strengthen the system of local government ensure that Councils are able to deliver quality services and infrastructure to their communities.

I was most pleased with the confirmation that our city was recognised as a regional Local Government Area by the NSW State Government. This classification is of significant importance as it opens the door to millions of dollars' worth of funding. Council will be guided by our Community Strategic Plan on how best to use these funds.

Another highlight was Council's adoption of the Shellharbour City's Community Strategic Plan 2018 - 2028. This document reflects the aspirations of our community and directs and guides the decisions of Council. It clearly details the objectives, strategies and actions that will enable us to make our city an even better place to live, work and play.

A major milestone was the opening of the new Shellharbour Civic Centre in January 2018. Our community has now warmly embraced this important new building which will serve our city now and into the future.

2017/18 saw the opening of the Dunmore Waste and Recycling Centre's new Transfer Station and Food Organics and Garden Organics (FOGO) facility. I encourage residents to make full use of these facilities to help reduce waste to landfill.

Work on the Shellharbour Marina and Shell Cove Town Centre continued its rapid progression. Thousands of residents took the unique opportunity to literally walk on the bottom of the harbour at a special community event before it is filled by water next year.

Planned terminal upgrades and the return of regular passenger transport to Illawarra Regional Airport means the facility is set to be a major economic driver for Shellharbour's tourism and employment sectors.

Our community and cultural life continues to flourish, with Council embarking on a renewal program for the city's branch libraries. The program includes construction of the new Warilla Library.

Council made significant investments in children's playgrounds this year, including Little Park in Shellharbour Village and the creation of a new playground at Keith Barnes Park, Albion Park.

I look forward to collaborating with the community to continue our journey as a vibrant, safe and dynamic city and to leading a Council that is responsive to the needs of its Customers and Community.

**Marianne Saliba**  
Mayor, Shellharbour City



# General Manager's message

It is with great pride that I present Shellharbour City Council's 2017/18 Annual Report. This report highlights our achievements and continued progress in making our city an even more vibrant and enjoyable place to live, work and play.

Council completed its resubmission for the NSW Government 'fit for the future' assessment this financial year. Staff worked hard to exceed all of the required financial benchmarks of the assessment, which were designed to strengthen the system of local government and ensure that Councils are able to deliver quality services and infrastructure to their communities.

Council achieved a net operating result and came in under the forecast original budget set for the 2017/18 year. A surplus of operational funds was achieved which can be used to provide services to the community in line with Council's ten year long-term financial plan and beyond. This is an excellent outcome for our community.

Council's key economic development project, Shell Cove, continues to move forward and the next two years will see the completion of the harbour construction and arrival of the first boats into Shellharbour Marina. On the land, The Waterfront Shell Cove sees the town centre continuing to grow with the opening of shops, restaurants, public boardwalks and promenades. Another key economic project is the Illawarra Regional Airport, which continues to be a focus of expanded opportunities including regular commercial flights.

Major projects delivered by Council in 2017/18 included the completion and official opening of Shellharbour Civic Centre, redevelopment of Little Park in Shellharbour Village, the new Shellharbour Skate Park, the Food Organics and Garden Organics (FOGO) facility, and state of the art Transfer Station at Dunmore Recycling and Waste Disposal Depot. Council also had strong outcomes in the management of high-use areas in the summer peak season.

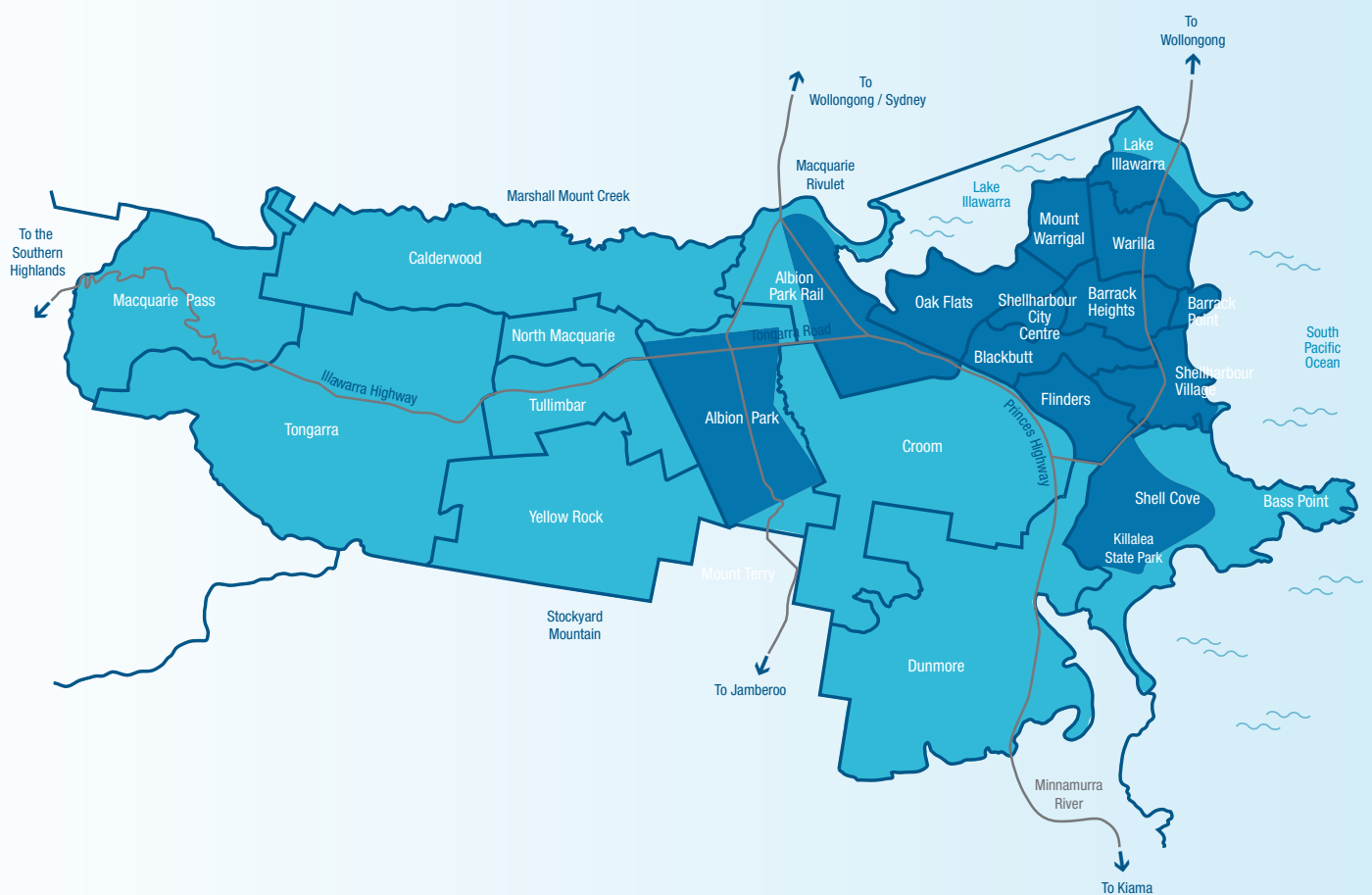
Council also continued its collaboration with the Roads and Maritimes Services (RMS) on the Albion Park Rail Bypass Project (M1 Extension). This will proceed on a needs basis during the delivery stage of the project and will include working with RMS on the Albion Park Movement and Place Plan. Upcoming projects include construction of the new Warilla Library and launch of Council's new Customer Service Charter, Youth Plan and Events Strategy.

It has been a busy and productive year at Council, with the community and our customers the beneficiaries. Council remains committed to improving the delivery of service and infrastructure to stakeholders. The direction the organisation is taking now is aimed at achieving positive benefits in all areas of endeavour.

**Carey McIntyre**  
General Manager  
Shellharbour City Council



# Who we are Our Local Government Area



# Who we are Our place, Our people

## ESTIMATED 2017 RESIDENT POPULATION

# 70,994



**90%** of residents are Australian citizens (NSW 82.7%)

**3.8%** of residents are Indigenous Australians (NSW 2.9%)



**16.6%** of residents were born overseas (NSW 27.6%)

### AGE GROUPS





		Shellharbour	NSW
(0 to 11)	Babies, pre-school, Primary schoolers	<b>15.8%</b>	15.0%
(12 to 24)	Secondary schoolers, Tertiary education and independence	<b>17.1%</b>	16.0%
(25 to 59)	Young workforce Parents and homebuilders Older workers and pre-retirees	<b>44.5%</b>	47.0%
(60 to 85+)	Empty nesters and retirees Seniors Elderly aged	<b>22.5%</b>	21.9%



Homes with internet connection

**77.5%**  
NSW 73.1%

### FAMILY STRUCTURE

				
	Couples with children	Couples without children	One parent families	Lone person household
Shellharbour	<b>34.1%</b>	<b>25.2%</b>	<b>13.9%</b>	<b>19.6%</b>
NSW	25.4%	27.0%	11.0%	25.5%



Need for assistance with core activities

**6.7%**  
NSW 6.3%

### HIGHEST LEVEL OF SCHOOLING

		Year 10	Year 12	TAFE	University
	Shellharbour	<b>34.1%</b>	<b>34.7%</b>	<b>2.1%</b>	<b>2.8%</b>
	NSW	21.6%	52.1%	1.9%	3.1%

Persons aged 15+ who volunteer

**14.7%**  
NSW 20.8%

### EMPLOYMENT

		Full time employment	Part time employment	Unemployed
Shellharbour		<b>55.5%</b>	<b>36.1%</b>	<b>6.9%</b>
NSW		55.2%	36.3%	6.6%



Source ABS: 2016





**9.1%**

were from non-English speaking backgrounds  
(NSW 21%)

**1.2%**

Largest non-English speaking country of birth  
in Shellharbour City was Former Yugoslav  
Republic of Macedonia

## METHOD OF TRAVEL TO WORK



Car  
as driver  
**73.5%**  
57.8%



Car  
as passenger  
**4.9%**  
4.3%



Worked  
at home  
**2.8%**  
4.8%



Train  
**2.1%**  
11.2%

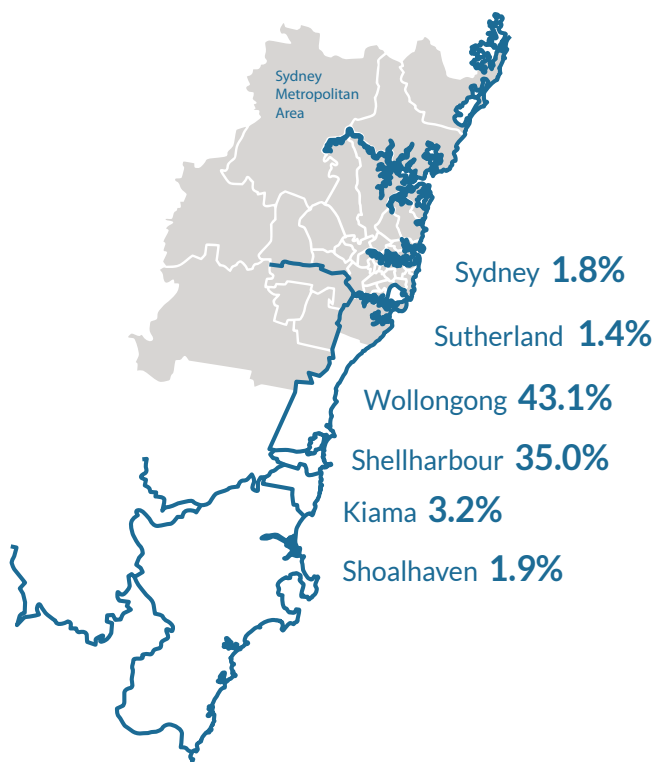


Walked  
**1.3%**  
3.9%







Bus  
**0.9%**  
4.4%

## WHERE OUR RESIDENTS WORK BY LGA



## TOP 5 INDUSTRY SECTORS FOR LOCAL JOBS

	Jobs	%
 Retail Trade		
Shellharbour	3,285	17.75%
NSW	341,355	10.17%
 Health Care & Social Assistance		
Shellharbour	3,123	16.87%
NSW	440,790	13.13%
 Education & Training		
Shellharbour	2,262	12.22%
NSW	294,165	8.76%
 Construction		
Shellharbour	2,234	12.07%
NSW	294,461	8.77%
 Accommodation & Food Services		
Shellharbour	1,743	9.42%
NSW	250,605	7.46%

Source ABS: 2016

# Who we are Our Council

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

Councillors were last elected in September 2017. Cr Marianne Saliba was re-elected as Mayor and Cr Kellie Marsh was elected as Deputy Mayor at Council's meeting of 26 September 2017.



Cr Marianne Saliba  
Mayor



Cr John Murray  
Deputy Mayor (June - Sept 2017)



Cr Kellie Marsh  
Deputy Mayor (Sept 2017 - June 2018)



Cr Moira Hamilton



Cr Nathan Cattell



Cr Peter Moran

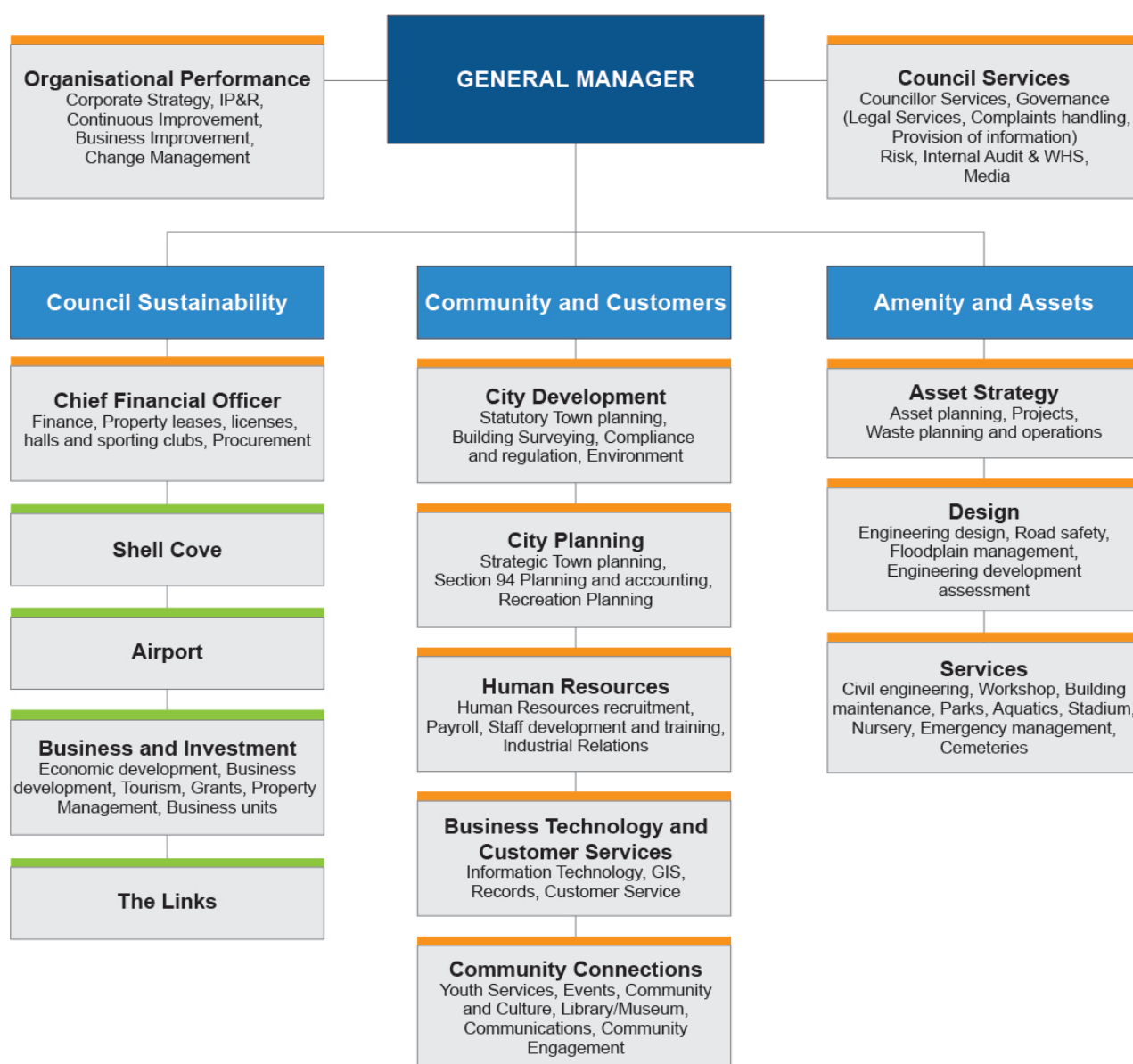


Cr Rob Petreski



# Who we are

## Our Organisation



DIRECTOR



MANAGER



GROUP MANAGER

# Year in review

## Key Financial Results

Total Expenditure	2017/18 <b>\$ 158.577 m</b> 2016/17   \$163.521 m    2015/16   \$111.210 m
Total Capital Spend	2017/18 <b>\$38.760 m</b> 2016/17   \$59.903 m    2015/16   \$26.954 m
Net Operating Result	2017/18 <b>\$42.228 m</b> 2016/17   \$43.585 m    2015/16   \$23.447 m

### Income breakdown \$'000

	Rates & annual charges	User fees & charges	Interest & investment revenues	Other revenues	Operating grants & contributions	Capital grants & contributions	Net gains from disposal of assets
2017/18	\$57,372	\$17,378	\$2,771	\$44,426	\$9,136	\$27,181	0

### Expenses breakdown in focus areas \$'000

	Community	Environment	Economy	Leadership
2017/18	\$26,713	\$18,159	\$54,114	\$20,831

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 CSP **objectives** and DP **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 2017-2018 Operational Plan 157 actions were tracked and reported on a quarterly basis in Council's Quarter Review of the Operation Plan. All four reports are available on Council's website.

Following is a progress summary of the 157 actions as at 30 June 2018. **On track** indicates actions that were completed, or were on schedule to be completed by end of the financial year. **Off track** indicates actions that experienced delays due to various factors described in the aforementioned reports.

### % Actions on track

2016/17 - 81%

2015/16 - 81%

2017/18

86%

### No. of actions on track

2016/17 - 143

2015/16 - 143

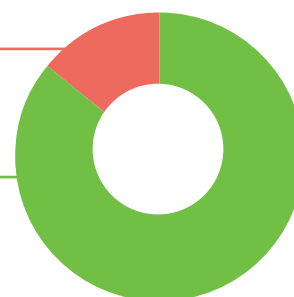
2017/18

135

### Total Performance Progress (%)

OFF TRACK  
14%

ON TRACK /  
COMPLETED  
86%



# Our Achievements

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 2013 – 2018 taking into account the results of our Operational Plan 2017-18.

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

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





# community



**205,321**

people visited  
the libraries

**336**

library programs and  
activities presented



**167,205**

visits to City's pools



**110**

reports of graffiti  
received and  
removed by council



**42**

road safety  
programs held



**34**

community &  
civic events held



**47**

healthy ageing initiatives  
implemented or  
supported by Council



**867**

building  
inspections  
conducted

**70**

cultural programs,  
events and  
initiatives  
implemented or  
supported

**69**

actions from the  
Disability Access  
Committee  
progressed

## 1.1.1

### Encourage and support activities and events where communities can gather and celebrate

Council has facilitated a number of civic events, community led activities and open days that encourage communities to gather and celebrate. Highlights included:

- NAIDOC Week saw a Flag Raising Ceremony and Community Day at Albion Park Rail
- Local Government Week was held at Blackbutt Reserve involving over 400 students who participated in 'Mayor for the Day' as part of the Community Strategic Plan (CSP) engagement
- Loot in Ya Boot was held in October 2017 and again in March 2018 in conjunction with the Garage Sale Trail
- Over 19 tonnes of waste is estimated to have avoided landfill from these events
- Dogs Day Out at Reddall Reserve had over 900 people attending with free micro chipping for residents' dogs, free vet checks, dog related stalls, competitions and demonstrations
- Pool Open Days were held at Oak Flats and Warilla Pools and a movie event at Albion Park
- Day of Silly Hats (DOSH) engaged year 6 students from over 14 public and private Primary Schools with a number of workshops and tips
- Carols by Candlelight at Reddall Reserve had over 6,000 in attendance, even with the unfortunate bad weather
- Australia Day breakfast sales raised over \$10,000 that was directly donated to local service clubs and charities
- Bushcare projects and clean up days were able to divert over 91% of the waste from landfill with only 50kg sent to landfill from the 605kg collected
- Civic Centre Community open day saw more than 3,000 people attend with many walking through the community spaces and level 3 of the administration areas
- Youth Week highlights included the 11<sup>th</sup> Annual Youth Week Art Exhibition at the Blackbutt Youth Centre and a Harry Potter Escape Room at the City Library
- ANZAC memorial service was held at Harrison Park, Shellharbour City Centre

Operational  
Income

**\$94k**

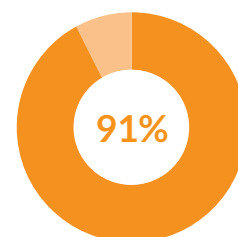
Operational  
Expense

**\$651k**

Capital  
Spend

–

Total performance  
progress met





## Australia Day

The Australia Day Celebration has been on Shellharbour City Council's calendar of events for over 20 years and continues to be hugely popular. A community event that incorporates formality and fun, from the Civic Ceremony through to a cooked breakfast to share with family and friends. This year's celebration was well attended by over 5,200 people, this success is due largely to the tireless effort and dedicated commitment of our volunteer groups, assistance from the Committee and the generous support of our sponsors.

The day commenced with a Civic Ceremony, including Welcome to Country from Uncle Richard Davies, Civic Welcome from the Mayor followed by the formal announcement of the Citizen of the Year, David Williamson and Young Citizen of the Year, KiKi Cuda.

Shellharbour's citizenship ceremony welcomed 14 new citizens, as part of the official ceremony.

The 2018 Australia Day Ambassador was Justin Herald, who gave an engaging speech and personalised view on being Australian.

This year 2,968 breakfast tickets were sold, raising over \$10,793 for local service clubs and charities.

The free entertainment on the day included a sand modelling competition, thong throwing, animal farm, face painting and amusement rides. Performances by Sandy Feet, Harper Martin, Catch Frazee, Venetia's Porch and Wildfire Aussie Rock rounded out the event.

Several departments within Council continue to support the event by showcasing their area and providing information and/or an activity.



## 1.1.2

### Develop creative opportunities for key partnerships and volunteering to support the community

Council continues to develop partnerships and provide opportunities for volunteering.

Volunteers at the Tongarra Museum are providing significant support in preparation for the move and installation at the City Museum. Volunteers have restored several collection items including lamps, corn crackers, blowtorches and maps; collected native seeds and pods, catalogued over 20 collection items, and continued to refurbish display cabinets and exhibits for City Museum.

The City Museum Heritage Room had rostered volunteers three days per week for set up and installation of permanent and temporary exhibits. The Family History volunteers are also working with Libraries & Museum staff to deliver family history workshops twice a month.

Council was successful in receiving \$15,000 funding through the Building Better Regions Fund (BBRF) to develop an events strategy and events toolkit for the community. The toolkit will assist in building capacity in the community and assist event organisers to plan, produce, promote and evaluate their events and activities across the City.

Council has continued to facilitate and participate in a range of partnership and interagency networks including Illawarra Interagency, Shellharbour Youth Services network, Parent Services Interagency and the Barrack Heights Roundtable.

Council provided financial assistance to five groups totalling \$8,950. The groups were Baptist Care, Kids fest, Illawarra ITEC, RSPCA and Albion Park Youth and Community Care Inc.

Operational  
Income

–

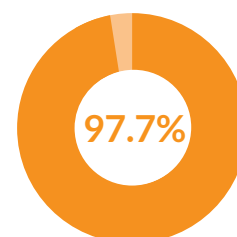
Operational  
Expense

**\$145k**

Capital  
Spend

–

Total performance  
progress met





## Civic Centre Community Open Day

The Civic Centre Community Open Day was held on Saturday 10 February from 10am to 3pm with more than 3,000 people attending and celebrating the opening of the new precinct.

The event kicked off with a traditional smoking ceremony by Uncle Gee and included free rides, food stalls and entertainment. City library held a number of activities including storytelling, craft and technology workshops.

To promote and celebrate the Civic Centre Public Art a tour and Artist workshops were delivered. Four of the commissioning artists participated on the day. Artists gave talks and facilitated drop in style workshops.

As part of the day, attendees from the community had the unique chance of being able to walk through the community spaces including level 3 of the administration building.

## 1.1.3

### Make Shellharbour a friendly environment where people feel safe

Shellharbour City Council continues to implement a range of community safety and crime prevention initiatives in accordance with Council's:

- Safety Strategy
- Crime Prevention Plan
- Domestic Violence Management Plan
- Graffiti Management Plan

In response to raised levels of motor vehicle break-ins, the Shellharbour Crime Prevention Partnership met to discuss a broad range of topics, including recent initiatives to raise awareness about vehicle security by promoting the "Lock it or Lose it" campaign.

The Illawarra Against Domestic Violence Committee (ICADV) held the White Ribbon Day Walk in Wollongong with hundreds of people in attendance. Council also coordinated the White Ribbon Day BBQ at Bunnings Shellharbour.

Council commenced the implementation of the White Ribbon Workplace Accreditation Program and is an active member in the ICADV. The ICADV held a Domestic Violence CALD (Culturally and Linguistically Diverse) Forum in June.

Incidents of graffiti continue to be reported to Council by community members. Services staff have been pro-active in removing graffiti from Council and privately owned structures in the past twelve months.

Community safety pop-up meetings were held throughout the Local Government Area on a regular basis. Broad ranges of issues were raised. These included the "Park Smart" Police campaign that addresses stealing from motor vehicles.

City Regulation Officers undertook regular patrols in relation to Companion Animals. These patrols created a strong presence in the community and resulted in addressing issues ranging from barking, roaming, unregistered dogs and dog attacks. Council is pleased to report that an average of 46% of all seized dogs were re-homed.

The standard of construction continues to remain high for Council controlled building sites. The number of building inspections has been steadily increasing and it is expected that this will accelerate with the Ravenswood Estate commencing at Albion Park and Council being selected as the preferred Accredited Certifying Authority for all the dwellings in this estate.

In accordance with the Local Government Road Safety Program Guidelines, programs included addressing specific road safety behaviours in school based education and safety around schools, working with community groups such as Shellharbour Aboriginal Community Youth Association (SACYA) and events for Bike Week, a Seniors Road Safety Expo and On the Road 65Plus. The Ultimate Learner Log Book Run Experience was held working with community groups including Lake Illawarra PCYC.

The 2018 Good Neighbour Awards were launched at the Australia Day Breakfast by the Lake event. The Good Neighbour sponsors include Bunnings Shellharbour, Kmart Shellharbour, Stockland Shellharbour, The Shellharbour Club and Central Hotel. The Good Neighbour Awards ceremony was held at the Civic Centre in May where the 2018 Good Neighbour of the Year was announced. The event highlighted some very neighbourly stories from Shellharbour City and was a positive social event for the community.

Operational Income

**\$1.097m**

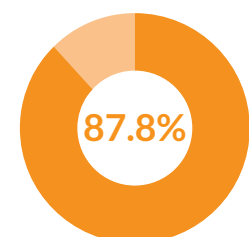
Operational Expense

**\$1.815m**

Capital Spend

**\$2k**

Total performance progress met



## 1.1.4

### Have accessible community and cultural facilities available for current and future community members

The Disability Access Inclusion Advisory Committee (DAIAC) met on numerous occasions. DAIAC identified and finalised funding priorities for 2017/18, and participated in a consultation process for the review of Council's Community Strategic Plan. The call for nominations for new service providers and additional consumer representatives to DAIAC occurred in January 2018. Other priorities for funding for 2018/19 were identified with a focus on improving paths of travel in and around the City and bus stop improvement.

Progress was made against three of the Focus Areas in the Disability Access and Inclusion Plan (DAIP). These were:

- Focus Area 1: Developing positive community attitudes and behaviours. Highlights for this focus area include supporting two forums:
  - Navigating Mental Health Workshop that was organised in partnership with the Community Industry Group to provide information to non-mental health specific service providers in how to understand, navigate and access the mental health services for their clients. Over 125 people attended the event.
  - Snap the Stigma Roadshow event that was hosted by CREATE initiating the conversation about the stigma and barriers faced by children and young people living with disability who have a care experience.
- Focus Area 2: Creating liveable communities. Highlights for this focus area include progressing items on the DAIAC Projects Table.
- Focus Area 4: Improving access to services through better systems and processes. Highlights for this focus area include:
  - Hosting Easy Read training for staff and
  - Review of the process for the allocation of Master Locksmith Access Keys.

A number of temporary licences were issued to permit the use of Council land for events, access, site compound and investigations by state authorities.

Longer term licences were entered into with:

- Cricket NSW for the use of office space within the Shellharbour Stadium
- Amity College Australia Limited for the occupation of Council land adjoining the school
- Department of Education for the use of part of Morley Park Lake Illawarra
- Licence for the kiosk at Reddall Reserve
- Commercial Fitness training licence was entered into following public exhibition

Operational  
Income

**\$348k**

Operational  
Expense

**\$1.045m**

Capital  
Spend

**\$5k**

Total performance  
progress met







## Cultural Treasures Multicultural Festival

The second Shellharbour 'Cultural Treasures' Multicultural Festival was held on 23 June 2018 at Reddall Reserve, Lake Illawarra. This year, the event was funded by NSW Government and Multicultural Communities Council of Illawarra (MCCI) and coincided with Refugee Week.

Partnership arrangements with MCCI and Amity College played key roles in supporting and delivering the event. The festival was held to celebrate the value of our region's rich cultural diversity, encouraging a feeling of inclusiveness and demonstrating the colourful vibrancy that multiculturalism can bring. It incorporated vibrant entertainment by a variety of diverse cultures, multicultural food stalls, creative workshops and a public art project to engage all age groups.

The day was a success attracting approximately 1,500 people and receiving a great deal of positive feedback from the community.

## 1.1.5

### A creative community participating in arts and cultural activities

Council continues to deliver on the Arts and Cultural Development Strategy, Make, Play, Grow 2015-2019: A strategy for a more creative Shellharbour, which aims to create an environment where ideas, imagination and creativity can flourish.

Over 150 primary age children and art students from Lake Illawarra High School were consulted about the signature Civic Centre artwork.

The Yarning Minds project, promoting mental health month was delivered utilising an Arts and Health grant from the Illawarra Shoalhaven Area Health District Health. The project engaged artists from the Neural Knitworks project enabling the Shellharbour community to engage with a national project promoting the benefits of craft and brain health.

Over 200 community members were successfully engaged to make around 100 neurons, which were installed at Warilla Library.

The construction of the skate park was completed at the end of June 2018 with an official open day planned in the first week of the July school holidays.

A series of 'Resourcing your Art' workshops were presented in October. 14 local artists participated in the professional development opportunity aimed to bring artists together to understand and discuss their value as an artist and creative ways to connect with others, promote, sell and exchange their work.

Supporting growth of the Lake Illawarra Art Trail, the direct commission of 'Spilt', a sculpture by local artist David Ball, was installed in Reddall Reserve overlooking Windang Island.

To promote and celebrate the Civic Centre Public Art, a Public Art tour and Artist workshops were delivered as part of the Civic Centre Community Open Day on 10 February. Four of the commissioning artist's participated on the day.

The Civic Centre Public Art Strategy has been finalised with the final artwork, Land Poetry installed throughout the Civic Centre. The partnership with University of Wollongong resulted in the design of beautiful artworks on the interior office glass by students who responded to the visual theme of surf, mist, cloud and sky. The artworks double as both privacy screens for meeting rooms and enliven the space through the development of local public art.

Operational  
Income

**\$4k**

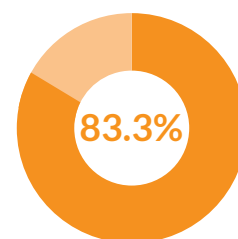
Operational  
Expense

**\$100k**

Capital  
Spend

**\$22k**

Total performance  
progress met



## 1.1.6

### Meet the diverse needs of the community through the delivery of quality and accessible community services and programs

Council's Cultural Diversity Policy and Framework was endorsed and aims to ensure that Council effectively engages and communicates with our culturally diverse community.

A highlight of the International Day of People with Disability was the launch of the EmployABILITY Local Story project that included a round table conversation on employment and disability.

The storyboards include pictures and stories of people with disability in employment to promote the benefits of employment for people with disabilities to external businesses.

The installation of new age-friendly outdoor exercise equipment was completed at Barrack Reserve, Barrack Point.

An eight-week 'come and try' program was conducted at the equipment for people 50 years of age and over.

Under the Targeted Early Intervention (TEI) funding and priorities, Council will continue to work with Family and Community Services (FACS) and other key organisations on how we can continue to support young people aged 8-14 years, young parents and Aboriginal children, young people and families.

Aimed at improving access to services, particularly in Lake Illawarra, Warilla, Albion Park Rail and Barrack Heights.

The second Shellharbour 'Cultural Treasures' Multicultural Festival was held at Reddall Reserve, Lake Illawarra. This year, the event was funded by NSW Government and Multicultural Communities Council of Illawarra (MCCI) and coincided with Refugee Week. The day attracted approximately 1,500 people.

The 2018 Seniors Festival committee supported the production of a Seniors Festival Calendar of Events, with the Health and Wellbeing Expo and Trivia Competition being held at the Civic Centre.

Council partnered with the CREATE Foundation on the 'Snap that Stigma' event, held in the Civic Centre auditorium, Totem Skateboarding's skate workshop in the Civic Square at the Council building and a presentation and survey with the Shellharbour Business Network as part of the development of the Strategy for Shellharbour's Young People.

Council has continued to facilitate and participate in a range of partnership and interagency networks including Illawarra Interagency, Paint Shellharbour READ and Shellharbour Youth Services network.

Operational  
Income

**-\$14k**

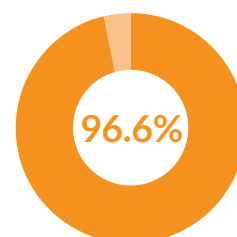
Operational  
Expense

**\$604k**

Capital  
Spend

**-**

Total performance  
progress met





## 1.1.7

### Provide innovative and inspirational opportunities for education and leisure through our library programs, resources and facilities

A key focus for Shellharbour City Libraries was preparing for the opening of the new City Library in early 2018. A high volume of orders was placed for a diverse range of library materials, with thousands of items delivered and shelved in November and December to form the opening collection at City Library. Annual magazine subscriptions were reviewed and updated. The Library also continued to refresh the collections at the branches with new stock.

New display options incorporating popular genres were implemented for fiction and DVD collections that will make the collections more user-friendly and accessible for library customers visiting the new City Library.

As part of keeping library collections relevant for the community, the 'Choose Vote Enjoy' initiative went live on the Libraries website allowing customers to choose forthcoming titles for the libraries from an online carousel of new stock updated each month. Customer suggestions for purchase were also actively supported.

Work also commenced on the development of the Heritage Room collection which comprises the combined resources from the library, museum and the Tongarra Heritage Society. A memorandum of understanding with the Tongarra Heritage Society will make the Society's resources accessible to the public within the Heritage Room and via the library catalogue.

Another important addition to the library resources came from a donation by Uniting Ability Links of 30 junior and young adult books in recognition of Social Inclusion Week 2017, which has been made available for loan to the Shellharbour community.

Other innovative and inspiration opportunities for education and leisure within the library programs, resources and facilities included:

- Kanopy – a new film streaming platform was added to eLibrary resources
- 'Cartoons of Hal Eyre' travelling exhibition at Warilla Library in August
- 'Powerful owls of the Illawarra' presentation at Warilla Library
- Paint Shellharbour REaD community engagement on the programs future direction
- Free HSC information evenings highlighting English and Maths at Warilla Library
- 'Games to Gather' (a social driven program) and 'Dungeons and Dragons'
- Tech Savvy Seniors classes for over 60's with a WEA Illawarra partnership
- Introduction to iPads, Introduction to Tables, Basic Computing, 3D printing demonstrations, Code-it-Yourself club, robotics sessions and drone demonstrations
- Radio Frequency Identification (RFIS) system implemented for loan kiosk use
- Babies Love Books, Itsy Bitsy Builders and Story Time for the pre-schoolers
- Pop up libraries were delivered through the Seniors Festival, Youth Week, Law Week, International Women's Day, Harmony Day, and Australian Library and Information Week, as well as the Art after Hours, Family History Help, and Author Talk Series
- Poppies for Remembrance project for Anzac Day connected individuals and groups in our community from knitting groups to the local RSL's, contributing 1,200 poppies

A major recruitment was undertaken to fill positions in the new Libraries and Museum structure to staff City Library. Staff training was a high priority with library staff trained in the RFID system and the new 'roving' customer approach to be implemented at City Library to enhance the level of service provided to library customers.

Operational  
Income

**\$237k**

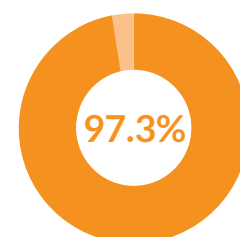
Operational  
Expense

**\$1.977m**

Capital  
Spend

**\$356k**

Total performance  
progress met





## 1.2.1

### Provide residents access to a range of services and facilities that are relevant and responsive to health and wellbeing

Council is committed to providing residents access to a range of services and facilities that are relevant and responsive to health and wellbeing.

Council's pools facilitated the Grey Medallion program providing water safety and lifesaving skills for over 65's. It aims to reduce drowning and aquatic related injury in older Australian's and encourage healthy independent and active lifestyles. The program covered water safety knowledge, aquatic exercise, resuscitation and emergency Care and personal survival and Lifesaving skills.

Council has been working with NSW Health to obtain footpath signage displaying 'make healthy normal' messages. This signage was placed along the lake foreshore to encourage people to get active and utilise the outdoor exercise trail.

In March 2018, Council was approved to become a member of the Alliance for Healthy Cities. This is an international network aimed at protecting and enhancing the health of individuals. The Alliance is a group of cities and other organisations that work towards achieving the goal through an approach called Healthy Cities, in close collaboration with the World Health Organisation.

Council has delivered a range of services and activities including the Cook, Chill, Chat program; The Healthy Ageing Newsletter; and numerous aquatics programs on offer at our beaches and pools - aqua-aerobics, learn to swim, inflatable days, and the incredibly popular pool open days and movie nights.

Infrastructure renewal of assets at Howard Fowles Oval, Geoff Shaw Oval and Terri Reserve has been undertaken and work has commenced on the installation of new exercise equipment at Skiway Park and Eric Creary Reserve.

Operational  
Income

**\$407k**

Operational  
Expense

**\$2.196m**

Capital  
Spend

**\$731k**

Total performance  
progress met

**100%**



## Civic Centre Official opening

The Shellharbour Civic Centre was officially opened by His Excellency General the Honourable David Hurley AC DSC (Ret'd), Governor of New South Wales, and Shellharbour Mayor, Councillor Marianne Saliba on 2 December. Members of the Community, current and former Councillors and staff attended the opening.

The ceremony included welcoming addresses from the Governor of New South Wales, Shellharbour City Mayor, General Manager and Aboriginal Elder Uncle G. A commemorative plaque was unveiled and guests enjoyed live music from a local singer and harpist followed by a tour of the community spaces and afternoon tea.

The Civic Centre Community open day was held in February with more than 3,000 people attending and celebrating the opening of the precinct. The event involved a traditional smoking ceremony and included free rides, food stalls, library activities and a public art tour.

The Civic Centre provides exceptional community spaces including a City Library, auditorium and meeting spaces.

Promotion of the Civic Centre continues with extensive programming through the Seniors Festival, Youth Week, Law Week and the Australian Library and Information Week in May. All these events helped encourage high levels of precinct patronage by members of the public.

The community was asked to actively contribute to the development of the library collection through the Choose-Vote-Enjoy program; this has resulted in the Library monthly loan rate to increase to 17,000 items per month.



## City Library

The opening of the new City Library has been the major library initiative for 2018. City Library has successfully delivered on the community's aspirations for a central library space in the heart of the City, including collections that are displayed in a retail style, plentiful and varied seating options, community meeting/study rooms and a playful children's area. The community has responded enthusiastically to City Library - openly expressing their delight with the collections, the ambience and the overall facility. Almost 65,000 visits were made to the City Library in the first six months, including over 3,000 people participating in the Community Open Day in February.

The enhanced accessibility of City Library, with opening hours over seven days in a central location, has created a vibrant library that has generated over 93,000 loans of library items since the start of the year. By the end of June over 2,700 new people had registered for membership at City Library, bringing the total for the period to 3,392 new library members.

There has been a keen focus on technology at Shellharbour City Libraries during 2017/18. New technology at City Library has enabled new loan kiosks that are fast and user-friendly, transacting multiple items at one time. City Library also has a smart returns chute that is available outside library opening hours making it easier for customers to return their items. The 24/7 digital branch has been increasingly popular. Hits on the library website have more than doubled since last year reflecting increased borrowing from the eLibrary, as well as searching the catalogue or voting in the Library's Choose Vote Enjoy book selection program.

Australian Library and Information week culminated in the visit from the State Librarian, Dr John Vallance, who was most impressed with the quality of the facilities, the programs and the level of engagement.

The community was asked to actively contribute to the development of the library collection through the Choose-Vote-Enjoy program. This has resulted in a steady increase of loan items each month, since opening in January, to 17,000 for the month of June.



## 1.2.2

### Provide diverse opportunities for recreation and enjoyment in the city's parks and open spaces

With the change from winter to summer season sports Council received and processed 67 applications for the use of sportsfields. The sportsfields were scheduled to be used 1,187 times over the summer season. The predominate users were sporting clubs (90.6%), followed by schools (8.6%) and associations (0.8%).

Work continued on the planned upgrade of facilities at Howard Fowles and Geoff Shaw ovals. A number of meetings were held with the Roads and Maritime Services (RMS) to discuss the works proposed for the Croom Regional Sporting Complex associated with of the Albion Park Rail Bypass.

Council commenced a joint mulching initiative with Corrective Services in which mulch was spread by low risk inmates under supervision. These works and the extended dry season enabled staff to achieve additional large scale garden renovations. Maintenance of the urban forest was made slightly challenging due to some adverse weather conditions forcing crews to spend their time cleaning up fallen branches and making reserve and street trees safer. The replacement of street trees along Tongarra Road, Albion Park was carried out and future monitoring will continue into the warmer months.

Over 250 street trees were handed over to Council from stage one of Calderwood Valley development and Harbour Boulevard, Shell Cove. Staff have undertaken watering of these trees and documenting locations for future reference. The city continued to receive new street trees through hand overs from developers within the Tullimbar Estate. Crews are assessing the best way to manage the new assets with available resources.

A work plan was established to commence a comprehensive review of Shellharbour's open space and recreational needs. This review will provide strategic guidance for the provision of active and passive recreation throughout the City in the form of the development of a number of Master Plans. The review of a number of draft plans of management has commenced which includes lands categorised as sports grounds, parks and reserves.

Operational  
Income

**\$382k**

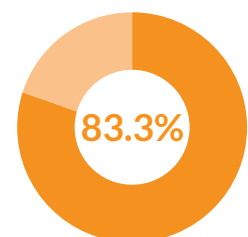
Operational  
Expense

**\$5.856m**

Capital  
Spend

**\$512k**

Total performance  
progress met





## 1.2.3

### Provide a range of accessible recreational opportunities and associated facilities to cater for a broad range of ages, abilities and interests

Round numbers at the Links were pleasing, with strong numbers for midweek competition play, the introduction of the Friday frenzy competition has helped especially in attracting visitor competition players.

Full playing members are well ahead of target and importantly up on the numbers pre course redesign and subsequent increase in membership rates.

Gaming revenue continues to be strong with revenue expected to increase through the first quarter of 2018-2019 due to the addition of two gaming entitlements.

Bar revenue along with green fee and membership revenue remained on target, golf operation staff continued to work on increasing retail spend per player with increased retail direct digital campaigns.

Attendance and participation in Council run competitions at Shellharbour City Stadium are strong particularly in netball and basketball. Non-sporting bookings for the stadium have exceeded target.

The stadium has hosted a variety of events and activities including, school holiday basketball competition, school basketball training and school sports, birthday parties, a cricket conference, netball and wheelchair basketball competitions and a cheer leading tournament that attracted people from across the state. Other events included, junior Basketball development, Outrageous mini games, Men's basketball competition, Futsal, Ladies Netball, South Coast Netball trials, Kelly mini sports, Birthday parties, Saturday morning netball, NSW Wheelchair Basketball Shoot-out competition, Festival of Sport OMG games, Illawarra Hawks training, Kids Wish, Disability Trust, Greenacres, school groups and orienteering.

The Stadium Kiosk opened for the Convoy event during November with sales in the kiosk and BBQ performing well.

Council continued to promote the stadium through advertising competitions and term programs in school newsletters, council's website and Facebook, on electronic sign and banners out the front of the stadium. Other avenues used to promote include conducting special fun days for school age children, word of mouth through existing stadium users, newspapers / radio, group emails to existing members for registrations, holiday programs and events held at the stadium.

Operational  
Income

**\$3.860m**

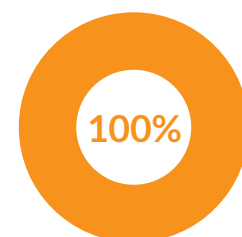
Operational  
Expense

**\$3.772m**

Capital  
Spend

**\$5.420m**

Total performance  
progress met





# environment



**2,100**  
trees donated

**10**

Ecological Management  
Plans developed/reviewed



**92**  
bushcare/parkcare  
working bees

**39**

sustainability and  
climate change  
education activities  
delivered



**56%**  
kerbside  
resource recovery

**23,029**

**tonnes**

of carbon dioxide equivalent reduced  
due to gas flaring at Dunmore Waste  
Disposal Depot.



**10,050**  
tonnes of Food  
Organics Garden  
Organics (FOGO)  
collected

**98**

waste management  
educational programs delivered

**661**

development  
applications approved



**55**  
days average time  
taken for all  
development  
applications

**71**

pre-lodgement meetings  
provided by planning team

**11,606**

people visited City Museum  
since opening in January 2018

## 2.1.1

### Manage catchments effectively to improve the cleanliness, health and biodiversity of creeks, waterways and oceans

Water quality sampling was conducted to determine the quality of our waterways. An assessment of the water quality results for the 12 sample sites for nutrients (Nitrogen, Phosphorous, Chlorophyll a) showed a 38% compliance with the Australian and New Zealand Environment and Conservation Council (ANZECC) guidelines, however most sites were within their 'normal' range compared to historical data.

An assessment of the Beachwatch (bacteriological) data received for Shellharbour North Beach, Warilla Beach and the Lake Illawarra Entrance lagoon has been completed against the NSW Beachwatch programs star rating system. All three locations have been assessed as having a 4 star rating, indicating suitability for swimming.

Capital and maintenance works progressed as planned. Stormwater pits and pipes were cleaned as required and the gross pollutant traps installations at Wattle Road, Shellharbour and Hamilton Road, Albion Park are nearing completion. Pits and pipes were maintained as required. Various pipes and pits were cleaned by contractors and numerous areas across the City were inspected by CCTV.

As part of the Stormwater Education program, support is continuing for the successful partnership with the Illawarra Environmental Education Centre to deliver the Stormwater Coaches program to local primary schools. Planning has commenced for phase two of the program, which will see schools implement on-ground actions addressing stormwater pollution.

Annual reviews of the Dunmore Wetland, Flinders, Ashburton Drive/Stubbs Road and Shell Cove twin ponds Wetland Plans of Management were undertaken. Site inspections were conducted on various locations with Natural Areas staff to view progress of management actions over the last 12 months, review priorities of management actions and list new actions at the site.

Weed spraying activities were maintained throughout Winter and into Spring. Perennial weed species have been targeted due to their proliferation in the warmer months. Weed spraying activities were undertaken around the Local Government Area (LGA), such as Myimbarr Wetlands and Picnic Island. Rubbish removal was also undertaken at these locations along wetland edges and drainage channels. Works have commenced on the newly handed over Shell Cove wetland targeting annuals and emerging Casuarina species along the edge of the wetland.

Operational  
Income

**\$618k**

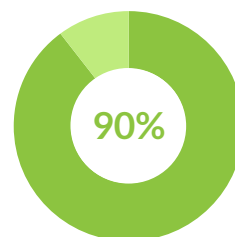
Operational  
Expense

**\$592k**

Capital  
Spend

**\$838k**

Total performance  
progress met



## 2.1.2

### Deliver projects which work towards the protection of biodiversity in our natural areas

Annual reviews of the Windang Island, Picnic Island, Elizabeth Brownlee Reserve, Abercombie Reserve, Alex Hoffman, Boonerah Point, Currumbene, Light Rail, Blackbutt and Shell Cove Ecological Plans of Management were completed.

Site inspections were undertaken to view progress on management actions over the last twelve months, review priorities of actions and list any new issues at the sites. A review of the Croom and Hargraves Road Reserve Ecological and Bushfire was also undertaken. This included consolidating management actions and updating references to reflect recent changes to legislation.

A number of grant projects to remove weeds have been undertaken on Picnic Island both by Council and the Local Aboriginal Land Council. Grant funding has also been secured for regeneration works at Windang Island. Ongoing weed management also continued at Dunmore Waste Disposal Depot. Additional works have taken place at Whistlers Run and Oakleigh Creek as result of resident requests.

An extensive survey was conducted at Croom Reserve for the threatened plant *Pimelea curviflora* var *curviflora* (Rice flower). A comprehensive survey for *Chorizema parviflorum* (Eastern Flame Pea) was conducted in the vegetated area behind the Light Railway Museum at Albion Park Rail. A number of individuals were found. A further broader survey was undertaken to identify the extent of the population.

In conjunction with the Office of Environment and Heritage (OEH) an on site survey was completed at Stoney Range to locate a previous record of the threatened species, Illawarra Socketwood, *Daphnandra johnsonii*. A number of stems were located. A new cluster of the White Flowered Wax Plant, *Cynanchum elegans* was also discovered on site adding to the ecological significance of the Reserve. All records will be added to the NSW Atlas. Council staff assisted an expert consultant to conduct the first stage annual monitoring plots for *Pterostylis gibbosa* (Green Hood Orchid) in Croom Reserve. Follow up surveys to count flowers and seed capsules will need to be conducted.

Monitoring for OEH's National Flying-fox Census was completed for the Grey-headed Flying Fox at the Blackbutt Reserve Camp a number of times throughout the year. Additional monitoring for the potential impacts of the prescribed burn undertaken by the Rural Fire Service (RFS) within Blackbutt Reserve were also completed. Due to favourable wind conditions, no signs of distress or disruption, including fly out events were detected. This data was sent to the (OEH) and added to the internal Council flying fox monitoring data base.

Operational  
Income

**\$24k**

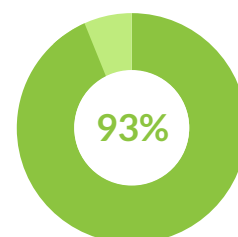
Operational  
Expense

**\$356k**

Capital  
Spend

-

Total performance  
progress met





## 2.1.3

### Demonstrate leadership on environmental planning and management

Two major events were held during National Fair Food week celebrations. The successful regional 'Connecting Over Fair Food' event was held on 11 October, in partnership with Food Fairness Illawarra, Wollongong and Kiama Councils, the Nutrition Society of Australia Wollongong branch, and Neami national. The event brought 160 people together to connect with a range of local fair food organisations and businesses.

Waste Education programs undertaken from the Better Waste Recycling Fund included:

- Tip tours of Dunmore Recycling and Waste Disposal Depot
- Nursery Open Day
- Workshops on worm farming
- Eaton Gorge Theatre Company presented: Radical Recyclers to 205 Primary School children from St Pauls Catholic School
- Council provided 110 reusable drinking cups to residents to celebrate Recycling Week at over nine events
- FOGO education campaign, six 'Radical Recyclers' performances were delivered to 1,097 primary school children with the performances focusing on recycling

Additionally, a new Food Organics Garden Organics (FOGO) education campaign was launched which consisted of the production and airing of three different television commercials targeting behaviour change for specific demographics within the community.

Operational  
Income

**\$105k**

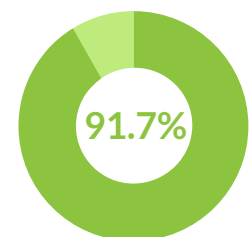
Operational  
Expense

**\$252k**

Capital  
Spend

—

Total performance  
progress met



A part of BMT in Energy and Environment



## Shellharbour Coastal Zone Management Plan

Reference: R.N2271.003.02.CZMP.Final  
Date: February 2017  
FINAL REPORT



### Coastal Zone Management Plan Certified

The Shellharbour Coastal Zone Management Plan was certified by the NSW Minister of Environment, adopted by Council and placed in the NSW Government Gazette.

With the assistance of the NSW Office of Environment and Heritage (OEH), Council prepared a Coastal Zone Management Plan (CZMP) to provide practical actions to address the risks to assets and land from coastal hazards (erosion, recession, and inundation and slope instability).

The CZMP covers the Shellharbour Local Government Area coastline from Windang Island in the north to Bass Point in the south, over a distance of 7km.

Key beaches covered by CZMP include Warilla Beach, Shellharbour North Beach, Shellharbour Boat Harbour, Nuns Beach and Shellharbour South Beach.

The CZMP was the culmination of years of work by Council and the community.

2.1.4

Facilitate community involvement in caring for the natural environment

National Recycling Week was successful with several events held. This included keep cup giveaways throughout the Local Government Area.

Council worked with community groups to fund the delivery of 18 workshops.

The following recipients under the Small Environmental Projects Fund were successful:

- Blue Cove Early Learning Centre,
- Curious Kids Early Learning Centre
- Calderwood Christian School
- Shellharbour City Children’s Centre
- Illawarra Academy of Learning
- St Pauls Catholic Primary School
- Flinders Cove Early Learning Centre
- Barrack Heights Children’s Centre
- Junior Einstein’s Nurturing Centre
- St Joseph’s Catholic High School
- Warilla Preschool Occasional Care Centre.

Clean Up Australia Day was held on Sunday 4 March 2018. A total of 1.66 tonnes of waste materials discarded into the environment was collected by 108 volunteers across 8 sites.

Operational Income
-
Operational Expense
\$54k
Capital Spend
-

Total performance progress met



## 2.2.1

### Undertake community education on best practice environmental sustainability and management of climate change

Council educates and engages with the community through environmental programs and events. Activities held included guided walks exploring Windang Island, pop-up environmental displays, a partnership activity with Wildlife Rescue South Coast and a talk on local frogs, the Powerful Owl Citizen Science Workshop, and Rockpool activities.

Interest in the monthly Sustainable Shellharbour e-newsletter has continued to increase, with over 1,120 people now receiving the monthly editions.

Workshops were held to facilitate a reduction in waste to landfill. Over the last 12 months, over 3,000 residents were engaged in these programs. This will positively impact on the environment through a better educated community and reduction of waste deposited by residents.

Forty-two waste education programs were delivered to 3,842 residents. These programs focused on waste avoidance, resource recovery and the use of Council's waste management system. Seventy-nine residents demonstrated their commitment to waste avoidance and resource recovery initiatives through downsizing from a 240L garbage bin to a 140L garbage bin or through collecting a worm farm, compost bin or Bokashi Bucket from Council's Nursery.

Operational  
Income

**\$25k**

Operational  
Expense

**\$243k**

Capital  
Spend

-

Total performance  
progress met

**100%**



## 2.2.2

### Operate effective and sustainable waste management for the city

Council monitors the community's waste collection services closely and partners with the collection contractor to educate residents in responsible waste disposal and recycling.

Council operates the Dunmore Recycling and Resource Recovery Facility and opened the new Transfer Station which makes recycling and resource recovery easier for residents. The new Food Organics Garden Organics (FOGO) facility was also commissioned. The FOGO facility is an exciting new service improvement that provides Shellharbour City Council residents with the opportunity to divert food waste from landfill and to "close the loop" with food scraps returned to compost to help improve soil health.

Council monitors the community's waste collection services closely to deliver targeted educational campaigns for residents on the use of the kerbside waste management system. A total of 15,017 tonnes of material was collected at the kerbside. Of this, 6,295 tonnes was collected through the red-lidded bin and subsequently sent to landfill, 3,071 tonnes was collected through the yellow-lidded bin for recycling and 5,649 tonnes was collected through the green-lidded bin for reprocessing. This resulted in a resource recovery level of 58%.

Since opening on 4 December 2017, the new Transfer Station at the Dunmore Recycling and Waste Disposal Depot has had in excess 27,833 customers and accepted over 4,331 tonnes of material.

Environmental monitoring of surface water, groundwater, air particles and leachate is undertaken on a regular basis. The monitoring includes sampling groundwater bores located across the Dunmore Recycling and Waste Disposal Depot site, sampling of leachate generated from the landfill, sampling of surface water bodies, dust gauge and landfill gas at the landfill surface to detect any potential impacts on the environment. Testing results received indicate that the sites environmental performance complies with the applied performance standards.

Operational  
Income

**\$21.657m**

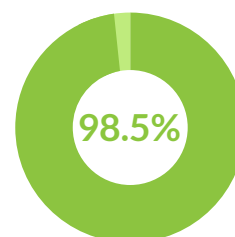
Operational  
Expense

**\$17.872m**

Capital  
Spend

**\$3.291m**

Total performance  
progress met





## Fogo - Food Organics Garden Organics

Two additional television advertisements were filmed as part of the Food Organics Garden Organics (FOGO) education campaign.

In one advertisement, two comedic actors demonstrate how easy the system is to use and focus on encouraging the uptake of the FOGO service, primarily the food component of the service.

The other advertisement targeting the 18 - 34 year old demographic and will feature heavily on social media.

This year FOGO has diverted over 10,000 tonnes from landfill.



2.2.3

Reduce our ecological footprint

Council monitors water consumption over several sites. This is monitored monthly with any occurrences outside of expected ranges investigated.

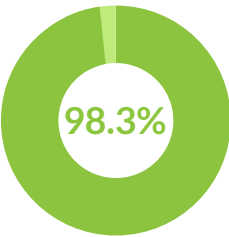
Council's Works Depot generates solar energy which is also monitored monthly. Investigations have commenced to include solar power generation on other Council sites.

Council considers environmental outcomes when purchasing plant and equipment for daily operations. The assessments consider fuel economy and fuel type, CO2 emissions, noise, service intervals and the cost effective use and disposal of waste products e.g. waste oil, waste coolant, oil filters, batteries, electronic equipment. As part of this process, the recent order of the Waste Compactor identified a Tier 4 power plant, which is the highest environmental standard available for this plant with reductions in carbon emissions and fuel savings.

Council undertakes active landfill gas extraction at the Dunmore Waste and Resource Recovery facility to reduce the environmental consequences that can be associated with waste disposal. Methane extracted from the landfill is converted to carbon dioxide through gas combustion via a flare. 12,176 tonnes of carbon dioxide equivalent has been abated through the landfill gas capture system at Dunmore. This is equivalent to removing over 2,600 cars off the road.

Operational Income
-
Operational Expense
\$13k
Capital Spend
-

Total performance progress met



## 2.3.1

### Establish the Shellharbour Civic Centre as a vibrant civic, commercial and cultural precinct

The Shellharbour Civic Centre was officially opened by His Excellency General the Honourable David Hurley AC DSC (Ret'd), Governor of New South Wales, and Shellharbour Mayor, Councillor Marianne Saliba on 2 December. Members of the community, current and former Councillors and staff attended the opening.

The ceremony included welcoming addresses from the Governor of New South Wales, Shellharbour City Mayor, General Manager and Aboriginal Elder Uncle G. A commemorative plaque was unveiled and guests enjoyed live music from a local singer and harpist followed by a tour of the community spaces and afternoon tea.

In February, the Civic Centre Community Open Day was held with more than 3,000 people attending and celebrating the opening of the precinct. The event involved a traditional smoking ceremony and included free rides, food stalls, library activities and a public art tour.

Operational  
Income

**\$2k**

Operational  
Expense

–

Capital  
Spend

**\$14.950m**

Total performance  
progress met





## City Museum

To facilitate the move from the Tongarra Museum to the Civic Centre and to ensure customer safety, the Tongarra museum doors were closed to the public from July. Research and local history services to our community and customers via email and phone continued during this time, with Volunteers working tirelessly to support the move.

Staff focused on preparing exhibitions, installations and storage for the move to the new Shellharbour City Museum including the Rutledge Collection, which includes approximately 20,000 Aboriginal artefacts. Staff also worked hard to ensure the Museum online presence was current and up to date during this period. To this end, the Shellharbour City Museum has been added to the 'Tread Shellharbour' touring app, making it available via free download on both Apple and android devices.

Our City's history and heritage took precedence this year as Shellharbour City Museum opened its doors to the community. The central location and extended opening hours of the new facility greatly enhanced the opportunity to share Shellharbour's history and heritage with the local and wider community, resulting in significantly higher levels of museum visitation than ever before, with over 11,000 people visiting the Museum since opening in January.

Since opening in January, over 300 school children have participated in the Museum's education program, taking part in treasure hunts and having access to special collection items. Teaching staff have provided very positive feedback about the new facility.



## 2.3.2

### Undertake all land use planning addressing social, economic and environmental principles whilst reflecting the current and future community's needs

A number of key Council strategic planning documents fall under this strategy including Council's local environmental plan, development control plan, coastal zone management plan and Lake Illawarra coastal zone management plan. Varying degrees of work have been carried out on these plans.

The Development Control Plan (DCP) was reviewed to provide the opportunity to incorporate key aspects of the recently completed town centre plans into the DCP. Council adopted the revised plan on Council 12 December 2017.

Council considered 13 Planning Proposals for land in both rural and urban environments as well as specific land uses such as short-term rental accommodation.

Council continued to advocate for the community on State and regional planning matters during the reporting period. Of particular importance is the planning and delivery of the Albion Park Rail Bypass. Council continued to negotiate with the Roads and Maritime Service and NSW Department of Planning and Environment on this significant project.

Discussions surrounding the implementation of the Low Rise Medium Density Housing Code in the Shellharbour Local Government Area was considered by Council, resulting in a Mayoral minute and Council resolution to seek exemption from the code on 12 June 2018.

Council also made submissions to the State Government in relation to proposed changes to the Shell Cove Concept Plan approval and Calderwood Concept Plan approval.

Council was actively represented on the Illawarra Shoalhaven Regional Plan Co-ordinating and Monitoring Committee as well as the Illawarra Shoalhaven Urban Development Committee. This representation helps to ensure that Shellharbour can demonstrate its achievements in relation to regional planning and development, as well as advocate for the needs and well-being of its community in terms of infrastructure and services.

Operational  
Income

**\$61k**

Operational  
Expense

**\$547k**

Capital  
Spend

-

Total performance  
progress met



## 2.3.3

### Promote innovative and flexible transport systems that provide convenient and sustainable movement

All traffic management requests were investigated within 20 days and all street lighting investigations were completed within 10 days during this reporting period.

Opportunities and available funding streams are regularly checked and submissions prepared where appropriate. Through this process, Council applied for grant funding in five areas in the Albion Park, Albion Park Rail, Shellharbour and Dunmore areas. Council has also identified a qualifying Blackspot Location at the intersection of Moore Street and Parkes Street, Oak Flats, which will be submitted to the Federal Blackspot Program for possible funding as part of the 2019-2020 program of works.

Council was successful in the 2017-2018 Roads and Maritime Services (RMS) Active Transport Grant for the construction of a shared pathway along Tongarra Road Albion Park.

Council also continued the Blackbutt Reserve shared path renewal project, renewing a much used link to Council's shared user path network.

A new weekday bus route has been established by Premier Illawarra, operating from Stockland Shellharbour out to Tullimbar and Calderwood. Titled "Route 75", the service travels via Oak Flats station in both directions following Tongarra Road before turning into Tullimbar at Broughton Avenue. The bus then heads to Tullimbar Public School before travelling back to Wongawilli Street. It then follows Yellow Rock Road into Escarpment Drive, North Macquarie Road and Calderwood Road before re-joining Tongarra Road and returning to Stockland Shellharbour.

The establishment of the new bus route assists in providing a sustainable transport option for the residents of Tullimbar and Calderwood. This assists in reducing car dependency and the need for a second vehicle per household.

Operational  
Income

**\$168k**

Operational  
Expense

**\$1.439m**

Capital  
Spend

**\$103k**

Total performance  
progress met



## 2.3.4

### Facilitate the provision of development that meets the changing needs and expectations of the community

There were 694 Development Applications and modifications determined. The development industry continues to display a high level of buoyancy and strength demonstrated in the high number of applications submitted and pre-lodgement meetings discussing proposed developments. The outstanding number of applications are being reduced through appropriate recruitment. A communication strategy designed to engage more effectively with the development industry is being developed.

There has been a noticeable increase in the percentage turnaround of development application within Legislative requirements this year with 64% completed within 40 days. The additional staff resource commitment recently introduced is responding to the outstanding backlog in a more effective manner and results appear to be trending positively. The average turnaround time has also been reduced to 45 days, which is also a positive outcome. Pre-Development Application meetings continue to be in high demand with 71 meetings being held. Statistical trends indicate a continuation of high development activity within the Local Government Area and potential forecasts for this high level is expected to continue.

Operational  
Income

**\$1.519m**

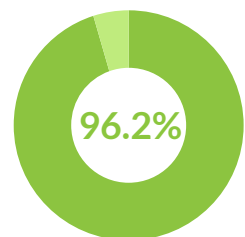
Operational  
Expense

**\$1.651m**

Capital  
Spend

-

Total performance  
progress met





## 2.3.5

### Recognise, protect and celebrate our heritage

A wide range of Development Application referrals and general enquiries relating to heritage issues occurred over the past 12 months. This reflects the diversity of the Local Government Area in terms of history and settlement patterns.

The proposed reforms for Aboriginal Culture and Heritage will have significant impact on Local Governments and Shires within NSW. Relevant staff worked with the Office of Environment and Heritage on these reforms and provided a formal response, essentially welcoming the proposed changes that improve the acknowledgement and respect for Aboriginal culture and heritage.

The draft Bass Point Aboriginal Interpretive Centre Expression of Interest and Assessment Evaluation process progressed during this period.

Operational  
Income

-

Operational  
Expense

**\$317k**

Capital  
Spend

-

Total performance  
progress met



## 2.3.6

### Deliver sustainable management of the community's assets for current and future generations

Council maintains and plans for the community assets throughout the year. During the year Council has undertaken condition assessments on its buildings, roads and open space assets. This information will guide the future renewal programs for those assets. Council developed the Delivery Program for the next three years, which will outline planned building renewals based on priorities identified from the up to date inspection data.

The plan was a culmination of months of work in developing projects that are aimed to deliver the outcomes identified within the Community Strategic Plan. A key challenge was to develop a plan that addresses essential renewal of Assets whilst maintaining Council's financial sustainability. This plan was on public exhibition in April to May 2018 and was adopted by Council in June 2018.

Council also ensures the assets relating to the Illawarra Regional Airport, Council's cemeteries and other properties are maintained to a satisfactory condition. With the introduction of Regular Passenger Transport (RPT) there continues to be a focus on the assets and operations of the airport. Council is working on a long term maintenance plan to ensure the operations continue efficiently.

Council maintains and operates two cemeteries. Strategic planning has occurred to ensure efficient operations continue.

Council maintained its assets, as required to statutory requirements and to meet community expectations. Mowing schedules slowed down approaching the cooler months, whilst building and road maintenance continued as required.

Council managed leases and licenses for its facilities and ensured services to user groups were provided as needed. Council has been working closely with Roads and Maritime Services (RMS) on the progression of the Albion Park Rail Bypass Project by leasing a portion of land at Croome Sporting Complex to the RMS for their contractor to carry out necessary preliminary works.

Operational  
Income

**\$5.997m**

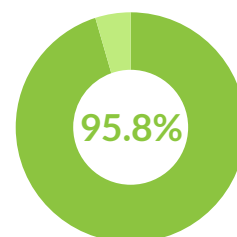
Operational  
Expense

**\$3.376m**

Capital  
Spend

**\$266k**

Total performance  
progress met





# economy



**\$38.7m**

spent on  
capital works



**\$7.87m**

spent on asset  
renewal program

**137**

capital works  
projects delivered

**582**

Section 94  
contributions levied



**90%**  
of asset renewal  
program delivered



**71%**  
occupancy level for  
Shellharbour Beachside Tourist Park



**86,018**

visits to the Tourism  
Shellharbour Website



**11,033**

enquires at the Visitor  
Information Centre



**56**

economic development  
initiatives implemented  
or supported

**48**

participants in  
Economic Gardening  
programs



**319**

participants at 10  
Shellharbour City  
Business Network  
meetings

**19**

student work  
experience  
placements

### 3.1.1

#### Provide the community with a broad range of quality infrastructure, assets and facilities delivered in a cost-effective and sustainable manner

Work commenced on the 9th review of Council's Section 94 Contributions Plan. The rate of contributions to this plan from developers continue to be high as the city growth continues. Council also continues to work with developers on Voluntary Planning Agreements for the Shell Cove Town Centre and a large residential mixed use development on Benson Avenue in Shellharbour's City Centre.

This was a higher period in terms of developer contributions received. Funds continued to be allocated to projects during the period. The Calderwood Planning Agreement continued to be implemented and monitored. Negotiations continued for the preparation of a Voluntary Planning Agreement for the Shell Cove Town Centre and a large residential mixed use development on Benson Avenue in Shellharbour's City Centre.

Works completed included traffic facilities, stormwater design, asset renewal and disability access upgrades as well as providing survey and design services to the Illawarra Regional Airport, Dunmore Recycling Depot, Albion Park Cemetery, Lake Illawarra Foreshore and public reserves.

Council is also utilising external resources to assist in the planning and design of Warilla Seawall, Tongarra Road Shared Pathway, Calderwood Road Upgrade, Tripoli Way Upgrade, Warilla Library, Oak Flats Library and the Albion Park Airport Terminal.

Operational  
Income

**\$11.286m**

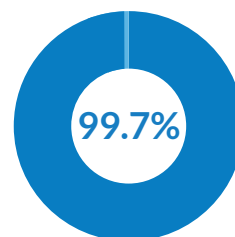
Operational  
Expense

**\$4.156m**

Capital  
Spend

**\$6.079m**

Total performance  
progress met





### 3.1.2

#### Improve the city's ageing assets, infrastructure and facilities to meet the needs of the community now and into the future

Council has continued the asset renewal program with the focus on completing outstanding works, whilst preparing tenders and contracts for future works. The roads renewal package was endorsed by Council and the road network renewals commenced accordingly.

The 2017/18 roads renewal package was completed. Externally funded projects at Terry Street and Calderwood Road were completed. The Tripoli Way road design is progressing.

Council has continued updating the Asset Management Plans for each asset class. These plans will incorporate the most up-to-date asset data, and satisfy technical requirement and the community's expected Levels of Service. Council finalised a substantial program of Asset inspections for its Roads, Buildings, Parks, Playgrounds and Stormwater assets. This data will be first used to generate future year Delivery Programs, as well as being incorporated later in the year for the Asset Management Plans.

Council also undertook all legislated safety inspections of prescribed dams, as well as Council bridges and buildings.

Operational  
Income

**\$21.911m**

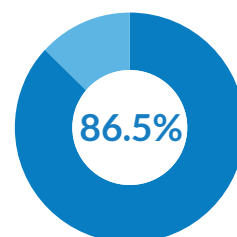
Operational  
Expense

**\$17.877m**

Capital  
Spend

**\$4.763m**

Total performance  
progress met



### 3.2.1

#### Establish the Shell Cove Boat Harbour as a lifestyle and boating destination providing development, tourism and community opportunities

The Shell Cove Project is one of Australia's largest government led developments and its centrepiece is the boat harbour, with 80% of the Harbour works completed. Visually, the expansive size of the waterless harbour is prominent, along with the tall timber piles and the partially finished main wharf and boardwalk. The removal of the eastern compaction mounds next to the Harbour continued, in readiness for the future land uses.

Local firm, Coastwide Civil, completed the all-important head of the main breakwater including the placement of several large boulders weighing over 55 tonnes each to provide protection. This allowed the commencement of the placement of the final rock layers from the head to the beach. Similar progress occurred on the groyne.

The Waterfront continues to attract buyers with releases of 101 'off-the-plan' lots and homes, while a developer released 45 'off-the-plan' waterfront apartments in Aqua. All were snapped up on the release days. At 30 June 2018, there were no lots or houses available for sale, however, 68 houses were under construction.

The construction of Harbour Boulevard (Stage 2) commenced, initially on those areas outside of the existing roads to minimise traffic disruptions. With those works substantially finished, the focus changed to the Addison Street re-alignment section following the intersection closure with Shellharbour Road. An approved extensive public information campaign, including an information night, resident letterbox drops, and temporary signage, commenced well before the closure and continued during construction.

The future Town Centre started to take shape. The building works of the Retail Stage 1 (consisting of the Woolworths supermarket, several retail shops and car parking) continued. Once the basement carpark was completed, the tilt-up concrete walls were installed and the iconic building design became visually evident.

The design refinement of some of the facilities and buildings, including the Library/Community Centre/Visitor Information Centre and the Marine Precinct, were progressed.

Operational  
Income

**\$37.246m**

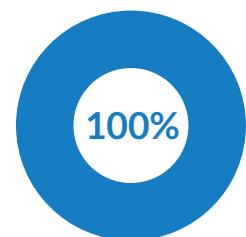
Operational  
Expense

**\$31.364m**

Capital  
Spend

—

Total performance  
progress met





## Bottom of the Harbour Walk

Over 10,000 residents took the unique opportunity to 'Walk the Bottom of the Harbour' and view the progress of the harbour works first hand. This was a once-in-a-lifetime opportunity before the harbour is filled with water. It was a momentous occasion for the community and in the history of Shell Cove.

The construction of the harbour comprises the excavation to create an inland harbour of approximately 20ha (30% larger than Sydney's Darling Harbour) and the construction of rock breakwaters to provide a channel to the ocean for safe accessibility. Construction commenced in January 2013, and is due for completion in late 2019. Shortly, the pile drilling and placement for the 270-berth marina will commence while the harbour is dry, after which the floating marina pontoon structures will be installed before the harbour is operational in late 2019.

Once complete The Waterfront, Shell Cove will boast a world class marina with direct access to the Tasman Sea, a lively town centre, marina berths, dry stack storage, charter boat operations, a public boat ramp and a variety commercial marina facilities and services including:

- Wet marina berths in varying sizes and dry stack storage
- Boat haul out and hard stand
- Ship chandlers and boat maintenance workshop
- Fueling, maintenance and service facilities
- Sewerage pump out
- Public boat ramp with trailer parking
- Direct access to the Tasman Sea

### 3.2.2

#### Encourage opportunities for local businesses to grow and prosper

The Shellharbour City Business Network met on 10 occasions during the year and continued to provide important networking and development opportunities for local businesses. Some of the topics included:

- The Country Valley Story: a discussion about identifying and taking opportunities, brand building and business expansion issues
- Speaking with Confidence: how to build confidence to achieve improved business results
- Community Strategic Plan (CSP) Review Workshop: engaging local businesses, seeking their input into the review of the CSP
- Four Ways to Win on Social Media: how to optimise business benefits from an effective social media presence
- Business Trends and Outlook for 2018: an economic overview and outlook for the Illawarra and Shellharbour including an assessment of business trends and possible opportunities - especially for small business.

In addition to these meetings, six half-day workshops were conducted which were all well received by attendees. Formal evaluations revealing an average satisfaction level of over 96.5% for all events.

The Mayor, Councillor Marianne Saliba, launched an arrangement that enables free access for all Shellharbour businesses and members of the Shellharbour City Business Network to *The Academy* - an online business development resource. This arrangement is the first of its type in Australia and makes available to local businesses a new free resource that provides an extensive array of business tools and information to assist their growth and improvement.

Operational  
Income

**\$32k**

Operational  
Expense

**\$187k**

Capital  
Spend

**\$742k**

Total performance  
progress met

**100%**





## Economic Gardening

Economic Gardening Illawarra is a structured business support program available to businesses located in the Illawarra region. The strategy adopted by Shellharbour, Kiama and Wollongong Councils focuses on the development of the regional economy by supporting and assisting existing businesses to develop and grow sustainably; much like gardeners provide the support required for their plants to grow.

The primary aim of this initiative is to invest resources in businesses that have the potential for fast growth and therefore the potential to generate local employment.

This year was the 20th Economic Gardening business development program with participants from a range of business types.

The Mayor, Councillor Marianne Saliba, launched two versions of a video that promotes Council's range of economic development activities. One version video features an explanatory voice-over and the other is visually-focused and targeted at use over social media channels.





## Little Park, Shellharbour Village

Little Park in Shellharbour Village was officially re-opened in May 2018. Largely designed by children, the park is the culmination of a major community engagement process, including workshops with schools, online and social media feedback with more than 20,000 people sharing their ideas.

The project cost was \$360,000 and included a 6 week construction program with additional time for heritage artefact assessments. It included the creation of additional seating and refurbishment of the amenities building and rotunda.

The playground includes features such as:

- Accessible play equipment
- Play tower with slides, flying fox, swings
- Nature play, tree fort with climbing activities
- Rock climbing wall, climbing net, rope bridge
- Musical play instruments, tactile play, in-ground trampoline



### 3.2.3

#### Present a positive image of our city to create and promote work, investment and lifestyle opportunities

Council worked with a range of government and regional stakeholders to progress a range of economic development issues affecting the City. Issues included:

- In 2017, the NSW Government determined that Shellharbour City would no longer be considered as 'regional'. Immediately impacting Council's ability to access a number of NSW Government grant funding sources available to regional areas. Following sustained representations by Councillors and staff, the Government reversed this decision and advised Council in May 2018 that Shellharbour City had regained its status as a region - thereby making it again eligible to access funding like the Regional Grant Fund.
- delivering workshops to regional business to enhance their online presence and build their businesses
- Business Connect program and the Biz Bus visits to Shellharbour City how the delivery of these services can be expanded within Shellharbour City
- regional stakeholders to discuss the preparation of a Destination Management Plan for the tourism region of Destination Sydney Surrounds South
- regional economic development issues, including the development of an Illawarra Shoalhaven Joint Organisation (ISJO) procurement policy
- the progress of a range of transport matters that have both economic and social impacts
- exploring how Information and Communication Technology Illawarra (ICTI) and Council could cooperate to assist the growth of local businesses in Shellharbour City
- input into the new Destination Management Plan for Tourism Shellharbour
- a proposal that the Illawarra Regional Airport be the site for the new Qantas pilot training facility
- Vision Illawarra regional planning tool project to explore how new technologies could be used to improve the delivery of Council services
- the operations of Warrigal's new facility in Shell Cove and how it could link with other commercial and social activities at The Waterfront

Operational  
Income

-

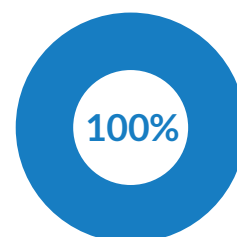
Operational  
Expense

**\$42k**

Capital  
Spend

-

Total performance  
progress met





### 3.2.4

#### Support educational and employment opportunities that retain young people, attract new workers and provide opportunities for the unemployed

Council worked with a number of external agencies to provide experience for young people and the unemployed. Workplace Learning Illawarra assists Vocational Education students at local schools. Council works closely with Workplace Learning Illawarra providing placements across Council including Customer Service; Information Management, Aquatics and Parks. Similar placements have been made for students through Oak Flats High Community Engagement. Council also provided a number of placements for students from other schools in the Local Government Area.

Trainees and apprentices from Council spoke about working at Council to year 12 students at Warilla High School. This provided the students with a better understanding of the careers available at Council.

Council participated in a pre-employment Training Program with Fusion Training Services. The program provides long-term unemployed with work experience and formal training. The program ran for ten weeks and there were ten participants who worked in parks and cleaning.

A new Learning and Development Coordinator position was included in the new structure. The position has responsibility for developing a cadet and trainee program that will support opportunities for young people.

Operational  
Income

–

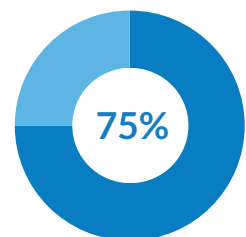
Operational  
Expense

**\$49k**

Capital  
Spend

–

Total performance  
progress met





### 3.3.1

## Market our city as a tourist destination of choice

Tourism continued to promote Shellharbour as a key tourist destination throughout this year using a range of online social media promotions with posts detailing events, special deals, news and images of Shellharbour. Regular features in print media occurred in NRMA Open Road, South Coast Leisure Times and Let's Go Kids.

Tourism partnered with Destination NSW and the South Coast Local Government Areas in the 'Unspoilt' South Coast Marketing Campaign. This campaign is an international award winning collaborative marketing campaign, which involves the five local government areas of Shellharbour, Kiama, Shoalhaven, Eurobodalla and Sapphire Coast/Bega Valley, pooling resources to brand and promote the region as a whole. This campaign continues to focus on creating appeal and intention to travel to Shellharbour and the South Coast and drive leads to the industry.

Channel 9's Today Show undertook live weather crosses from Lake Illawarra on Thursday 10 August 2017. This show attracts around 300,000 viewers every 15 minutes with over a million daily and the weather crosses are worth around \$125,000 in equivalent media exposure.

Channel 7's Sydney Weekender with Mike Whitney filmed Shellharbour and the Historical Aircraft Restoration Society (HARS) Aviation Museum on Tuesday 5 June. The crew filmed the new 747 Wing Walk Tour and other exclusive tours that are available on the 747. Sydney Weekender attracts up to half a million viewers each week and is the most popular program in the timeslot. The estimated value of this segment in editorial value is approximately \$300,000.

The Shellharbour Visitor Centre received 11,092 visitors for the year.

Operational  
Income

-

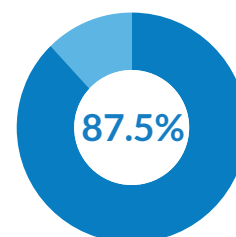
Operational  
Expense

**\$213k**

Capital  
Spend

-

Total performance  
progress met



### 3.3.2

#### Support a dynamic, responsive and sustainable local tourism industry

Tourism Shellharbour hosted several training and network sessions, some in partnership with other organisations, throughout the year that included:

- Build Your Digital Footprint development workshop
- Visitors Centre Customer Service Workshop, supported by Destination NSW and presented by NSW TAFE
- A members networking function with representatives from Destination NSW and Destination Sydney Surrounds South
- Familiarisation tours providing staff and volunteers with important product knowledge of the properties and attractions
- A Google and TripAdvisor Workshop
- Attendance at the Sydney Caravan and Camping Show, Illawarra Caravan and Camping Show, Wings Over Illawarra and the Word Bowls Cup event
- Tourism Shellharbour also celebrated 25 years in October with a function for members, board members and key industry stakeholders

Consultants were engaged to assist in producing the new Shellharbour Destination Management Plan (2018-2022) with consultation with key industry stakeholders, tourism business operators, Council staff and community to formulate the new plan.

Operational  
Income

–

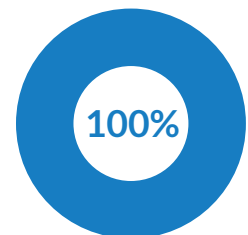
Operational  
Expense

**\$225k**

Capital  
Spend

–

Total performance  
progress met





# leadership



**15**  
ordinary  
meetings held

**4** Aboriginal initiatives and  
events implemented  
and/or supported

**46** General Manager blogs

**116**  
media releases



**43** documents made available  
to the public under proactive  
release program

**1,338**  
records related  
to Development  
Applications made  
available to public



**87%**  
of customer  
enquiries  
resolved by  
Customer Service team

**5** Bushfire Management  
Plans developed/  
reviewed

**266,830**  
visitors to  
Council's website



**864**  
social media  
updates on  
facebook  
and twitter

## 4.1.1

### Mayor and Councillors are representative of the community and provide strong, cohesive and visionary leadership

There were 15 Ordinary Council meetings and five Extraordinary Council meetings held this year. The business papers and minutes were prepared and published on Council's website.

At the Extraordinary Council meeting on 26 September 2017 Cr Marianne Saliba was re-elected Mayor with Cr Kellie Marsh elected as Deputy Mayor.

The newly elected Mayor and Councillors attended induction and Councillor training, including sessions on Financial Issues in Local Government, Community Stakeholder Engagement and Social Media, Capable Councils Workshop, amendments to the EP&A Act, Confidentiality and Section 10A(2) of the Local Government Act and Code of Conduct training.

The Mayor attended meetings with the Illawarra Pilot Joint Organisation, representatives from Cardno, Australian Local Government Association, Country Mayors Association, CivicRisk Mutual, Roads and Maritime Services, Tourism Shellharbour, South Coast Forum of Mayors, Healthy Cities Illawarra, Illawarra Shoalhaven Joint Organisation (ISJO), Tourism Councils Advocacy Alliance, Lendlease, the Illawarra Business Chamber, South Eastern Australian Transport Strategy (SEATS) and Members for Parliament, Anna Watson MP, Gareth Ward MP and Stephen Jones MP as well as Paul Green MLC.

40 briefings were held to discuss various matters, some of these included:

- Albion Park Rail By-Pass and the propose Biodiversity Offsetting Strategy
- End of Term Report 2011-2017
- Shell Cove and the naming and proposed logo for the marina and boat harbour
- The Links
- Sale of Lamerton Crescent
- Local Government Remuneration Tribunal – Review of 2018 annual determination
- Integrated Planning and Reporting Documents
- Fit for the Future
- Draft Procurement Policy
- Section 75W submission
- Shellharbour Beachside Holiday Park
- Tourism update
- Illawarra Regional Airport
- Croome Regional Sporting Complex
- Shellharbour Youth Strategy

Operational  
Income

–

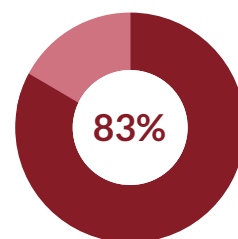
Operational  
Expense

**\$1.141m**

Capital  
Spend

–

Total performance  
progress met





## 4.1.2

### Facilitate good communication and relationships with our community

Council information, activities and events were communicated to the community on several platforms including in print and online.

In print advertisement continued in the Advertiser/Lake Times, in a full-page Community Update which included in public notices of Development Applications and Consents and other planning notifications as required. This also included 24 Mayoral columns.

The Council website has been maintained to inform the community on matters including the NSW Local Government Elections, Windang Island Guided Walk, Sneak Peek Tours of Civic Centre, School Holiday programs, Council Meetings, Learner Log Book Run, Earthworks Course, Fair food, Garage Sale Trail, Dogs Day Out, mowing schedules, sports field updates, stadium timetables, positions vacant and the public exhibition of documents. Business papers, minutes and development consents have been updated regularly, published on the website, and shared through social media.

Community engagement occurred on:

- review the Community Strategic Plan
- foreshore protection works for Ski Way Park
- delivery of the Shellharbour Skate Park
- delivery of three new outdoor exercise equipment stations in City East and West
- the trunk of a fig tree in Little Park, Shellharbour
- Little Park Playground refurbishment
- Warilla Library's opening hours

Council completed 140 media releases for stories such as the opening of the Civic Centre, the Resource Recovery Redevelopment and the re-opening of Little Park. Australia Day, Anzac Day, a community survey about dog-friendly open spaces and many other community events were promoted. Media coverage also included community events such as the Cultural Treasures Multicultural Festival and Good Neighbour of the Year Awards.

Operational  
Income

-

Operational  
Expense

**\$374k**

Capital  
Spend

-

Total performance  
progress met

**100%**

## 4.1.3

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

Council continues to demonstrate its support for the local Aboriginal community through a range of initiatives, events and facilitation of the Aboriginal Advisory Committee (AAC).

Reconciliation remains high on the agenda with the AAC endorsing the development of a Reconciliation Action Plan for Shellharbour City Council. Reconciliation Action Plans provide a practical and action based framework for organisations to realise their vision for reconciliation.

The AAC continues to address key initiatives such as the draft Aboriginal Cultural Protocol, the Aboriginal Employment Strategy, endorsement of the procedure for the transfer, exhibit and storage of Aboriginal artifacts from Tongarra Museum to the new Civic Centre Museum and a decision to run a series of targeted community consultation sessions to support review of Council's Community Strategy Plan.

Council supported the Barrack Heights Roundtable, the review of the NSW Aboriginal Land Rights Act 1983 and a meeting with Families Services Illawarra CEO to discuss a possible partnership on a health related project with Shellharbour Aboriginal Community Youth Association (SACYA). Council attended the Local Government Aboriginal Network Conference (LGAN) further illustrating Council's commitment to exploring new initiatives and building strong networks across the state.

Operational  
Income

-

Operational  
Expense

**\$59k**

Capital  
Spend

-

Total performance  
progress met

**100%**



## Reconciliation Flag Walk

Council delivered another hugely successful Reconciliation Flag Walk event in May in celebration of Reconciliation Week. This year's event was one of our biggest yet with over 220 students participating and many of our Aboriginal Elders and community members joining in.

Our respected Elder Uncle Gerald Brown (Uncle Gee) who was joined by young community members – Kyle (playing the didgeridoo) and Olivia (singing the National Anthem) welcomed the day in. We also had the very popular Koomurri provide a range of cultural workshops on the day that even had the Elders up and dancing.

## 4.2.1

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

Council endorsed the End of Term Report at the 5 September 2017 Ordinary Council meeting. It is the outgoing Council's report to the community on the progress of implementing the Shellharbour City Community Strategic Plan (CSP) 2013-2023.

The 2016-2017 Annual Report was adopted by Council at the Council meeting on 10 October. The Annual Report included: Audited Financial Statements for the year ended 30 June 2017, State of the Environment Report 2011-2017 and the End of Term Report 2011-2017.

Council's Business Improvement Program was largely developed during the year with many staff members involved in updating existing or developing new process documentation and process maps in line with the organisational reforms.

The Calendar of Compliance and Reporting Requirements distributed to Councils by the Office of Local Government, was used to ensure that Council meets its obligations in relation to reporting. This period, the Public Interest Disclosure report was completed and submitted to the Ombudsman. The Office of Local Government and Local Government NSW was also advised of Council's election results.

In relation to making information readily available and complying with the Government Information Public Access Act the following comments are provided: Over 1,300 records relating to Development Applications was made available to the public on Council's website through e-services during this period. All information required to be made publicly available under the Public Information (Public Access) Act (GIPA Act) was displayed on Council's website or provided upon request.

Council submitted its Fit For the Future (FFtF) Reassessment Proposal to the Office of Local Government in March. The submission had Council meeting all seven FFtF ratios in the 2021-2022 assessment year.

Operational  
Income

**\$44k**

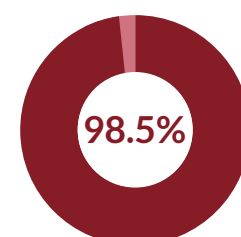
Operational  
Expense

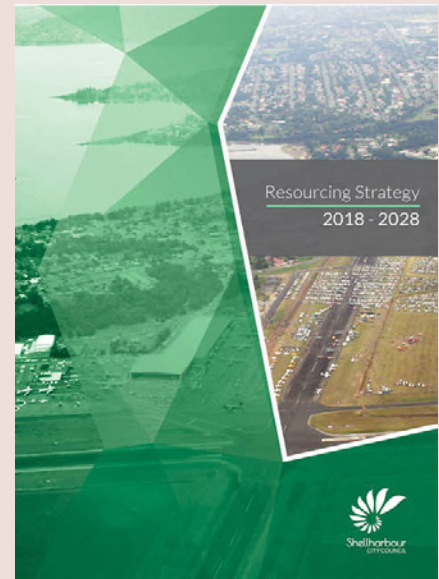
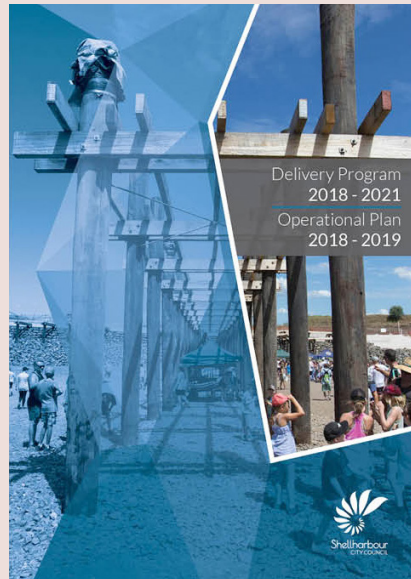
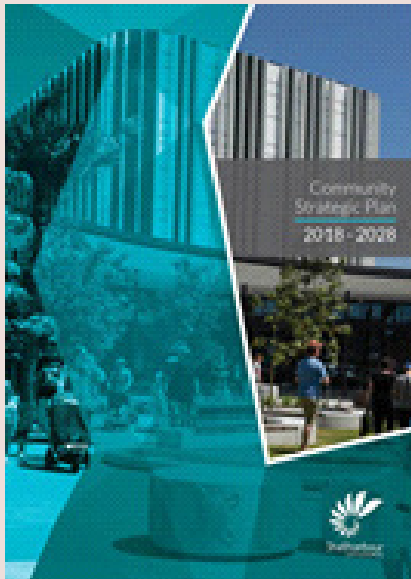
**\$3.931m**

Capital  
Spend

-

Total performance  
progress met





## Adoption of Integrated Planning and Reporting Documents

The Community Strategic Plan 2018-2028, Delivery Program 2018-2021, Operational Plan 2018-2019 and Resourcing Strategy 2018-2028, were adopted at the 12 June 2018 Ordinary Council meeting. This was the finalisation of 18 months' worth of work including extensive community engagement in the development of the plans.

The ten year Community Strategic Plan is the guiding document, which identifies the community's vision and priorities for the future of Shellharbour City, outlining the strategies that will achieve these objectives.

The Delivery Program translates the ten key objectives, reflecting our Community's expectations as per the Community Strategic Plan, into strategies. It is our newly elected Council's commitment to the Community, outlining what it intends to do during its current three year term of office to achieve these objectives. It is the single point of reference for all principal plans, projects, activities and funding allocations undertaken by Council.

The Operational Plan sets out Shellharbour City Council's planned activities and budget for 2018-2019. It identifies measures to determine the effectiveness of projects, programs and services and contains Council's Revenue Policy, in order to meet the commitments made in the Delivery Program.

The Resourcing Strategy is an essential element of the Integrated Planning and Reporting (IP&R) framework. It ensures there is an appropriate mix and delivery of infrastructure services combined with the availability of sufficient financial and human resources to deliver the Strategies and Actions within the Delivery Program and Operational Plan. It is made up of the following three components: Long Term Financial Plan, Asset Management Plan, and Workforce Management Plan.



## 4.2.2

Enhance an organisational culture using resources wisely, achieving quality outcomes, providing excellent customer service and seeking continuous improvement

The move to the Civic Centre has highlighted the importance of the concierge function within the Customer Service Team and continues to be well received by customers and staff. The presence of a Customer service officer at the entry of the centre has created a welcoming and professional atmosphere for the customer and improved the customer experience. Development of the Customer Request Management (CRM) system has continued in preparation for the implementation of the Customer Service Charter and Standards.

The change management plan for the Civic Centre has continued with a report on the new Health and Wellbeing Program going to the Senior Management Team.

As part of the ongoing roll out of the Organisational Reforms a number of new organisational structures have been implemented at the Group level.

Operational  
Income

**\$61k**

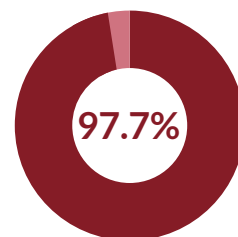
Operational  
Expense

**\$2.332m**

Capital  
Spend

-

Total performance  
progress met





## Core Values Discovery

Council commenced its Core Values Discovery program in February. The program addresses two key elements:

- Cultural improvement and Values
- Accountability and behaviours

The goal of the discovery program was to uncover Council's organisational values through a democratic process which included over half of Council's staff and elected representatives.

The Discovery Program's focus was building awareness and engaging with staff through a series of workshops, the result of which was the 'discovery' of five Core Values – Collaboration, Accountability, Integrity, Respect and Sustainability (CAIRS). These values were revealed in a launch event held on 6 June in the Civic Centre, Auditorium which was attended by approximately 250 indoor and outdoor staff.

Following the launch, a reinforcement program commenced and is aimed at further promoting and integrating the Core Values into Council's daily operations.



### 4.2.3

#### Ensure Council's long term financial sustainability through effective short and long term financial management that is transparent and accountable

Council's long term financial sustainability was achieved by:

- Management recommending and Council approving the 2018-2019 Operational Plan, 2018-2021 Delivery Program and Long Term Financial Plan documents. The documents forecast Council achieving all ratio Fit For the Future (FFtF) benchmarks over 10 years.
- An updated Procurement Policy was publically exhibited and approved by Council. Procurement Procedures were updated and approved by management with over 150 staff being trained on Council's new Procurement Policy and Procurement Procedures.
- An updated Sustainable Financial Strategy publically exhibited and approved by Council. The strategy contains four key principles which have attached Objectives, Actions, Outcomes and Performance Measures.

Council submitted its FFtF Reassessment Proposal to the Office of Local Government on 16 March. The submission had Council meeting all seven FFtF ratios in the 2021-2022 assessment year.

Council's Procurement Team continued to progress regional procurement initiatives with a number of joint tenders being completed. The purpose of this regional procurement initiative is to achieve lower cost of services with sharing into a collective buying power through our partnerships with other government agencies.

Operational  
Income

**\$54.121m**

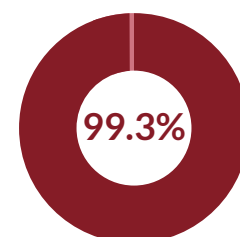
Operational  
Expense

**\$4.535m**

Capital  
Spend

—

Total performance  
progress met



## 4.2.4

### Utilise effective communication methods and technology to share information and provide services

The implementation of the Civic Centre Information Technology (IT) Programme of works was a priority during the reporting period. The three key IT Civic Centre projects - Network, Data Centre and Telephony were delivered on time and within budget.

Council also completed the Technology works for the waste facility at Dunmore and also the Wide Area Network (WAN) project that has upgraded all the external links to various Council sites. The transition of all Council IT systems to the new Civic Centre was completed with no disruption to external and internal customers.

Council continues to deliver a wide range of services to customers online ensuring that Council's services can be accessed anywhere at any time.

The move to the Civic Centre has presented an opportunity for Customer Service to review and improve the experience it delivers to customers. To support this commitment to customer service, a cross section of Council staff came together in late 2017, to participate in a workshop to commence discussions on the development of a Customer Service Charter and Standards for Council.

The outcome of the workshop has been the development of an initial Draft Customer Service Charter from a whole of Council perspective with the aim to establishing a set of organisational commitments and standards for customer service that will be adopted by all Council employees.

Council has implemented a Tablet solution for field staff and have successfully transitioned Work Orders onto the iPad tablet solution and upgraded the internal and external mapping software with various new and enhanced features now available to staff and the community.

Operational  
Income

**\$259k**

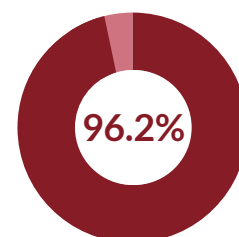
Operational  
Expense

**\$4.725m**

Capital  
Spend

**\$886k**

Total performance  
progress met



## 4.2.5

### Minimise risk and ensure continuity of critical business functions

Council's Business Continuity Management Plan is in place to assist Council staff restore business operations in the event of an unscheduled business disruption or catastrophic event such as the total loss of Council's administration building. The plan covers all mission critical business functions and mission critical IT systems and applications.

Council's Business Continuity Plan has been under review as part of our transition to the Civic Centre. A draft plan has been prepared and this covers all mission critical business functions and mission critical IT systems and applications. The plan will align with the new corporate structure implemented as part of the organisational reforms. Council has been working with the information technology group to update the disaster recovery component of the plan. Council's information technology systems have been upgraded as part of the relocation to the civic centre. These upgrades have helped reduce the potential impacts caused by system outages.

Officers under the Work Health and Safety legislation have been provided with a copy of the Case Law update that provided details of the most recent case where an Officer and the Person Conducting a Business or Undertaking (PCBU) were both fined.

Council successfully applied for funding from StateCover, our Workers Compensation Insurer for up to \$10,000 to assist with a health and well-being day and \$1,800 for the Work Health and Safety Coordinator to attend a two day incident investigation course.

Copies of all SafeWork NSW newsletter and safety wraps have been distributed to all relevant staff. This year they have highlighted power tool safety, manual handling in cemeteries, working at heights, mental health and the new register for licences.

Council is a member of CivicRisk Mutual (CRM) which is an organisation made up of 14 Councils. The organisation helps members manage risk and obtain the best value insurance solutions consistently. CRM provides training for its members in emerging risk issues and they also support members with funding for risk management initiatives such as driver training and desktop exercises of Council's Business Continuity and Disaster Recovery Plan. CivicRisk Mutual is supported by a separate entity called Mutual Management Services (MMS) and their role is to manage the administrative functions for the group.

Insurance arrangements for Council's residual risks are in place and all of Council's insurance policies are current as at 30 June 2018.

The Local Emergency Management Officer (LEMO) and the Deputy Chairperson of

Operational  
Income

**\$109k**

Operational  
Expense

**\$2.271m**

Capital  
Spend

-

Total performance  
progress met





## 4.2.6

### Collaboratively plan and deliver emergency response and recovery services for emergency events

the LEMC for Shellharbour City Council attended the Local Emergency Management Committee (LEMC) meetings held at Albion Park on 5 July 2017 and 1 November 2017.

Bush fire hazard reduction activities were co-ordinated with the Rural Fire Service and have been undertaken in accordance with management plans. Key activities included hazard reduction burns at Blackbutt Reserve in August, removal of dead wattles in Elizabeth Brownlee Reserve and slashing at Stony Range. Planning for prescribed burning has also been undertaken for activities at Croome Reserve, Light Railway Museum and Hargraves Reserve near the airport at Albion Park Rail.

Planning for natural disasters included flood modelling of catchments with updated references from Australian Rainfall and Runoff, this work will be part of Flood Study development.

Also undertaken was the review of Bushfire management plans including Pelican View Reserve. Staff have worked with the Rural Fire Services on finalising grants for fire trail and hazard reduction works. Asset Protection Zone works were carried out at Stony Range, Blackbutt and Shell Cove. In addition areas behind homes along Lakes Entrance Road and at the end of Westwood Terrace included removal of overhanging branches, vegetation removal and slashing ahead of the dry spell and fire season.

Vegetation encroachment management along Lorikeet ongoing with the re-establishment of mulch line was completed. Vegetation management and removal of Lantana from walking tracks at Warilla dunes and Shellharbour North beach also carried out.

The combined Illawarra emergency management arrangements (Kiama, Shellharbour and Wollongong) were reviewed and the Memorandum of Understanding (MOU) that supports the combined Illawarra Local Emergency Management Committee (LEMC) was updated. Shellharbour City Council has taken up the LEMC chair for two years as part of the regular rotation.

Operational  
Income

**\$386k**

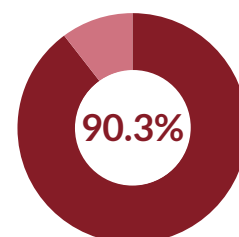
Operational  
Expense

**\$1.463m**

Capital  
Spend

-

Total performance  
progress met



# Statutory Reporting

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

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

# Companion Animals Act

## Community

Shellharbour City Council is accountable for enforcing and educating the local community on the responsibilities of noble pet ownership. This responsibility is legislated by the Companion Animals Act, 1998.

Council is constantly educating owners regarding animal ownership, and the responsibilities required whilst out in public areas. Advising of the importance of having animals under effective control to prevent any incidents between their animals and other owners.

## Impounded Animals

Shellharbour City Council is responsible for the collection and safe return of stray animals within the Shellharbour Local Government Area. On occasions where Council staff cannot locate an owner, the stray animals are safely conveyed to the RSPCA situated in Unanderra. It is then that further enquiries result in most animals being reunited with their owners.

There were 254 stray animals seized throughout the year. Of these 254 seized animals, 120 were immediately returned home. The remainder were conveyed to the RSPCA. This has resulted in a return rate of 47%, down 10% from previous year, this in part is due to social media, with many pets being returned home before council is called and this only leaves animals either not micro chipped or details on the microchips have not been updated.

Shellharbour City Council has been informed by the RSPCA that we are in the top five for New South for return rate of animal seized.

Unregistered animals are also monitored within the Local Government Area. Notices to comply were sent to 609 owners of the unregistered animals. These notices are followed up after a 14-day period.

## Alternatives to Euthanasia for Unclaimed Animals

Education on microchipping is a dominant role for Council. Council is constantly informing owners of the importance of microchipping and having updated contact details on the Companion Animal Register (CAR). Microchipping and updated contact details are the major driving factor of an animal not being euthanised.

If a pet is seized by Council and all details are current, the pet will be immediately returned home. If there is nothing to identify the dog and an owner is not forthcoming, suitability for the rehoming of the pet will be assessed. The RSPCA are actively finding homes for these unclaimed pets.

## Dog Attacks

Council has over the last year, investigated 49 incidents of dog attacks. Dog attacks range from rushing to the actual physicality of biting. Because of these investigations, fines have been forthcoming and restrictions placed on the subject dogs.

## Education Programs

Education has been principal within Shellharbour City Council. Numerous programs are in place to assist in the education of responsible pet ownership. Council utilises social media such as Facebook to inform the wider community of upcoming events and information on pet ownership. Further to this, print and audio media is being utilised to promote future activities.

Council hosts the annual “Dogs Day Out” and assist the RSPCA with the “Million Paws Walk” These activities also provide a free microchipping service for the pet owners. Face to Face activities are also a tool that is working well for council. Council attends to “dog off leash” areas and open areas where they are talking to owners about the many issues on being a responsible pet owner. This is a strategy that works extremely well for the unit.

## Promote and Assist in the De-Sexing of Dogs and Cats

Media and communication strategies have been adopted to promote the importance of de-sexing. Council has proactively spoken to owners of pets and have also advertised on our website. Fact Sheets are also available to view on the Council’s website. Furthermore, the reduction in registration fees for de-sexed animals have been welcomed by the community.

Opportunities at “Dogs Day Out” and the “Million Paws Walk” have been utilised to speak about de-sexing of pets. Council was successful in obtaining \$2,000 in funding for the Animal Welfare League. This funding assisted cat owners in having their pet de-sexed.

## Off-leash areas for dogs

Council provides six off-leash areas for dogs:

- Albion Park
- Barrack Heights
- Flinders
- Mount Warrigal
- Oak Flats
- Shellharbour

For details of off-leash areas and dog agility parks visit [www.shellharbour.nsw.gov.au](http://www.shellharbour.nsw.gov.au)

## Swimming Pool Inspections (Regulation and Enforcement)

Council conducted 123 swimming pool fence inspections for this financial year. Details of inspections of private swimming pools. Include:

Number of inspections of tourist and visitor accommodation	1
Number of inspections of premises with more than 2 dwellings	1
Number of inspections that resulted in issuance of a certificate of compliance under section 22D of the Act	48
Number of inspections that resulted in issuance of a certificate of non-compliance under clause 18BA of the Regulation	0

## Carers Recognition

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



# Disability Inclusion

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

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

**Focus Area 1: Developing positive community attitudes and behaviours**

**Focus Area 2: Creating liveable communities**

**Focus Area 3: Supporting access to meaningful employment**

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

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

**Focus Area 1: Developing positive community attitudes and behaviours**

Promoting events held across the Illawarra in celebration of International Day of People with Disability (IDPWD) is one of the core ways Council raises awareness of the contributions that people with disabilities make to our City - the 'Calendar of Events' is produced annually to promote events held across the region in recognition of the day.

Council hosted an EmployAbility Storyboard Project in partnership with Wollongong City Council as an IDPWD initiative. The storyboards promoted images of seven local people with a disability in employment and provides an insight into their success, challenges and the difference employment has made to their lives. The launch featured a slam poet who got inspiration from the storyboards, presentation of certificates to participating people and a round table on issues relating to employment for people with disabilities. Following the launch, the storyboards went on a roving display through the local libraries.

**Focus Area 2: Creating liveable communities**

Improving access to beaches and waterways is one of the top 5 ideas in the Plan. Council continues to improve access to our beaches and lakes through the provision of a ramp at Reddall Parade providing access to Lake Illawarra and a new pathway at Shellharbour North Beach. A beach wheelchair was also purchased for Warilla Beach. Beach wheelchairs are now available at three of Council's beaches. The procedures around the use of the beach wheelchairs were reviewed to provide more ease of access to the chairs. (Beach matting to further improve access to Shellharbour North Beach will be provided in 2018/19).

**Focus Area 3: Supporting access to meaningful employment**

The new Civic Centre opened in January this year. The Centre has been designed adhering to all current accessibility design criteria and provides a new work space to welcome staff and the public with diverse abilities. Also, an online recruitment process has been introduced that makes the requirements to complete job applications clearer and Easy Read training was provided to Council staff with responsibilities for producing corporate documents, making Council's print information more accessible.

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

The Disability Access and Inclusion Advisory Committee has a key role in ensuring that access and inclusion are key considerations in Council functions. Council has had an Access Committee since 1985. The name of the Committee changed from the Disability Access Committee (DAC) to the Disability Access and Inclusion Advisory Committee (DAIAC) to reflect the broader perspective of the committee. The terms of reference were updated and the number of positions available on the committee has increased due to increased community interest. The committee has reviewed a number of policies and procedures in terms of access and inclusion -this includes the Social Media Policy, Cultural Diversity Framework, Shellharbour Development Control Plan, Carer's Room Guidelines, Visitors Management System, and the Local Government Area Community Profile and Demographics Online Profile.

# Financial Assistance

## 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.

## Miscellaneous Donations Budget 2017/18

<b>Original budget allocation 2017/2018 (miscellaneous donations only)</b>	<b>\$20,000</b>
Plus carry over from previous year	\$1,364
<b>Total available to be allocated</b>	<b>\$21,364</b>
Less first quarter allocation	\$ 6,600
Less second quarter allocation	\$ 4,750
Less third quarter allocation	\$ 1,500
Less fourth quarter allocation	\$ 3,510
Carry over to 2018/2019	\$ 5,004

A total of \$16,360 was donated from the miscellaneous donations budget as follows:

Organisation	Reason Requesting	Amount
Greenacres Disability Services	Purchase of TV for Community Life and Leisure Centre	\$3,500
St Vincent de Paul Shellharbour Conference	Material aid for disadvantaged local residents	\$500
St Vincent de Paul Albion Park Conference	Material aid for disadvantaged local residents	\$500
CityServe Shellharbour	Towards material to build kindergarten recreation area at Warilla North Public School	\$1,500
Albion Park Little Athletics Club	Towards purchase of portable discus cage for John O'Dwyer Oval	\$600
The Shepherd Centre	"Listen I'm Talking" program for hearing impaired local children	\$1,500
Tullimbar Public School	Materials to set up bush tucker garden	\$500
St Vincent de Paul Shellharbour Conference	Towards cost of Christmas lunch for elderly and disadvantaged	\$500
Warilla Barrack Point Surf Life Saving Club	Purchase of three nipper boards	\$1,425
Community Service Awards for local schools	Annual Primary School End of Year Awards	\$825
George Cross Falcons Community Centre Inc.	New mural honouring connection with Maltese community	\$500
Probus Club of Shellharbour	To assist with purchase of new technology	\$1,000
Lake Illawarra District Girl Guides	Assist with electrical maintenance of building	\$1,000
Australian Seabird Rescue South Coast Branch	Produce ten rescue kits for new members	\$760
The Shepherd Centre	Assist provision of "Confident Classmate" program for hearing impaired children in Shellharbour Community	\$1,750
Total		\$ 16,360

## Applications for Sponsorship

Organisation	Project Summary	Amount
Illawarra Academy of Sport	Contribution to scholarships to talented young athletes across the region	\$ 15,000
Sports Star of Year Awards 2017	Presentation Catering, Table Decorations and engraving on trophies	\$ 3,245.86
Kao Kreative	2017 Sculptures at Killalea Festival	\$ 5,000
Jessica Smith Marketing	The Farms Market Sponsorship	\$ 2,000
Jessica Smith Marketing	Child's Play Sponsorship	\$ 2,500
Camp Quality	i98FM Camp Quality Convoy 2017	\$ 2,272.73
Shell Cove Public School P&C	Night under the Stars Killalea	\$ 500
Albion Park Crows JAFC	Albion Park Crows Junior AFL Community Family Fun Day	\$ 500
NSW Department of Education	Southern Stars Sponsorship	\$ 5,000
Southern Illawarra BMX Club	Southern Illawarra BMX Club Sponsorship	\$ 3,000
The Links Shell Cove	Illawarra Vets Sponsorship	\$ 500
Baptist Care	Sponsorship of Community Expo 2528	\$ 1,700
Kidsfest	Kidsfest Shellharbour 2018 "Share Grow Inspire"	\$ 2,500
Illawarra ITEC	Inspire Luncheon	\$ 3,000
RSPCA	RSPCA Million Paws Walk	\$ 1,000
Albion Park Youth and Community Care Inc.	Albion Park NAIDOC Week Community Bush Tucker BBQ	\$ 750
Total		\$ 48,468.59

## Applications for Fee Reduction

The working party also considered Applications for Fee Reduction at the Dunmore Waste Disposal Depot. These applications are considered twice a year and are funded from a separate budget allocation.

The Fee reduction policy - Dunmore Recycling and Waste Disposal Depot - is available on Council's website.

The following applications for Fee Reduction were granted during the 2017-2018 financial year.

Organisation	Reason Requesting	Amount
Shellharbour City Baptist Church Assist Inc.	Disposal of damaged / unusable donated items	\$1,000
St Vincent de Paul Society – Oak Flats	Towards costs to dispose of excessive unsuitable donations.	\$3,000
Shellharbour City Centre Anglican Church	Green waste	\$600
Total		\$ 4,600

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

Council provided in-kind donations to the value of \$132,580 through rental agreements to groups who have provided certain community benefits to the City.



## Small Environmental Grants

Group	Project Summary	Amount
Illawarra Academy of Learning - Warilla	Under the Sea	\$ 272.73
Illawarra Academy of Learning - Mt Warrigal	The Bug Experience	\$ 475
Curious Kids Early Learning Centre	Butterfly House	\$ 675
Flinders Cove Early Learning Centre	The Bug Experience	\$ 475
Blue Cove Early Learning Centre	Butterfly House	\$ 675
Barrack Heights Children's Centre	Under the Sea	\$ 272.73
Shellharbour City Children's Centre	Butterfly House; The Bug Experience	\$ 1,150
Calderwood Christian School	Butterfly House; The Bug Experience	\$ 1,150
St Joseph's Catholic High School	Grow your own Citrus	\$ 500
Warilla Preschool and Occasional Care Centre	Grow your own Native garden	\$ 500
Barrack Heights Children's Centre	Grow your own Native garden	\$ 500
St Paul's Catholic Primary School	The Bug Experience; Grow your own Citrus; Grow your own native garden	\$ 1,475
Junior Einstein's Nurturing Centre	Under the Sea	\$ 272.73
Blue Cove Early Learning Centre	Under the Sea	\$ 272.73
Workshop materials		\$ 911.71
Total		\$ 9,577.63

## Written off Rates and Charges

There was no written off rates and charges for the 2017/18 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 2017-2018, there was one Planning Agreement in force:

## Calderwood Voluntary Planning Agreement

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

Under this Planning Agreement the developer will provide approximately \$20 million 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 \$50 million.

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.

The Planning Agreement was not applied to any development consents in 2017-2018. Contributions including approximately \$411,000 cash and approximately \$50,000 non-cash were received from previous development consents.

# Environmental Upgrade Agreement

No Environmental Upgrade Agreements have been established.

# Fisheries Management

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

# Stormwater Management Services

## Stormwater Services

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

- Hamilton Road Albion Park Gross Pollutant Trap (GPT) – Installation of Ecosol style of GPT to improve water quality.
- Wattle Road GPT - Installation of Baramy style of GPT to improve water quality.
- Reddall Parade Headwall Upgrade – Installation of additional pits and pipes and formalisation of open channel to reduce erosion of embankment and pathway.
- Shellharbour Road Culvert Extension – Completion of design phase for upgrading open channel to box culverts in order to reduce upstream flooding activity.

## Stormwater Monitoring

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

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

## Stormwater Education

Funding from the Stormwater Levy has contributed to the development and delivery of stormwater education activities at Council's Local Government week event, which had a total participation of over 60 children.

## Coastal Protection Service

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

# Special Rate Variation Expenditure

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

The total funds expended in 2017/18 under the special rate variation amounted to \$7.87m. A breakdown of this expenditure according to asset class is provided below:

Buildings <b>\$2,013,069</b>	<ul style="list-style-type: none"> <li>Centenary Hall refurbishment</li> <li>Albion Park Tennis Club refurbishment</li> <li>Country Kitchen roof and kitchen renewal</li> <li>Croom Stadium floor refurbishment</li> </ul>
Footpaths and Shared Paths <b>\$495,026</b>	<ul style="list-style-type: none"> <li>Blackbutt Shared Path Stage 2</li> <li>Warilla Beach Shared Path Renewal</li> <li>Balarang Reserve Shared Path Renewal</li> <li>Tongarra Road Shared Path Renewal</li> </ul>
Transport <b>\$3,370,116</b>	Renewal of 58 road segments, including: <ul style="list-style-type: none"> <li>Coachwood Dr, Albion Park Rail</li> <li>Golden Gr, Albion Park</li> <li>Konrads Rd, Mount Warrigal</li> <li>Lindwall St, Warilla</li> </ul>
Open Spaces <b>\$926,820</b>	<ul style="list-style-type: none"> <li>Albion Park Showground Seating</li> <li>Beverley Whitfield Pool Pumping System Renewal</li> <li>Little Park Play Equipment Renewal and Upgrade</li> <li>Shellharbour Skate Park Renewal and Upgrade</li> </ul>
Stormwater <b>\$938,400</b>	<ul style="list-style-type: none"> <li>Central Ave Oak Flats Pit and Pipe Renewal</li> <li>Lang St Oak Flats Pit and Pipe Renewal</li> <li>Renewal of 44 segments of stormwater pipe through epoxy relines</li> <li>Woollybutt Dr Albion Park Rail Headwall Renewal</li> </ul>
Other <b>\$127,581</b>	<ul style="list-style-type: none"> <li>Airport runway renewal</li> <li>Waste Depot Fence renewal</li> </ul>
Total <b>\$7,871,012</b>	







# Assets acquired by Council during 2017/18

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 \$38.76M for the 2017/18 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 the handover of assets constructed through major subdivisions, works in kind and user groups of Council land. For 2017/18, the total value of assets acquired was \$19.47m. This was comprised of \$14.67m of infrastructure assets and \$4.80m of contributed land. This largely came from new sections of Calderwood, Shell Cove and Tullimbar being handed over.

The values of assets acquired are summarised below.

## Works Completed and In Progress

Buildings <b>\$18,168,358</b>	<ul style="list-style-type: none"> <li>• Civic Centre</li> <li>• Albion Park SES New Control Centre</li> <li>• Illawarra Regional Airport Terminal and Start-up Infrastructure</li> <li>• Beverley Whitfield Pool Amenities Upgrade</li> </ul>
Footpaths and Shared Paths <b>\$711,771</b>	<ul style="list-style-type: none"> <li>• Blackbutt Shared Path Stage 2</li> <li>• Tullimbar Public School Footpath</li> <li>• Warilla High School Footpath</li> <li>• Tongarra Road Shared Path Renewal</li> </ul>
Transport <b>\$4,050,669</b>	<ul style="list-style-type: none"> <li>• Renewal of 58 road segments, incl</li> <li>• Albion Park Cemetery Access Road</li> <li>• Picnic Island Bridge Renewal</li> <li>• Sealing of Rural Roads</li> </ul>
Open Spaces <b>\$2,403,449</b>	<ul style="list-style-type: none"> <li>• Albion Park Showground Lighting</li> <li>• Little Park Play Equipment Renewal and Upgrade</li> <li>• Keith Barnes Reserve Play Equipment Renewal and Upgrade</li> <li>• Shellharbour Skate Park Renewal and Upgrade</li> <li>• Terry Reserve Upgrades</li> </ul>
Stormwater <b>\$1,709,701</b>	<ul style="list-style-type: none"> <li>• Central Ave Oak Flats Pit and Pipe Renewal</li> <li>• Lang St Oak Flats Pit and Pipe Renewal</li> <li>• Renewal of 44 segments of stormwater pipe through epoxy relines</li> <li>• Flinders Green Detention Basin Renewal</li> </ul>
Other <b>\$11,715,718</b>	<ul style="list-style-type: none"> <li>• The Links Shell Cove Subdivision</li> <li>• Fleet Vehicle &amp; Major Plant Changeovers</li> <li>• Library Book Acquisitions</li> <li>• IT Infrastructure Renewals and Upgrades</li> <li>• Landfill Cell 5B Design, Preparation &amp; Construction</li> </ul>
Total <b>\$38,759,718</b>	

## Assets contributed by developers and others

Asset Class	Value \$'000
Bridges	\$5,597
Roads	\$2,242
Drainage	\$4,466
Footpaths	\$1,061
Kerb & Gutter	\$1,302
Land under Roads	\$4,707
Community Land	\$90
<b>Total</b>	<b>\$19,465</b>

## Assets held by Council at the end of 2017/18

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 2017/18 financial year.

Asset Type	Quantity
Buildings	240
Sealed Roads	393km
Unsealed Roads	12km
Footpaths	203km
Stormwater Drainage	281km
Stormwater Pits	10,127
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 2017/18

Contractor	Contract detail & purpose	Contract Value (\$)
Knorr Constructions Pty Ltd	Demolish existing lifeguard tower, complete the detailed design and construction of the new lifeguard tower	\$ 337,331
Corrigan Traffic Signals	Construction of Traffic Signals at Cygnet Avenue and College Avenue Shellharbour City Centre	\$ 382,000
Martin Morris & Jones Pty Ltd	Marketing and sales of the 45 lots created by the subdivision of a portion of The Links Golf Course	\$ 353,987
Cleary Bros (Bombo) Pty Ltd	Construction of the par subdivision of The Links Golf Course to create 45 residential lots	\$ 4,315,397
De Lage Landen Pty Ltd	Supply via Lease of Golf Carts	\$ 526,356
Bitupave Ltd T/A Boral Asphalt	2017/18 Asphalt Road Renewals	\$ 2,500,000
Cadifern Civil	Hamilton Road and Wattle Road GPT Construction	\$ 539,163
VFG Skate Parks	Shellharbour Skate Park Design and Construct	\$ 623,319
Westrac	Purchase of Waste Compactor for Waste Depot	\$ 815,000
Smith Zac Constructions Pty Ltd	2017/112 Centenary Hall Refurbishment, Albion Park	\$ 568,994
HPAC	2017/107 Sea Spray Roof Replacement	\$ 420,250
	The Links Subdivision Contract for Sale - various lots	\$ 1,895,000
Dynamic Civil	2017/106 Beverley Whitfield Pool - Pump and Pipeline	\$ 366,900
Roadworx	2018/04 Road to Recovery Programme - Calderwood Road and Quarter Sessions Road Upgrades	\$ 200,000
HDSA Group	2017/119 Skiway Park Promenade Demolition	\$ 155,304
Telstra	Mobile Data and Voice Communications	\$ 396,000
Commonwealth Bank of Australia	Transactional Banking Services	\$ 240,000
Cleary Bros (Bombo) Pty Ltd	Supply and Delivery of Pre-Mixed Concrete	\$ 750,000
Wollongong Linemarking Services	Pavement (Line) Marking Services	\$ 420,000

# Condition of Public Works

As at 30/06/2018

\$ '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	2017/18 Required maintenance	2017/18 Actual maintenance	Carrying value
<b>Buildings</b>	Buildings	2,242	4,484	1,797	2,034	127,220
<b>Other Structures</b>	Other structures	14	28			2,268
<b>Roads</b>	Sealed roads	1,996	3,991	690	1,083	133,273
	Unsealed roads	634	1,269	55	31	1,384
	Bridges	236	471	13	11	13,433
	Footpaths	1,174	2,347	331	331	37,469
	Other road assets	410	820	841	836	15,443
	<b>Sub-total</b>	<b>4,450</b>	<b>8,899</b>	<b>1,930</b>	<b>2,292</b>	<b>201,002</b>
<b>Stormwater drainage</b>	Stormwater drainage	3,610	7,221	769	505	176,517
<b>Open space/recreational assets</b>	Swimming pools	0	0	1,412	1,559	2,978
	Other open space recreational assets	132	264	5,976	6,524	9,802
	<b>Sub-total</b>	<b>132</b>	<b>264</b>	<b>7,388</b>	<b>8,083</b>	<b>12,779</b>
<b>Other infrastructure assets</b>	Other	0	0			8,000
<b>Total Classes</b>	<b>Total - All Assets</b>	<b>10,448</b>	<b>20,896</b>	<b>11,884</b>	<b>12,914</b>	<b>527,786</b>

## Asset Condition Key

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

Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
	1	2	3	4	5
182,074	51.9%	30.2%	15.4%	2.1%	0.4%
3,253	87.3%	6.5%	5.3%	0.9%	0.0%
168,546	24.6%	58.3%	14.8%	2.3%	0.1%
1,957	33.7%	0.0%	1.5%	64.8%	0.0%
16,639	66.5%	12.0%	18.7%	2.6%	0.2%
51,038	45.0%	32.2%	18.2%	4.1%	0.5%
20,770	53.0%	24.9%	18.1%	3.2%	0.7%
<b>258,951</b>	<b>33.7%</b>	<b>47.0%</b>	<b>15.9%</b>	<b>3.2%</b>	<b>0.2%</b>
253,942	30.2%	37.2%	29.8%	2.2%	0.7%
8,265	0.0%	50.2%	49.8%	0.0%	0.0%
17,028	77.1%	14.2%	7.2%	1.4%	0.2%
<b>25,293</b>	<b>51.9%</b>	<b>25.9%</b>	<b>21.1%</b>	<b>0.9%</b>	<b>0.1%</b>
9,037	67.6%	29.3%	3.0%	0.0%	0.0%
<b>732,549</b>	<b>38.3%</b>	<b>38.3%</b>	<b>20.5%</b>	<b>2.4%</b>	<b>0.4%</b>



# Equal Employment Opportunity Management Plan

Shellharbour City Council is an equal opportunity employer that aims to ensure the workplace is free of bullying, harassment and discrimination in any form.

Since 2011, Shellharbour Council has had a female Mayor and currently has three female councillors or 43% of elected officials. Councillor Marianne Saliba recently entered her fourth term as Mayor, providing a strong female leadership role model for the organisation.

Council went through an exhaustive process to discover its Core Values. Over half of Council's staff participated in the process. The Core Value of Respect with the tag line "We Care" highlights Council's commitment to a caring, respectful and equal culture.

Council is currently seeking White Ribbon Accreditation. This is a commitment to Council providing a safe working environment for victims of domestic violence.

The use of phased retirement, part time work and working from home continues to grow across Council. A commitment to flexible working arrangements makes it easier for staff with family commitments to continue their career at Council. Equal opportunity is one factor that will be assessed when Council reviews all of its policies and procedures. A new Pregnancy, Parental Leave and Return to Work Policy will be developed as a part of the review.

# Councillor Costs

The total cost for payment of expenses and provision of facilities to the Mayor and Councillors (from 1 July 2017 to 30 June 2018) was \$115,753.

Specific costs as required by Clause 217 of the Local Government (General) Regulation 2005 are as follows:

Item	Cost (\$)
Total cost during the year for office equipment (including laptop, computer and mobile phone) allocated to Councillors on a personal basis	\$49,260
Total cost during the year for telephone calls made by Councillors, including calls made from mobile phones provided by the Council and from landline telephones and facsimile services installed in Councillors homes	\$5,739
Attendance of Councillors at conferences and seminars and the total cost	\$18,912
Training of Councillors and the provision of skill development for newly elected Councillors and the total cost	\$15,762
Interstate visits undertaken during the year by Councillors while representing the council (including the cost of transport, the cost of accommodation and other out of pocket travelling expenses)	\$5,181
Overseas visits undertaken during the year by Councillors while representing the council (including the cost of transport, the cost of accommodation and other out of pocket travelling expenses)	\$0
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 Mayors and Councillors for Local Councils in NSW	\$474
Expenses involved in the provision of care for a child of, or an immediate family member of, a Councillor, to allow the Councillor to undertake his or her civic functions	\$0

## Overseas Visits

No overseas trips were taken by the Mayor, Councillors or General Manager during the last financial year.

# Senior Staff Remuneration

Shellharbour City Council employed one (1) General Manager and three (3) Directors during the period 1 July 2017 to 30 June 2018.

The General Manager and the Directors are employed on a Division of Local Government contract for a period of between four and five years.

## **General Manager**

As at 30 June 2018, the General Manager was paid a total remuneration of \$306,894.29.

## **Directors**

As at the 30 June 2018, the three Directors were paid a total remuneration of \$583,324.74.

Two of the three Director positions were vacant at the beginning of the reporting period with one Director position being filled on the 31 July 2017 and one being filled on the 28 August 2017.

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 2017/18 financial year.

Council had interests in the following entities during the 2017/18 financial year:

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

# Summary of Legal Proceedings 2017/18

Court	Comment on status/outcome	Amounts Incurred	Finalised	Result
Land and Environment Court of NSW	Council ats 18 Falcon St Pty Limited, 18 Falcon Street, Shellharbour	\$2,431.50	Yes	Executed Deed of Settlement
Land and Environment Court of NSW	Council ats 18 Falcon St Pty Limited, 18 Falcon Street, Shellharbour	\$36.50	Yes	Appeal Upheld Orders made
Land and Environment Court of NSW	Council & Ors ats Wollongong City Council	\$36,107.06	Yes	Proceedings discontinued and deeds of settlement exchanged
Land and Environment Court of NSW	Council ats DPT Holdings Pty Ltd - Tullimbar Hotel, Corner of Broughton & Cleveland	\$4,286.00	Yes	Applicant discontinued proceedings
Land and Environment Court of NSW	Council ats JV Co. 8 Pty Limited, Cnr. Pioneer Dr & New Lake Entrance Rd, Oak Flats Set down for Section 34 conference	\$0.00	Ongoing	

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

## Review of proactive release program – Clause 7(a)

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 is a new initiative by Council that provides an online forum for community engagement. Information about current topics and projects is placed on this site by Council staff and the community is encouraged to have their say, post their ideas, thoughts and contributions.

The following information was also made available to the public under the Proactive Release section of Council's website:

- [Code of Conduct Statistics Report](#)
- [Councillor Expenses Register](#)
- [Gifts and Benefits Register](#)
- [Illawarra Biodiversity Strategy volume 1](#)
- [Illawarra Biodiversity Strategy volume 2](#)
- [Independent Local Government Review Panel 20 Essential Steps Submission](#)
- [Independent Local Government Review Panel Sustainable Change Submission](#)
- [Local Government Acts Taskforce Preliminary Ideas Further Submission](#)
- [Local Government Acts Taskforce Preliminary Ideas Paper Submission](#)
- [Right to Purchase Deed Stockland - Sale of Lamerton House](#)
- [Submission NSW Department of Planning & Infrastructure White Paper](#)

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 7(b)

During the reporting period, Council received a total of 19 formal access applications (including withdrawn applications but not invalid applications).

## Number of refused applications for Schedule 1 information – Clause 7(c)

During the reporting period, Shellharbour City Council refused nil 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	0	0	0	0	0	0	0	1	5%
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	6	0	0	0	2	0	0	9	47%
Members of the public (other)	2	4	1	1	0	1	0	0	9	47%
<b>Total</b>	<b>4</b>	<b>10</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>19</b>	
% of Total	21%	53%	5%	5%	0%	16%	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*	1	0	0	0	0	0	0	0	1	5%
Access applications (other than personal information applications)	2	9	1	1	0	3	0	0	16	84%
Access applications that are partly personal information applications and partly other	1	1	0	0	0	0	0	0	2	11%
<b>Total</b>	<b>4</b>	<b>10</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>19</b>	
% of Total	21%	53%	5%	5%	0%	16%	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%
<b>Total</b>	<b>0</b>	

\*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 occasions when application not successful	% of Total
Responsible and effective government	2	14%
Law enforcement and security	1	7%
Individual rights, judicial processes and natural justice	10	71%
Business interests of agencies and other persons	1	7%
Environment, culture, economy and general matters	0	0%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
<b>Total</b>	<b>14</b>	

**Table F: Timeliness**

	Number of applications	% of Total
Decided within the statutory time frame (20 days plus any extensions)	14	93%
Decided after 35 days (by agreement with applicant)	1	7%
Not decided within time (deemed refusal)	0	0%
<b>Total</b>	<b>15</b>	

**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%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	
% of Total	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%
<b>Total</b>	<b>0</b>	

**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%
<b>Total</b>	<b>0</b>	



# 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 2017/18, Council did not receive any Public Interest Disclosures. Council undertook the following actions to meet its staff awareness obligations:

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

# AUDITED FINANCIAL STATEMENTS

For year ending 30 June 2018



# Shellharbour City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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A City of Vision



Shellharbour  
CITY COUNCIL

# Shellharbour City Council

## General Purpose Financial Statements for the year ended 30 June 2018

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### Overview

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

76 Cygnet Avenue  
Shellharbour City Centre

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

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

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

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

# Shellharbour City Council

## General Purpose Financial Statements for the year ended 30 June 2018

### Understanding Council's financial statements

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#### Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

#### What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2018.

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

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and 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 annual 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 2018

### 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:

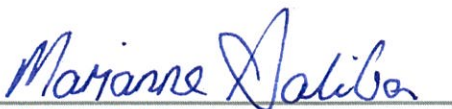
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these financial 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 04 September 2018.



Marianne Saliba  
Mayor  
04 September 2018



Councillor  
04 September 2018



Carey McIntyre  
General Manager  
04 September 2018



Gary Grantham  
Responsible Accounting Officer  
04 September 2018



# Shellharbour City Council

## Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Income from continuing operations</b>				
<b>Revenue:</b>				
56,596	Rates and annual charges	3a	57,372	55,455
22,167	User charges and fees	3b	17,378	17,923
2,374	Interest and investment revenue	3c	2,771	3,471
3,448	Other revenues	3d	44,426	35,440
7,823	Grants and contributions provided for operating purposes	3e,f	9,136	10,511
22,870	Grants and contributions provided for capital purposes	3e,f	27,181	24,317
<b>Other income:</b>				
9,018	Net gains from the disposal of assets	5	—	—
—	Fair value increment on investment property	11	3,570	—
—	Net share of interests in joint ventures and associates using the equity method	17	211	86
<b>124,296</b>	<b>Total income from continuing operations</b>		<b>162,045</b>	<b>147,203</b>
<b>Expenses from continuing operations</b>				
33,769	Employee benefits and on-costs	4a	33,666	31,169
1,182	Borrowing costs	4b	892	501
24,189	Materials and contracts	4c	21,696	19,338
14,604	Depreciation and amortisation	4d	14,318	13,406
15,862	Other expenses	4e	48,645	38,816
—	Net losses from the disposal of assets	5	600	388
<b>89,606</b>	<b>Total expenses from continuing operations</b>		<b>119,817</b>	<b>103,618</b>
<b>34,690</b>	<b>Operating result from continuing operations</b>		<b>42,228</b>	<b>43,585</b>
<b>34,690</b>	<b>Net operating result for the year</b>		<b>42,228</b>	<b>43,585</b>
34,690	Net operating result attributable to Council		42,228	43,585
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>				
<b>11,820</b>			<b>15,047</b>	<b>19,268</b>

# Shellharbour City Council

## Statement of Comprehensive Income for the year ended 30 June 2018

\$ '000	Notes	2018	2017
<b>Net operating result for the year</b> (as per Income Statement)		<b>42,228</b>	<b>43,585</b>
<b>Other comprehensive income:</b>			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10	36,559	–
Other comprehensive income – joint ventures and associates		1	(2)
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>36,560</b>	<b>(2)</b>
<b>Total other comprehensive income for the year</b>		<b>36,560</b>	<b>(2)</b>
<b>Total comprehensive income for the year</b>		<b>78,788</b>	<b>43,583</b>
Total comprehensive income attributable to Council		78,788	43,583

# Shellharbour City Council

## Statement of Financial Position as at 30 June 2018

\$ '000	Notes	2018	Restated 2017	Restated 1 July 2016
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	6a	14,865	24,407	14,201
Investments	6b	45,570	44,418	56,004
Receivables	7	5,479	7,367	6,713
Inventories	8	28,977	34,169	39,058
Other	8	401	212	155
Non-current assets classified as 'held for sale'	9	1,158	1,158	9,767
<b>Total current assets</b>		<b>96,450</b>	<b>111,731</b>	<b>125,898</b>
<b>Non-current assets</b>				
Investments	6b	30,000	26,315	27,455
Receivables	7	1,285	1,137	1,122
Infrastructure, property, plant and equipment	10	829,009	736,727	660,048
Investments accounted for using the equity method	17	600	388	304
Investment property	11	23,061	19,475	19,369
Intangible assets	12	2,945	3,110	3,890
<b>Total non-current assets</b>		<b>886,900</b>	<b>787,152</b>	<b>712,188</b>
<b>TOTAL ASSETS</b>		<b>983,350</b>	<b>898,883</b>	<b>838,086</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	13	15,702	16,576	14,180
Income received in advance	13	1,477	1,695	1,717
Borrowings	13	7,299	1,251	466
Provisions	14	12,942	13,052	12,442
<b>Total current liabilities</b>		<b>37,420</b>	<b>32,574</b>	<b>28,805</b>
<b>Non-current liabilities</b>				
Borrowings	13	15,398	16,697	3,521
Provisions	14	17,477	15,511	15,240
<b>Total non-current liabilities</b>		<b>32,875</b>	<b>32,208</b>	<b>18,761</b>
<b>TOTAL LIABILITIES</b>		<b>70,295</b>	<b>64,782</b>	<b>47,566</b>
<b>Net assets</b>		<b>913,055</b>	<b>834,101</b>	<b>790,520</b>
<b>EQUITY</b>				
Accumulated surplus	15	504,140	461,746	418,163
Revaluation reserves	15	408,674	372,115	372,115
Council equity interest		912,814	833,861	790,278
Non-controlling equity interests		241	240	242
<b>Total equity</b>		<b>913,055</b>	<b>834,101</b>	<b>790,520</b>

## Shellharbour City Council

## Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018	IPP&E	Council interest	Non-controlling interest	Total equity	2017	IPP&E	Council interest	Non-controlling interest	Restated Total equity
		Accumulated surplus	revaluation reserve				Accumulated surplus	revaluation reserve			
<b>Opening balance</b>		461,746	372,115	<b>833,861</b>	240	<b>834,101</b>	376,576	372,115	<b>748,691</b>	242	<b>748,933</b>
Correction of prior period errors	15 (b)	165	–	<b>165</b>	–	<b>165</b>	41,587	–	<b>41,587</b>	–	<b>41,587</b>
<b>Restated opening balance</b>		<b>461,911</b>	<b>372,115</b>	<b>834,026</b>	<b>240</b>	<b>834,266</b>	<b>418,163</b>	<b>372,115</b>	<b>790,278</b>	<b>242</b>	<b>790,520</b>
<b>Net operating result for the year</b>		<b>42,228</b>	<b>–</b>	<b>42,228</b>	<b>–</b>	<b>42,228</b>	<b>43,585</b>	<b>–</b>	<b>43,585</b>	<b>–</b>	<b>43,585</b>
<b>Other comprehensive income</b>											
– Gain (loss) on revaluation of IPP&E	10	–	36,559	<b>36,559</b>	–	<b>36,559</b>	–	–	<b>–</b>	–	<b>–</b>
– Joint ventures and associates		1	–	<b>1</b>	–	<b>1</b>	(2)	–	<b>(2)</b>	–	<b>(2)</b>
<b>Other comprehensive income</b>		<b>1</b>	<b>36,559</b>	<b>36,560</b>	<b>–</b>	<b>36,560</b>	<b>(2)</b>	<b>–</b>	<b>(2)</b>	<b>–</b>	<b>(2)</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>42,229</b>	<b>36,559</b>	<b>78,788</b>	<b>–</b>	<b>78,788</b>	<b>43,583</b>	<b>–</b>	<b>43,583</b>	<b>–</b>	<b>43,583</b>
Distributions to/(contributions from) non-controlling interests		–	–	<b>–</b>	<b>1</b>	<b>1</b>	–	–	<b>–</b>	<b>(2)</b>	<b>(2)</b>
<b>Equity – balance at end of the reporting period</b>		<b>504,140</b>	<b>408,674</b>	<b>912,814</b>	<b>241</b>	<b>913,055</b>	<b>461,746</b>	<b>372,115</b>	<b>833,861</b>	<b>240</b>	<b>834,101</b>

# Shellharbour City Council

## Statement of Cash Flows for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Cash flows from operating activities</b>				
<u>Receipts:</u>				
56,596	Rates and annual charges		57,214	55,191
22,167	User charges and fees		18,722	20,197
2,374	Investment and interest revenue received		2,972	3,506
12,909	Grants and contributions		16,779	17,062
3,048	Other		50,325	34,256
<u>Payments:</u>				
(33,299)	Employee benefits and on-costs		(33,844)	(30,963)
(24,189)	Materials and contracts		(19,683)	(19,232)
(880)	Borrowing costs		(589)	(204)
(15,862)	Other		(51,430)	(37,797)
<b>22,864</b>	<b>Net cash provided (or used in) operating activities</b>	16b	<b>40,466</b>	<b>42,016</b>
<b>Cash flows from investing activities</b>				
<u>Receipts:</u>				
24,000	Sale of investment securities		23,960	32,465
3,990	Sale of real estate assets		—	—
7,330	Sale of infrastructure, property, plant and equipment		303	10,489
<u>Payments:</u>				
(20,000)	Purchase of investment securities		(27,976)	(19,320)
—	Purchase of investment property		(151)	(106)
(41,729)	Purchase of infrastructure, property, plant and equipment		(50,894)	(69,297)
<b>(26,409)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(54,758)</b>	<b>(45,769)</b>
<b>Cash flows from financing activities</b>				
<u>Receipts:</u>				
7,050	Proceeds from borrowings and advances		6,000	14,597
<u>Payments:</u>				
(4,277)	Repayment of borrowings and advances		(1,251)	(636)
—	Distributions to non-controlling interests		1	(2)
<b>2,773</b>	<b>Net cash flow provided (used in) financing activities</b>		<b>4,750</b>	<b>13,959</b>
<b>(772)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(9,542)</b>	<b>10,206</b>
—	Plus: cash and cash equivalents – beginning of year	16a	24,407	14,201
<b>(772)</b>	<b>Cash and cash equivalents – end of the year</b>	16a	<b>14,865</b>	<b>24,407</b>
Additional Information:				
plus:	Investments on hand – end of year	6b	75,570	70,733
	<b>Total cash, cash equivalents and investments</b>		<b>90,435</b>	<b>95,140</b>

# Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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n/a – not applicable



## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 04/09/2018.

Council has the power to amend and reissue these 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.

##### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

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

Full dollars have been used in Note 23 Related party disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 21 – Material budget variations

and are clearly marked.

##### **(a) New and amended standards adopted by Council**

There have been no new (or amended) accounting standards adopted by Council in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

##### **(b) Historical cost convention**

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

##### **(c) 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

# Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 1. Basis of preparation (continued)

of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of investment properties – refer Note 11,
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 10,
- (iii) estimated tip remediation provisions – refer Note 14,
- (iv) employee benefit provisions – refer Note 14.

#### ***Significant judgements in applying the Council's accounting policies***

- (v) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

### **Monies and other assets received by Council**

#### **(a) The Consolidated Fund**

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

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

- General purpose operations

#### **(b) The Trust Fund**

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets 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 other assets 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 amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

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

### **New accounting standards and interpretations issued not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

As at the date of authorisation of these financial statements, Council considers that the standards and interpretations listed below will have an impact upon future published financial statements ranging from additional and / or revised disclosures to actual changes as to how certain transactions and balances are accounted for.

##### **Effective for annual reporting periods beginning on or after 1 July 2018**

- *AASB 9 Financial Instruments*

This replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

Based on assessments to date, Council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

##### **Effective for annual reporting periods beginning on or after 1 July 2019**

- *AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

While Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards, these standards may affect the timing of the recognition of some grants and donations.

- *AASB 16 Leases*

Council is currently a party to leases that are not recognised in the Statement of Financial Position.

It is likely that some of these leases will need to be included in the Statement of Financial Position when this standard comes into effect.

A lease liability will initially be measured at the present value of the lease payments to be made over the lease term.

A corresponding right-of-use asset will also be recognised over the lease term.

Council has not elected to apply any pronouncements before their operative date in these financial statements.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Environment	30,174	30,044	26,713	25,649	3,461	4,395	1,313	1,415	208,372	201,225
Community	6,417	6,236	18,159	17,667	(11,742)	(11,431)	327	457	291,864	255,951
Economy	70,475	58,183	54,114	43,072	16,361	15,111	1,870	1,988	337,264	294,488
Leadership	54,979	52,740	20,831	17,230	34,148	35,510	5,098	7,053	145,850	147,219
<b>Total functions and activities</b>	<b>162,045</b>	<b>147,203</b>	<b>119,817</b>	<b>103,618</b>	<b>42,228</b>	<b>43,585</b>	<b>8,608</b>	<b>10,913</b>	<b>983,350</b>	<b>898,883</b>

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

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

##### **Environment**

Protects and promotes its natural environment

Practices sustainable living

A liveable City that is connected through places and spaces

##### **Community**

Vibrant, safe and inclusive city

Active and healthy community

##### **Economy**

Infrastructure is planned and managed in a way that meets the community's needs

Supported by a strong local economy with business and employment opportunities

Welcomes, engages and attracts visitors

##### **Leadership**

Led by a Council that effectively represents the Community

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

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 3. Income from continuing operations

\$ '000	2018	2017
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	38,534	37,456
Farmland	303	322
Business	5,688	5,339
Less: pensioner rebates (mandatory)	(1,066)	(1,070)
Less: pensioner rebates (Council policy)	(136)	(145)
<b>Total ordinary rates</b>	<b>43,323</b>	<b>41,902</b>
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	13,415	12,964
Stormwater management services	618	608
Waste management services (non-domestic)	342	315
Section 611 charges	40	42
Less: pensioner rebates (mandatory)	(366)	(376)
<b>Total annual charges</b>	<b>14,049</b>	<b>13,553</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>57,372</b>	<b>55,455</b>

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

#### Accounting policy for rates and annual charges

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. 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.

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

<b>(b) User charges and fees</b>	<b>2018</b>	<b>2017</b>
<b>Specific user charges</b> (per s.502 – specific ‘actual use’ charges)		
Waste management services (non-domestic)	7,054	8,387
<b>Total specific user charges</b>	<b>7,054</b>	<b>8,387</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Building control	240	203
Certificate registration	94	100
Development applications	1,075	990
Inspection services	94	119
Private works – section 67	36	40
Section 149 certificates (EPA Act)	206	199
Section 603 certificates	128	120
Subdivision	508	516
<b>Total fees and charges – statutory/regulatory</b>	<b>2,381</b>	<b>2,287</b>



# Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
<b>(b) User charges and fees (continued)</b>		
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Airport	552	122
Animal control	149	77
Caravan park	1,688	1,598
Cemeteries	266	269
Fire and emergency services levy (FESL) implementation	3	116
Golf course	3,026	3,060
Library	39	39
Nursery	426	364
Recycling	155	68
RMS (formerly RTA) charges (state roads not controlled by Council)	176	106
Shell cove maintenance	2	4
Shellharbour city stadium	359	348
Sportsfields	213	260
Swimming pools	386	362
Other	503	456
<b>Total fees and charges – other</b>	<b>7,943</b>	<b>7,249</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>17,378</b>	<b>17,923</b>

#### Accounting policy for user charges and fees

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

### (c) Interest and investment revenue (including losses)

#### Interest

– Overdue rates and annual charges (incl. special purpose rates)	167	168
– Cash and investments	2,435	2,743
– Cash and investments - Shell Cove	123	141

#### Fair value adjustments

– Fair valuation movements in investments (at fair value or held for trading)	46	419
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#### **TOTAL INTEREST AND INVESTMENT REVENUE**

<b>2,771</b>	<b>3,471</b>
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#### Interest revenue is attributable to:

##### Unrestricted investments/financial assets:

Overdue rates and annual charges (general fund)	167	168
General Council cash and investments	1,431	2,185
Cash and investments - Shell Cove	123	141

##### Restricted investments/funds – external:

Development contributions		
– Section 7.11	1,009	945
– Voluntary Planning Agreement	41	32

#### **Total interest and investment revenue recognised**

<b>2,771</b>	<b>3,471</b>
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#### Accounting policy for interest and investment revenue

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

## Shellharbour City Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018	2017
<b>(d) Other revenues</b>			
Rental income – investment property	11	396	343
Rental income – other council properties		607	483
Rental income – Shell Cove		27	40
Fines		537	306
Commissions and agency fees - Shell Cove		629	712
Gaming machines		430	384
Motor vehicle contributions		252	236
Other charges – rates and charges		334	312
Performance payment		105	94
Sales of inventories		4,433	4,433
Sales of Inventories - Shell Cove		36,125	27,595
Other		209	164
Other - Shell Cove		342	338
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>44,426</u></b>	<b><u>35,440</u></b>

#### Accounting policy for other revenue

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

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

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

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

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

Sale of inventories include land that has been developed by the Council for the purpose of resale.

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	2,124	4,018	–	–
Financial assistance – local roads component	433	830	–	–
<b>Payment in advance – future year allocation</b>				
Financial assistance – general component	2,181	2,077	–	–
Financial assistance – local roads component	445	425	–	–
<b>Other</b>				
Pensioners' rates subsidies – general component	578	595	–	–
<b>Total general purpose</b>	<b>5,761</b>	<b>7,945</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Pensioners' rates subsidies:				
– Domestic waste management	198	210	–	–
Community services	47	(61)	–	–
Employment / business schemes	17	27	–	–
Environmental	666	402	221	820
Library	198	178	–	–
LIRS subsidy	71	82	–	–
NSW rural fire services	–	–	–	40
RMS – better boating program	–	–	–	188
Street lighting	168	164	–	–
Transport (roads to recovery)	784	549	–	–
Transport (other roads and bridges funding)	121	94	70	75
Other	105	–	181	200
<b>Total specific purpose</b>	<b>2,375</b>	<b>1,645</b>	<b>472</b>	<b>1,323</b>
<b>Total grants</b>	<b>8,136</b>	<b>9,590</b>	<b>472</b>	<b>1,323</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	5,957	7,948	–	–
– State funding	2,179	1,642	472	1,323
	<b>8,136</b>	<b>9,590</b>	<b>472</b>	<b>1,323</b>

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018 Operating	2017 Operating	2018 Capital	2017 Capital
<b>(f) Contributions</b>					
<b>Developer contributions:</b>					
<b>(s7.4 &amp; s7.11 – EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.4 – contributions using planning agreements		–	–	412	580
S 7.11 – contributions towards amenities/services		531	390	–	–
Community facilities		–	–	2,494	1,815
Drainage		–	–	300	–
Open space		–	–	1,956	1,557
Roadworks		–	–	1,787	1,087
Traffic facilities		–	–	61	15
<b>Total developer contributions – cash</b>		<b>531</b>	<b>390</b>	<b>7,010</b>	<b>5,054</b>
<b>Non-cash contributions</b>					
Open space		–	–	15	1,545
Other developer contributions		–	–	50	–
<b>Total developer contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>65</b>	<b>1,545</b>
<b>Total developer contributions</b>	24	<b>531</b>	<b>390</b>	<b>7,075</b>	<b>6,599</b>
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Employment / business schemes		32	47	–	–
NSW rural fire services		225	292	–	–
RMS contributions (regional roads, block grant)		165	161	4	46
Sport and recreation		4	3	–	50
Other		43	28	110	–
<b>Total other contributions – cash</b>		<b>469</b>	<b>531</b>	<b>114</b>	<b>96</b>
<b>Non-cash contributions</b>					
Drainage		–	–	5,768	3,491
Kerb and gutter		–	–	–	1,191
Paving		–	–	1,061	1,334
Roads		–	–	2,257	2,674
Land Under Roads		–	–	4,707	5,037
Bridges		–	–	5,597	622
Other		–	–	130	1,950
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>19,520</b>	<b>16,299</b>
<b>Total other contributions</b>		<b>469</b>	<b>531</b>	<b>19,634</b>	<b>16,395</b>
<b>Total contributions</b>		<b>1,000</b>	<b>921</b>	<b>26,709</b>	<b>22,994</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>9,136</b>	<b>10,511</b>	<b>27,181</b>	<b>24,317</b>

#### Accounting policy for contributions

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed in note 3(g).

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

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
<b>(g) Unspent grants and contributions</b>		
<b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
<b>Operating grants</b>		
Unexpended at the close of the previous reporting period	3,427	2,114
<b>Add:</b> operating grants recognised in the current period but not yet spent	786	273
<b>Add:</b> operating grants received for the provision of goods and services in a future period	2,626	2,502
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(2,988)	(1,462)
<b>Unexpended and held as restricted assets (operating grants)</b>	<b>3,851</b>	<b>3,427</b>
<b>Capital grants</b>		
Unexpended at the close of the previous reporting period	993	2,715
<b>Add:</b> capital grants recognised in the current period but not yet spent	6	775
<b>Less:</b> capital grants recognised in a previous reporting period now spent	(928)	(2,497)
<b>Unexpended and held as restricted assets (capital grants)</b>	<b>71</b>	<b>993</b>
<b>Contributions</b>		
Unexpended at the close of the previous reporting period	31,234	34,938
<b>Add:</b> contributions recognised in the current period but not yet spent	8,941	6,654
<b>Less:</b> contributions recognised in a previous reporting period now spent	(2,614)	(10,358)
<b>Unexpended and held as restricted assets (contributions)</b>	<b>37,561</b>	<b>31,234</b>

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 4. Expenses from continuing operations

\$ '000	Notes	2018	2017
<b>(a) Employee benefits and on-costs</b>			
Salaries and wages		26,551	24,211
Employee leave entitlements (ELE)		4,106	3,972
Superannuation		3,076	2,897
Workers' compensation insurance		1,006	1,098
Fringe benefit tax (FBT)		256	262
Training costs (other than salaries and wages)		531	365
Other		224	175
<b>Total employee costs</b>		<b>35,750</b>	<b>32,980</b>
Less: capitalised costs		(2,084)	(1,811)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>33,666</b>	<b>31,169</b>
Number of 'full-time equivalent' employees (FTE) at year end		<b>372</b>	<b>340</b>

#### Accounting policy for employee benefits and on-costs

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

#### Retirement benefit obligations

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

#### Superannuation plans

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

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

<b>(b) Borrowing costs</b>		<b>2018</b>	<b>2017</b>
<b>(i) Interest bearing liability costs</b>			
Interest on loans		589	204
<b>Total interest bearing liability costs expensed</b>		<b>589</b>	<b>204</b>
<b>(ii) Other borrowing costs</b>			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	14	303	297
<b>Total other borrowing costs</b>		<b>303</b>	<b>297</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>892</b>	<b>501</b>

#### Accounting policy for borrowing costs

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



# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
<b>(c) Materials and contracts</b>		
Raw materials and consumables	3,774	5,055
Contractor and consultancy costs	14,619	11,988
Auditors remuneration <sup>(2)</sup>	75	77
Legal expenses:		
– Legal expenses: planning and development	80	110
– Legal expenses: other	653	649
Operating leases:		
– Operating lease rentals: minimum lease payments <sup>(1)</sup>	2,495	1,459
<b><u>TOTAL MATERIALS AND CONTRACTS</u></b>	<b><u>21,696</u></b>	<b><u>19,338</u></b>

#### Operating leases

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

#### 1. Operating lease payments are attributable to:

Buildings	1,074	696
Motor vehicles	841	443
Computer hardware / photocopiers	485	236
Golf carts	95	84
	<b><u>2,495</u></b>	<b><u>1,459</u></b>

#### 2. Auditor remuneration

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

#### Auditors of the Council – NSW Auditor-General:

##### Audit and other assurance services

Audit and review of financial statements	75	77
<b>Remuneration for audit and other assurance services</b>	<b><u>75</u></b>	<b><u>77</u></b>
<b>Total Auditor-General remuneration</b>	<b><u>75</u></b>	<b><u>77</u></b>
<b>Total Auditor remuneration</b>	<b><u>75</u></b>	<b><u>77</u></b>

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
<b>(d) Depreciation, amortisation and impairment</b>			
<b>Depreciation and amortisation</b>			
Plant and equipment		1,080	1,433
Office equipment		186	153
Furniture and fittings		139	78
Land improvements (depreciable)		309	300
<b>Infrastructure:</b>			
– Buildings – non-specialised		1,992	1,502
– Buildings – specialised		1,501	1,317
– Other structures		108	90
– Roads		3,109	3,017
– Bridges		140	132
– Footpaths		632	610
– Stormwater drainage		2,155	2,108
– Swimming pools		200	201
– Other open space/recreational assets		641	485
– Other infrastructure		149	109
<b>Other assets:</b>			
– Library books		237	245
– Other		469	379
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	10 & 14	416	417
Intangible assets	12	855	830
<b>Total depreciation and amortisation costs</b>		<b>14,318</b>	<b>13,406</b>
<b><u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</u></b>		<b><u>14,318</u></b>	<b><u>13,406</u></b>

#### Accounting policy for depreciation, amortisation and impairment expenses

##### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 10 for IPPE assets and Note 12 for intangible assets.

##### Impairment of non-financial assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
<b>(e) Other expenses</b>		
Advertising	259	341
Agency fees	185	334
Bad and doubtful debts	416	23
Cost of sales	1,317	1,241
Computer maintenance	780	800
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	1,015	996
– Government taxes	169	161
– Waste levy	5,921	7,390
Councillor expenses – mayoral fee	40	41
Councillor expenses – councillors' fees	132	132
Councillors' expenses (incl. mayor) – other (excluding fees above)	116	66
Donations, contributions and assistance to other organisations	1,310	656
Election expenses	364	–
Electricity and gas	686	570
Financial investing advice	36	36
Fire and emergency services levy (FESL) implementation costs	–	14
Insurance	636	594
Investigation and promotion	23	15
Memberships, subscriptions and publications	331	332
Postage	164	170
Software	277	265
Street lighting	1,140	1,102
Telephone and communications	412	410
Valuation fees	252	219
Water rates	311	274
Management Fee - Shell Cove	679	651
Sales Fee - Shell Cove	366	353
Administration Fee - Shell Cove	629	712
Write-down of inventories held for sale or distribution	775	389
Write-down of inventories held for sale or distribution - Shell Cove	29,375	20,055
Other	496	473
Other - Shell Cove	33	1
<b><u>TOTAL OTHER EXPENSES</u></b>	<b><u>48,645</u></b>	<b><u>38,816</u></b>

#### Accounting policy for other expenses

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

## Shellharbour City Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
<b>Infrastructure, property, plant and equipment</b>	10		
Proceeds from disposal – infrastructure		303	2,489
Less: carrying amount of infrastructure assets sold/written off		(768)	(2,268)
<b>Net gain/(loss) on disposal</b>		<b>(465)</b>	<b>221</b>
<b>Investment property</b>	11		
Proceeds from disposal – investment property		–	–
Less: carrying amount of investment property sold/written off		(135)	–
<b>Net gain/(loss) on disposal</b>		<b>(135)</b>	<b>–</b>
<b>Financial assets</b>	6		
Proceeds from disposal/redemptions/maturities – financial assets		23,960	32,465
Less: carrying amount of financial assets sold/redeemed/matured		(23,960)	(32,465)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Non-current assets classified as 'held for sale'</b>	9		
Proceeds from disposal – non-current assets 'held for sale'		–	8,000
Less: carrying amount of 'held for sale' assets sold/written off		–	(8,609)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>(609)</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(600)</b>	<b>(388)</b>

#### Accounting policy for disposal of assets

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 derecognised.

#### Note 6(a). Cash and cash equivalent assets

\$ '000	2018	2017
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	1,034	5,580
Cash on hand and at bank - Shell Cove	766	3,745
Cash-equivalent assets		
– Deposits at call	6,350	11,065
– Deposits at call - Shell Cove	6,411	3,719
– Managed funds	304	298
<b>Total cash and cash equivalents</b>	<b>14,865</b>	<b>24,407</b>

#### Accounting policy for cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes 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.

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 6(b). Investments

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
<b>Investments</b>				
<b>a. 'At fair value through the profit and loss'</b>				
– 'Held for trading'	22,255	–	20,458	–
<b>b. 'Held to maturity'</b>	23,315	30,000	23,960	26,315
<b>Total investments</b>	<b>45,570</b>	<b>30,000</b>	<b>44,418</b>	<b>26,315</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>				
	<b>60,435</b>	<b>30,000</b>	<b>68,825</b>	<b>26,315</b>
<b>Financial assets at fair value through the profit and loss</b>				
Managed funds	5,327	–	5,261	–
NCD's, FRN's (with maturities > 3 months)	16,928	–	15,197	–
<b>Total</b>	<b>22,255</b>	<b>–</b>	<b>20,458</b>	<b>–</b>
<b>Held to maturity investments</b>				
Long term deposits	23,315	30,000	23,960	26,315
<b>Total</b>	<b>23,315</b>	<b>30,000</b>	<b>23,960</b>	<b>26,315</b>

### Accounting policy for investments

#### Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

#### (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are held at fair value with changes in value taken through profit or loss at each reporting period.

#### (b) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at fair value.

#### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 6(c). Restricted cash, cash equivalents and investments – details

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
<b>Total cash, cash equivalents and investments</b>	<b>60,435</b>	<b>30,000</b>	<b>68,825</b>	<b>26,315</b>
<b>attributable to:</b>				
External restrictions (refer below)	16,153	30,000	31,428	26,315
Internal restrictions (refer below)	27,648	–	20,858	–
Unrestricted	9,457		9,075	–
Unrestricted - Shell Cove	7,177	–	7,464	–
	<b>60,435</b>	<b>30,000</b>	<b>68,825</b>	<b>26,315</b>

\$ '000	2018	2017
<b>Details of restrictions</b>		
<b>External restrictions – included in liabilities</b>		
Specific purpose unexpended loans – general	2,056	13,166
<b>External restrictions – included in liabilities</b>	<b>2,056</b>	<b>13,166</b>
<b>External restrictions – other</b>		
Developer contributions – general	36,802	30,700
Specific purpose unexpended grants	3,922	4,420
Domestic waste management	2,475	8,749
Stormwater management	138	174
Other contributions	760	534
<b>External restrictions – other</b>	<b>44,097</b>	<b>44,577</b>
<b>Total external restrictions</b>	<b>46,153</b>	<b>57,743</b>
<b>Internal restrictions</b>		
Employees leave entitlement	4,278	4,665
Capital carry over works	1,827	2,443
Airport building	456	1,109
Capital development and investment fund	268	224
Crown reserve	463	79
Interest on investments	957	790
Operational carry over works	1,022	1,769
Road land acquisition / roadworks	65	70
Sandmine	75	200
Section 94 funds – council	1,389	1,050
Other (Assets Sales)	5,088	3,959
Other (Fleet Sales)	1,992	1,992
Other (Waste Operations)	7,717	72
Other	2,051	2,436
<b>Total internal restrictions</b>	<b>27,648</b>	<b>20,858</b>
<b>TOTAL RESTRICTIONS</b>	<b>73,801</b>	<b>78,601</b>



# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Purpose</b>				
Rates and annual charges	1,353	1,087	1,316	966
Interest and extra charges	246	198	232	171
User charges and fees	1,553	–	1,290	–
Accrued revenues				
– Interest on investments	905	–	1,192	–
GST receivable	705	–	1,376	–
GST receivable - Shell Cove	827	–	1,543	–
Other debtors	303	–	418	–
<b>Total</b>	<b>5,892</b>	<b>1,285</b>	<b>7,367</b>	<b>1,137</b>
<b>Less: provision for impairment</b>				
User charges and fees	(413)	–	–	–
<b>Total provision for impairment – receivables</b>	<b>(413)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>5,479</b>	<b>1,285</b>	<b>7,367</b>	<b>1,137</b>
<b>Externally restricted receivables</b>				
Domestic waste management	573	–	520	–
Stormwater management	30	–	29	–
<b>Total external restrictions</b>	<b>603</b>	<b>–</b>	<b>549</b>	<b>–</b>
<b>Unrestricted receivables</b>				
– Other Receivables	4,049	1,285	5,275	1,137
– Shell Cove	827	–	1,543	–
<b>Total unrestricted receivables</b>	<b>4,876</b>	<b>1,285</b>	<b>6,818</b>	<b>1,137</b>
<b>TOTAL NET RECEIVABLES</b>	<b>5,479</b>	<b>1,285</b>	<b>7,367</b>	<b>1,137</b>

#### Accounting policy for receivables

##### Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They 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. Loans and receivables are included in other receivables (Note 8) and receivables (Note 7) in the Statement of Financial Position. 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

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

# Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 7. Receivables (continued)

#### Impairment (continued)

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income statement.

### Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>(a) Inventories</b>				
<b>Inventories at cost</b>				
Real estate for resale (refer below)	–	–	775	–
Real estate for resale - Shell Cove	28,232		32,650	
Stores and materials	465	–	424	–
Trading stock	280	–	320	–
<b>Total inventories at cost</b>	<b>28,977</b>	<b>–</b>	<b>34,169</b>	<b>–</b>
<b><u>TOTAL INVENTORIES</u></b>	<b><u>28,977</u></b>	<b><u>–</u></b>	<b><u>34,169</u></b>	<b><u>–</u></b>
<b>(b) Other assets</b>				
Prepayments	401	–	212	–
<b><u>TOTAL OTHER ASSETS</u></b>	<b><u>401</u></b>	<b><u>–</u></b>	<b><u>212</u></b>	<b><u>–</u></b>

#### Externally restricted assets

There are no restrictions applicable to the above assets.

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 8. Inventories and other assets (continued)

\$ '000	Notes	2018		2017	
		Current	Non-current	Current	Non-current

Other disclosures

(a) Details for real estate development

Residential		–	–	775	–
Residential - Shell Cove		28,232	–	32,650	–
<b>Total real estate for resale</b>		<b>28,232</b>	<b>–</b>	<b>33,425</b>	<b>–</b>

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

Represented by:

Acquisition costs		–	–	775	–
Development costs - Shell Cove		28,232	–	32,650	–
<b>Total costs</b>		<b>28,232</b>	<b>–</b>	<b>33,425</b>	<b>–</b>
<b>Total real estate for resale</b>		<b>28,232</b>	<b>–</b>	<b>33,425</b>	<b>–</b>

Movements:

Real estate assets at beginning of the year		33,425	–	38,349	–
– Purchases and other costs		24,957	–	15,520	–
Less carrying amount asset sold/written off		(30,150)	–	(20,444)	–
<b>Total real estate for resale</b>		<b>28,232</b>	<b>–</b>	<b>33,425</b>	<b>–</b>

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

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

	2018	2017
Residential - Shell Cove	22,543	28,658
	<b>22,543</b>	<b>28,658</b>

### 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 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.

#### Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

#### Land held for resale/capitalisation of borrowing costs

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

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

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 9. Non-current assets classified as held for sale (and disposal groups)

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
(i) Non-current assets and disposal group assets				
<b>Non-current assets 'held for sale'</b>				
Land	1,158	–	1,158	–
<b>Total non-current assets 'held for sale'</b>	<b>1,158</b>	<b>–</b>	<b>1,158</b>	<b>–</b>
<b><u>TOTAL NON-CURRENT ASSETS CLASSIFIED AS 'HELD FOR SALE'</u></b>	<b><u>1,158</u></b>	<b><u>–</u></b>	<b><u>1,158</u></b>	<b><u>–</u></b>

#### (ii) Details of assets and disposal groups

Council has two parcels of land being actively marketed for disposal at 30 June 2018.

\$ '000	Assets 'held for sale'	
	2018	2017
(iii) Reconciliation of non-current assets 'held for sale'		
Opening balance	1,158	9,767
Less: carrying value of assets/operations sold	–	(8,609)
<b>Balance still unsold after 12 months:</b>	<b>1,158</b>	<b>1,158</b>
<b>Closing balance of 'held for sale' non-current assets and operations</b>	<b><u>1,158</u></b>	<b><u>1,158</u></b>

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

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

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

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

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 10. Infrastructure, property, plant and equipment

Asset class  \$ '000	as at 30/6/2017			Asset movements during the reporting period								as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	69,269	–	69,269	–	–	–	–	(55,140)	–	–	–	14,129	–	14,129
Capital work in progress - Shell Cove	13,932	–	13,932	–	–	–	–	–	10,755	–	–	24,687	–	24,687
Plant and equipment	14,533	10,931	3,602	635	1,735	(51)	(1,080)	–	–	–	–	14,135	9,294	4,841
Office equipment	2,987	2,772	215	–	2,577	(179)	(186)	–	–	–	–	2,831	404	2,427
Furniture and fittings	946	551	395	60	4,097	–	(139)	–	–	–	–	5,092	679	4,413
<b>Land:</b>														
– Operational land	48,802	–	48,802	–	–	–	–	–	165	–	23,389	72,356	–	72,356
– Community land	135,209	–	135,209	–	90	–	–	–	–	–	–	135,299	–	135,299
– Land under roads (post 30/6/08)	13,647	–	13,647	–	4,707	–	–	–	–	–	–	18,354	–	18,354
Land improvements – depreciable	14,681	3,886	10,795	52	570	–	(309)	–	–	–	–	15,159	4,051	11,108
<b>Infrastructure:</b>														
– Buildings – non-specialised	51,135	24,521	26,614	12,435	36,474	(22)	(1,992)	–	–	–	7,070	105,100	24,521	80,579
– Buildings – specialised	48,740	25,032	23,708	9,099	9,248	(18)	(1,501)	–	–	–	6,105	76,973	30,332	46,641
– Other structures	2,420	889	1,531	6	854	(15)	(108)	–	–	–	–	3,253	985	2,268
– Roads	187,264	39,821	147,443	3,026	3,100	(361)	(3,109)	–	–	–	–	191,273	41,174	150,099
– Bridges	11,042	3,066	7,976	–	5,597	–	(140)	–	–	–	–	16,639	3,206	13,433
– Footpaths	49,078	13,039	36,039	1,090	1,066	(93)	(632)	–	–	–	–	51,038	13,568	37,470
– Stormwater drainage	247,344	75,280	172,064	832	5,805	(29)	(2,155)	–	–	–	–	253,941	77,424	176,517
– Swimming pools	8,009	4,826	3,183	–	–	–	(200)	–	–	(5)	–	8,265	5,287	2,978
– Other open space/recreational assets	13,221	6,611	6,610	1,710	2,123	–	(641)	–	–	–	–	17,028	7,226	9,802
– Other infrastructure	7,616	889	6,727	–	1,422	–	(149)	–	–	–	–	9,038	1,038	8,000
<b>Other assets:</b>														
– Library books	9,200	8,422	778	–	682	–	(237)	–	–	–	–	1,866	643	1,223
– Other	2,975	1,448	1,527	555	2,962	–	(469)	–	–	–	–	6,492	1,917	4,575
<b>Reinstatement, rehabilitation and restoration assets</b> (refer Note 14):														
– Waste depot/sandmine asset	10,097	3,436	6,661	–	–	–	(416)	–	1,565	–	–	11,662	3,852	7,810
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>962,147</b>	<b>225,420</b>	<b>736,727</b>	<b>29,500</b>	<b>83,109</b>	<b>(768)</b>	<b>(13,463)</b>	<b>(55,140)</b>	<b>12,485</b>	<b>(5)</b>	<b>36,564</b>	<b>1,054,610</b>	<b>225,601</b>	<b>829,009</b>

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

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 10. Infrastructure, property, plant and equipment (continued)

##### Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed 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 asset 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 over their estimated useful lives as follows:

Plant and equipment - Fleet	5 to 10
Plant and equipment - Other	5 to 30
Office equipment	5 to 10
Furniture and fittings	10 to 30
Land improvements	20 to 50
Buildings	30 to 100
Other structures	20 to 80
Road components	15 to 320
Bridges	50 to 100
Footpaths	30 to 80
Stormwater drainage	50 to 140
Swimming pools	40
Open space/recreation	5 to 100
Other infrastructure	15 to 320
Library books	5
Other assets	3 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.



# Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 10. Infrastructure, property, plant and equipment (continued)

#### Accounting policy for infrastructure, property, plant and equipment (continued)

##### Land under roads

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

Council has elected to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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

##### Crown reserves

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

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

##### Rural Fire Service assets

Under section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all fire fighting 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 fire fighting equipment has been purchased or constructed".

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

### Note 11. Investment property

\$ '000	2018	2017
(a) Investment property at fair value		
<u>Investment property on hand</u>	<u>23,061</u>	<u>19,475</u>
<b>Reconciliation of annual movement:</b>		
Opening balance	19,475	19,369
– Capitalised expenditure – this year	151	106
– Net gain/(loss) from fair value adjustments	3,570	–
– Other movements	(135)	–
<b>CLOSING BALANCE – INVESTMENT PROPERTY</b>	<b>23,061</b>	<b>19,475</b>

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 11. Investment property (continued)

\$ '000	2018	2017
<b>(b) Valuation basis</b>		
<p>The basis of valuation of investment property is fair value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.</p> <p>The 2018 revaluations were based on independent assessments made by: Scott Fullarton Valuations Pty Ltd. Registered Valuer No.2144</p>		
<b>(c) Leasing arrangements – Council as lessor</b>		
<p>The investment property are leased to tenants under long-term operating leases with rentals payable monthly.</p> <p>Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:</p>		
Within 1 year	390	402
Later than 1 year but less than 5 years	1,364	1,401
Later than 5 years	2,377	2,068
<b>Total minimum lease payments receivable</b>	<b>4,131</b>	<b>3,871</b>
<b>(d) Investment property income and expenditure – summary</b>		
<b>Rental income from investment property:</b>		
– Minimum lease payments	396	343
<b>Direct operating expenses on investment property:</b>		
– that generated rental income	(418)	(309)
<b>Net revenue contribution from investment property</b>	<b>(22)</b>	<b>34</b>
plus:		
<b>Fair value movement for year</b>	<b>3,570</b>	<b>–</b>
<b>Total income attributable to investment property</b>	<b>3,548</b>	<b>34</b>

#### Accounting policy for investment property

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

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

## Shellharbour City Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 12. Intangible assets

\$ '000	2018	2017
Intangible assets represent identifiable non-monetary assets without physical substance.		
Intangible assets are as follows:		
<b>Opening values:</b>		
Gross book value	5,408	5,359
Accumulated amortisation	(2,298)	(1,469)
<b>Net book value – opening balance</b>	<b>3,110</b>	<b>3,890</b>
<b>Movements for the year</b>		
– Purchases	690	49
– Amortisation charges	(855)	(830)
– Gross book value written off	(1,332)	–
– Accumulated amortisation charges written off	1,332	–
<b>Closing values:</b>		
Gross book value	4,766	5,408
Accumulated amortisation	(1,821)	(2,298)
<b><u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>2,945</u></b>	<b><u>3,110</u></b>

<sup>1</sup> The net book value of intangible assets represent:

– Software	1,549	1,714
– At cost hotelier's licence at The Links	23	23
– At cost gaming machine entitlements at The Links	1,373	1,373
	<b><u>2,945</u></b>	<b><u>3,110</u></b>

#### Accounting policy for intangible assets

##### IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

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

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 13. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Payables</b>				
Goods and services – operating expenditure	3,134	–	3,748	–
Accrued expenses:				
– Other expenditure accruals	3,500	–	4,122	–
– Other expenditure accruals - Shell Cove	1,988	–	1,734	–
Security bonds, deposits	1,379	–	1,145	–
ATO – GST payable	170	–	198	–
Claim & management fees - Shell Cove	5,112	–	5,567	–
Other - Retentions	363	–	9	–
Other	56	–	53	–
<b>Total payables</b>	<b>15,702</b>	<b>–</b>	<b>16,576</b>	<b>–</b>
<b>Income received in advance</b>				
Payments received in advance	1,477	–	1,695	–
<b>Total income received in advance</b>	<b>1,477</b>	<b>–</b>	<b>1,695</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	7,299	15,398	1,251	16,697
<b>Total borrowings</b>	<b>7,299</b>	<b>15,398</b>	<b>1,251</b>	<b>16,697</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>24,478</b>	<b>15,398</b>	<b>19,522</b>	<b>16,697</b>

#### (a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Domestic waste management	401	–	379	–
<b>Payables and borrowings relating to externally restricted assets</b>	<b>401</b>	<b>–</b>	<b>379</b>	<b>–</b>
<b>Internally restricted assets</b>				
Crown land	100	640	100	740
<b>Payables and borrowings relating to internally restricted assets</b>	<b>100</b>	<b>640</b>	<b>100</b>	<b>740</b>
<b>Total payables and borrowings relating to restricted assets</b>	<b>501</b>	<b>640</b>	<b>479</b>	<b>740</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>23,977</b>	<b>14,758</b>	<b>19,043</b>	<b>15,957</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>24,478</b>	<b>15,398</b>	<b>19,522</b>	<b>16,697</b>

<sup>1</sup>. Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 20.

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 13. Payables and borrowings (continued)

\$ '000	2018	2017
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#### (b) Current payables and borrowings not anticipated to be settled within the next twelve months

The following payables and borrowings, even though classified as current, are not expected to be settled in the next 12 months.

Payables – security bonds, deposits and retentions	1,034	856
	<b>1,034</b>	<b>856</b>

#### (c) Changes in liabilities arising from financing activities

Class of borrowings	2017	Non-cash changes				2018
	Opening balance as at 1/7/17	Cash flows	Acquisition	Fair value changes	Other non-cash movements	Closing balance as at 30/6/18
Loans – secured	17,948	(1,251)	6,000	–	–	22,697
<b>TOTAL</b>	<b>17,948</b>	<b>(1,251)</b>	<b>6,000</b>	<b>–</b>	<b>–</b>	<b>22,697</b>

\$ '000	2018	2017
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#### (d) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank overdraft facilities <sup>(1)</sup>	1,000	1,000
Credit cards/purchase cards	300	300
<b>Total financing arrangements</b>	<b>1,300</b>	<b>1,300</b>

Undrawn facilities as at balance date:

– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	300	300
<b>Total undrawn financing arrangements</b>	<b>1,300</b>	<b>1,300</b>

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 13. Payables and borrowings (continued)

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##### Accounting policy for payables and borrowings

###### Payables

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

###### Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

###### Finance leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.



# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 14. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Provisions</b>				
<b>Employee benefits:</b>				
Annual leave	2,422	–	2,248	–
Sick leave	3,748	–	3,983	–
Long service leave	5,286	432	5,380	342
Other leave	603	–	557	–
ELE on-costs	883	32	884	24
<b>Sub-total – aggregate employee benefits</b>	<b>12,942</b>	<b>464</b>	<b>13,052</b>	<b>366</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	17,013	–	15,145
<b><u>TOTAL PROVISIONS</u></b>	<b><u>12,942</u></b>	<b><u>17,477</u></b>	<b><u>13,052</u></b>	<b><u>15,511</u></b>

\$ '000	2018	2017
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#### (a) Current provisions not anticipated to be settled within the next twelve months

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	8,636	8,656
	<b><u>8,636</u></b>	<b><u>8,656</u></b>

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 14. Provisions (continued)

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##### **Nature and purpose of non-employee benefit provisions**

###### **Asset remediation**

Council has a legal/public obligation to make, restore, rehabilitate and reinstate waste Depot/Sandmine site at Buckleys Road Dunmore.

###### **Accounting policy for provisions**

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

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

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

##### **Employee benefits**

###### **Short-term obligations**

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

###### **Other long-term employee benefit obligations**

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 14. Provisions (continued)

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##### Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries

###### **Restoration**

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

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

###### **Rehabilitation**

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

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

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

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

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

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

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

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##### (a) Nature and purpose of reserves

###### **Infrastructure, property, plant and equipment revaluation reserve**

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

##### (b) Correction of errors relating to a previous reporting period

###### **Internal Charges**

Council contracts out the collection of its domestic waste from households to an external provider. The notional costs and income associated with the depositing of this waste at Council's Waste Depot has previously been recognised in Council's Financial Reports.

A decision has been made that these costs/income should instead be treated as an internal transaction. This has resulted in an adjustment to comparatives for 2017. An amount of \$3,599,581 has been deducted from Waste Management Services (non-domestic) in the User Charges and Fees categorisation. The same amount has been taken from Raw Materials and Consumables as part of the Materials and Contracts categorisation.

This adjustment has no impact on the Statement of Financial Position.

###### **Land Disposal**

One piece of land sold by Council during the year ended 30 June 2017 was classified as Real Estate for Resale and included in the Council's Inventory balance (note 8). The net of the proceeds from the sale of the land (\$4.4 million) and the carrying amount of the land (\$389,000) was included in Net Gains from the Disposal of Assets in the Income Statement for the year ended 30 June 2017.

Council has amended the comparative statements to record the proceeds from the sale in Other Revenues, and the carrying amount of the land asset in Other Expenses. Transactions of a similar nature this year have been recorded correctly.

This adjustment has no impact on the Statement of Financial Position.

###### **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 Frasers Property Australia, has been established to develop residential property, marina and associated infrastructure.

Up to and including the year ended 30 June 2017, Council had reported its interest in the Shell Cove project under the heading of "Joint Ventures and Associates". Additionally, Council had reflected its initial interest in the project within the balance reported as "Other Assets" at the historical value of its land contribution being \$408,000.

As part of the annual reporting year end review of that treatment in 2017/18, the determination whether Council has "joint control" of the project was revisited.

The review has determined that joint control does exist as per the requirements of AASB 11, with the contractual arrangement for the entity requiring decision making to be on a unanimous basis between both parties. This confirmed the existence of a joint arrangement. A joint arrangement can be either classified as a joint operation or a joint venture.

As there is no separate legal structure in place for the entity and therefore no ownership of any assets or liabilities attached to such a structure, the joint arrangement's classification is one of a joint operation.

# Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000

#### (b) Correction of errors relating to a previous reporting period (continued)

##### Shell Cove Project (continued)

AASB 11 requires Council as part of a joint operation to account for its share of the Shell Cove entity's assets, liabilities, revenue and expenses. That process has been reflected in these statements for 2017/18 along with the 2016/17 comparatives, which have been restated. The opening financial position for 2016/17 has also been restated and has been included in the Statement of Financial Position. The notes of these statements include a separate line item for Council's Shell Cove entity share where relevant.

The tables below include adjustments for the three separate errors (Internal Charges, Land Disposal and Shell Cove Project).

#### Changes to the opening Statement of Financial Position at 1 July 2016

	Original Balance 1 July, 2016	Impact Increase/ (decrease)	Restated Balance 1 July, 2016
<b>Statement of Financial Position</b>			
Cash and Cash Equivalents	3,602	10,599	14,201
Receivables	6,413	300	6,713
Inventories	1,873	37,185	39,058
Other	563	(408)	155
Investment Property	19,320	49	19,369
Payables	8,042	6,138	14,180
Accumulated Surplus	376,576	41,587	418,163

\* Net impact of the above adjustments to the affected assets and liabilities is an increase of \$41,587

#### Adjustments to the comparative figures for the year ended 30 June 2017

	Original Balance 30 June, 2017	Impact Increase/ (decrease)	Restated Balance 30 June, 2017
<b>Statement of Financial Position</b>			
Cash and Cash Equivalents	16,943	7,464	24,407
Receivables	5,824	1,543	7,367
Inventories	1,519	32,650	34,169
Other	620	(408)	212
Infrastructure, property, plant and equipment	722,795	13,932	736,727
Investment Property	19,426	49	19,475
Payables	9,275	7,301	16,576
Accumulated Surplus	413,817	47,929	461,746

\* Net impact of the above adjustments to the affected assets and liabilities is an increase of \$47,929

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

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\$ '000

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#### (b) Correction of errors relating to a previous reporting period (continued)

	Original Balance 30 June, 2017	Impact Increase/ (decrease)	Restated Balance 30 June, 2017
<b>Income Statement</b>			
User charges and fees	21,523	(3,600)	17,923
Interest and investment revenue	3,330	141	3,471
Other Revenue	3,034	32,406	35,440
Net gains from the disposal of assets	3,656	(3,656)	–
Materials and contracts	22,938	(3,600)	19,338
Other Expenses	16,655	22,161	38,816
Net Loss from the disposal of assets	–	388	388

\* Net impact of the above adjustments to the income statement is an increase to the operating result of \$6,342



# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 16. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	14,865	24,407
<b>Balance as per the Statement of Cash Flows</b>		<b>14,865</b>	<b>24,407</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>42,228</b>	<b>43,585</b>
Adjust for non-cash items:			
Depreciation and amortisation		14,318	13,406
Net losses/(gains) on disposal of assets		600	(3,656)
Non-cash capital grants and contributions		(19,585)	(17,844)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investments classified as 'at fair value' or 'held for trading'		(46)	(419)
– investment property		(3,570)	–
Unwinding of discount rates on reinstatement provisions		303	297
Share of net (profits) or losses of associates/joint ventures		(211)	(86)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		1,327	(636)
Increase/(decrease) in provision for doubtful debts		413	(32)
Decrease/(increase) in inventories		4,417	4,500
Decrease/(increase) in other assets		(189)	(57)
Increase/(decrease) in payables		(614)	(980)
Increase/(decrease) in other accrued expenses payable		(622)	(513)
Increase/(decrease) in other liabilities		144	3,867
Increase/(decrease) in employee leave entitlements		(12)	584
Increase/(decrease) in other provisions		1,565	–
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>40,466</b>	<b>42,016</b>
<b>(c) Non-cash investing and financing activities</b>			
Developer contributions 'in kind'		65	1,545
Roadworks		2,257	3,296
Drainage		5,768	3,491
Land under roads		4,707	5,037
Other non-cash items		1,191	4,475
Bridges		5,597	–
<b>Total non-cash investing and financing activities</b>		<b>19,585</b>	<b>17,844</b>

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 17. Interests in other entities

\$ '000

	Council's share of net income		Council's share of net assets	
	Actual 2018	Actual 2017	Actual 2018	Actual 2017
Joint ventures	211	86	600	388
<b>Total</b>	<b>211</b>	<b>86</b>	<b>600</b>	<b>388</b>

#### (a) Joint arrangements

##### (i) Joint ventures

Council has incorporated the following joint ventures into its consolidated financial statements.

##### (a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	2018	2017
CivicRisk West	Joint venture	Equity accounting	266	117
CivicRisk Mutual	Joint venture	Equity accounting	334	271
<b>Total carrying amounts – material joint ventures</b>			<b>600</b>	<b>388</b>

##### (b) Details

Name of entity	Principal activity
CivicRisk West	Public liability and professional indemnity
CivicRisk Mutual	Property, motor vehicle etc

##### (c) Relevant interests and fair values

Name of entity	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2018	2017	2018	2017	2018	2017	2018	2017
CivicRisk West	n/a	n/a	1%	0%	1%	0%	10%	10%
CivicRisk Mutual	n/a	n/a	4%	4%	4%	4%	6%	6%

##### (d) Summarised financial information for joint ventures

	CivicRisk West		CivicRisk Mutual	
Statement of financial position	2018	2017	2018	2017
<b>Current assets</b>				
Cash and cash equivalents	3,022	2,935	1,158	506
Other current assets	19,442	13,722	5,759	6,239
<b>Non-current assets</b>	<b>41,740</b>	<b>47,434</b>	<b>5,989</b>	<b>5,889</b>
<b>Current liabilities</b>				
Current financial liabilities (excluding trade and other payables and provisions)	6,111	5,008	2,690	2,891
Other current liabilities	720	677	299	423
<b>Non-current liabilities</b>				
Non-current financial liabilities (excluding trade and other payables and provisions)	15,612	20,429	1,448	2,830
<b>Net assets</b>	<b>41,761</b>	<b>37,977</b>	<b>8,469</b>	<b>6,490</b>

## Shellharbour City Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 17. Interests in other entities (continued)

\$ '000

## (a) Joint arrangements (continued)

## (d) Summarised financial information for joint ventures (continued)

	CivicRisk West		CivicRisk Mutual	
	2018	2017	2018	2017
<b>Reconciliation of the carrying amount</b>				
Opening net assets (1 July)	37,977	32,195	6,490	7,286
Profit/(loss) for the period	5,913	7,455	1,979	(796)
Other adjustments to equity	(2,129)	(1,673)	–	–
<b>Closing net assets</b>	<b>41,761</b>	<b>37,977</b>	<b>8,469</b>	<b>6,490</b>
<b>Council's share of net assets (%)</b>	<b>0.6%</b>	<b>0.3%</b>	<b>3.9%</b>	<b>4.2%</b>
<b>Council's share of net assets (\$)</b>	<b>266</b>	<b>117</b>	<b>334</b>	<b>271</b>
	CivicRisk West		CivicRisk Mutual	
	2018	2017	2018	2017
<b>Statement of comprehensive income</b>				
Income	6,076	7,066	9,425	8,302
Interest income	3,261	3,757	439	584
Depreciation and amortisation				
Interest expense	(17)	(17)	–	–
Income tax expense				
Other expenses	(3,407)	(3,351)	(7,885)	(9,682)
<b>Profit/(loss) from continuing operations</b>	<b>5,913</b>	<b>7,455</b>	<b>1,979</b>	<b>(796)</b>
<b>Total comprehensive income</b>	<b>5,913</b>	<b>7,455</b>	<b>1,979</b>	<b>(796)</b>
<b>Share of income – Council (%)</b>	<b>2.5%</b>	<b>1.6%</b>	<b>3.2%</b>	<b>3.8%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>149</b>	<b>116</b>	<b>62</b>	<b>(30)</b>
<b>Total comprehensive income – Council (\$)</b>	<b>149</b>	<b>116</b>	<b>62</b>	<b>(30)</b>

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 17. Interests in other entities (continued)

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\$ '000

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##### (ii) Joint Operations

Council is involved in the following Joint Operation

##### **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 Frasers Property Australia, has been established to develop residential property, marina and associated infrastructure.

The principal place of the project's activities is within the Shell Cove region.

Council's interest in Shell Cove's revenue, expenses, assets, liabilities and equity is 50% of the value of these balances.

##### **Accounting policy for joint arrangements**

The council has determined that it has both joint ventures and joint operations.

##### **Joint operations**

In relation to its joint operations, where the venturer 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.

##### **Joint ventures:**

Interests in joint ventures are accounted for using the equity method in accordance with AASB128 Investments in Associates and Joint Ventures. Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If the council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the council discontinues recognising its share of future losses.

The council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the council for the purpose of these financial statements.

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 17. Interests in other entities (continued)

\$ '000

#### (c) Unconsolidated structured entities

Council did not consolidate the following structured entities:

##### 1. Local Government Superannuation Scheme Pool B

Shellharbour Council participates in an employer sponsored Defined Benefit Superannuation Scheme – Local Government Superannuation Scheme Pool B.

Member Councils make contributions to the scheme as determined by the Superannuation Scheme's Trustees. All member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due. Each Councils share of any deficiency however cannot be accurately calculated due to the pooling of all assets and liabilities together amongst all member Councils. For this reason, liabilities for any deficiency are not recognised in these financial reports.

The net assets of the scheme as at 30 June 2018 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.

##### Nature of risks relating to the Unconsolidated Structured Entity

Detail the terms of any agreement that would require Council to provide financial support to the Structured Entity, the events that would trigger this support, whether there are terms that would limit the obligation and whether any other parties that are also required to provide financial support.

Detail how any losses in the Structured Entity are to be absorbed, whether any other parties are also liable for the losses and if so, how is this determined.

	2018	2017
Losses (or expenses) incurred by Council relating to the Structured Entity	604	637
Liabilities in Council's Statement of Financial Position relating to the Structured Entity	92	100

##### Non-contractual financial support provided

If Council has provided financial support to the Unconsolidated Structured Entity beyond what was contractually required, it needs to disclose this both the level of support and the reasons for the support.

##### Current intention to provide financial support

If Council has a current intention to support the Unconsolidated Structured Entity, it needs to disclose these here.

##### 2. 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

##### Nature of risks relating to the Unconsolidated Structured Entity

	2018	2017
Losses (or expenses) incurred by Council relating to the Structured Entity	53	51

##### Non-contractual financial support provided

If Council has provided financial support to the Unconsolidated Structured Entity beyond what was contractually required, it needs to disclose this both the level of support and the reasons for the support.

##### Current intention to provide financial support

If Council has a current intention to support the Unconsolidated Structured Entity, it needs to disclose these here.

# Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 18. Commitments for expenditure

\$ '000	2018	2017
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	1,846	15,070
Other	–	777
<b>Total commitments</b>	<b>1,846</b>	<b>15,847</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	1,846	15,847
<b>Total payable</b>	<b>1,846</b>	<b>15,847</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	1,846	15,847
<b>Total sources of funding</b>	<b>1,846</b>	<b>15,847</b>

#### Details of capital commitments

Council is committed to completing works on the Civic Centre, SES Control Centre and Lifeguard Amenities at Beverly Whitfield Pool. Other commitments include lighting upgrades, completion of the Resource Recovery redevelopment and other works at Dunmore Waste Depot.

#### (b) Operating lease commitments (non-cancellable)

##### a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	2,173	2,072
Later than one year and not later than 5 years	1,572	2,326
<b>Total non-cancellable operating lease commitments</b>	<b>3,745</b>	<b>4,398</b>

##### b. Non-cancellable operating leases include the following assets:

Buildings - relates to one administration building

Motor vehicles - lease of vehicles for Council's fleet purposes

Computer Hardware/Photocopiers - for the provision of various computer hardware including desktops, scanners and photocopiers

Golf carts - the provision of golf carts for use on the Council run golf course

The above leases have various terms ranging up to a maximum of three years.

##### Conditions relating to operating leases:

- All operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.



# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 19. Contingencies and other liabilities/assets not recognised

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

While the scheme's most recent full actuarial review indicated that the net assets of the scheme were sufficient to meet the accrued benefits of the scheme's defined benefit member category, member councils are required to make contributions in future years where the scheme goes into deficit (as has occurred in previous years).

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future planned contributions being made to the defined benefit scheme to rectify past (and projected) deficit positions will be recognised as an expense when they become payable - similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purpose of AASB119. Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

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

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as 30 June 2017.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

As stated 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.

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 19. Contingencies and other liabilities/assets not recognised (continued)

#### LIABILITIES NOT RECOGNISED (continued):

##### (i) Defined benefit superannuation contribution plans (continued)

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 entity.

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

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

The plan is a defined benefit plan. However, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Fund and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2018 was \$603,547.37.

The last valuation of the Fund was by the Actuary, Mr Richard Boyfield, FIAA on 12 December 2017, relating to the period ended 30 June 2017.

Council's expected contributions to the Fund for the next annual reporting period is \$584,558.72.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is;

Employer reserves only*	\$ millions	Asset Coverage
Assets	1,817.8	
Past Service Liabilities	1,787.5	101.7%
Vested Benefits	1,778.0	102.2%

\*excluding member accounts and reserves in both assets and liabilities

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

Investment Return	6.0% per annum
Salary Inflation*	3.5% per annum
Increase in CPI	2.5% per annum

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 19. Contingencies and other liabilities/assets not recognised (continued)

##### **LIABILITIES NOT RECOGNISED** (continued):

##### **(i) Defined benefit superannuation contribution plans** (continued)

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 relevant information has been received by the Funds Actuary, the 2018 triennial review will be completed around December 2018.

Council's additional lump sum contribution is around 0.65% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-group.

##### **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.

The Project's current feasibility study has identified that revenues from the Project may not be enough to fully fund development costs at various stages of the Project.

To address this potential funding shortfall, under signed documentation, the Council's project manager, Frasers Property Australia, has secured a revolving facility to fund any shortfall, with Council as guarantor of the financing if the Project's management agreement is terminated.

Council, at its meeting on 25 July 2017, approved an increase to this funding amount up to \$35 million, based on the latest cashflow projections. Project deficits are forecast to reach a peak of \$34 million with the timing of this uncertain.

The key risk for Council is the potential liability of \$35 million.

## Shellharbour City Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 19. Contingencies and other liabilities/assets not recognised (continued)

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##### **LIABILITIES NOT RECOGNISED (continued):**

##### **(iii) Calderwood Planning Agreement**

On 15 September 2014 Council entered into the Calderwood Voluntary Planning Agreement with Lend Lease Communities (Australia) Limited. This Planning Agreement applies to the Calderwood Urban Development Project site which is approximately 700 hectares of land to the west of Albion Park that was classified a State Significant Site in 2011.

Under this Planning Agreement the developer will provide approximately \$20m in monetary contributions toward both local and citywide infrastructure (in lieu of Section 94 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 20-25 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.

##### **(v) Legal Proceedings**

Council instigated court proceedings in the Land and Environment Court against the Minister for Local Government on the proposal to merge Shellharbour City Council with Wollongong City Council and the judgement awarded costs against the Council. The NSW Government announced on 14 February 2017 that it was abandoning the merger proposals that had not yet been finalised and no further court action was required.

## Shellharbour City Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 20. Financial risk management

\$ '000

##### Risk management

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

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

Council 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.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

	Carrying value		Fair value	
	2018	2017	2018	2017
<b>Financial assets</b>				
Cash and cash equivalents	7,688	16,943	7,688	16,943
Cash and cash equivalents - Shell Cove	7,177	7,464	7,177	7,464
Investments				
– 'Held for trading'	22,255	20,458	22,255	20,458
– 'Held to maturity'	53,315	50,275	53,315	50,275
Receivables	5,937	6,961	5,937	6,961
Receivables - Shell Cove	827	1,543	827	1,543
<b>Total financial assets</b>	<b>97,199</b>	<b>103,644</b>	<b>97,199</b>	<b>103,644</b>
<b>Financial liabilities</b>				
Payables	8,602	9,275	8,602	9,275
Payables - Shell Cove	7,100	7,301	7,100	7,301
Loans/advances	22,697	17,948	22,697	17,948
<b>Total financial liabilities</b>	<b>38,399</b>	<b>34,524</b>	<b>38,399</b>	<b>34,524</b>

# Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 20. Financial risk management (continued)

\$ '000

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there 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.
- **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 and counterparty exposure.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

#### (a) Market risk – price risk and interest rate risk

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2018</b>				
Possible impact of a 10% movement in market values	2,226	2,226	(2,226)	(2,226)
Possible impact of a 1% movement in interest rates	904	904	(904)	(904)
<b>2017</b>				
Possible impact of a 10% movement in market values	2,046	2,046	(2,046)	(2,046)
Possible impact of a 1% movement in interest rates	951	951	(951)	(951)



# Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 20. Financial risk management (continued)

\$ '000

#### (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 this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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.

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

The level of outstanding receivables is monitored on a monthly basis and benchmarks are set and monitored for acceptable collection performance.

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.

A profile of Council's receivables credit risk at balance date follows:

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	0%	71%	0%	84%
Overdue	100%	29%	100%	16%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### (ii) Ageing of receivables – value

##### Other receivables

	2018	2017
Current	3,362	5,227
0 – 30 days overdue	419	426
31 – 60 days overdue	93	77
> 60 days	863	492
	<b>4,737</b>	<b>6,222</b>

# Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 20. Financial risk management (continued)

\$ '000

#### (c) Liquidity risk

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 – 5 Years	> 5 Years		
<b>2018</b>							
Trade/other payables	0.00%	1,379	7,223	–	–	8,602	<b>8,602</b>
Trade/other payables - Shell Cove	0.00%	–	7,100	–	–	7,100	<b>7,100</b>
Loans and advances	3.89%	–	7,299	4,946	10,452	22,697	<b>22,697</b>
<b>Total financial liabilities</b>		<b>1,379</b>	<b>21,622</b>	<b>4,946</b>	<b>10,452</b>	<b>38,399</b>	<b>38,399</b>
<b>2017</b>							
Trade/other payables	0.00%	1,145	8,130	–	–	9,275	<b>9,275</b>
Trade/other payables - Shell Cove	0.00%	–	7,301	–	–	7,301	<b>7,301</b>
Loans and advances	4.20%	–	1,251	5,300	11,397	17,948	<b>17,948</b>
<b>Total financial liabilities</b>		<b>1,145</b>	<b>16,682</b>	<b>5,300</b>	<b>11,397</b>	<b>34,524</b>	<b>34,524</b>

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 21. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 13 June 2017 and is not required to be audited.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

**Note that for variations\* of budget to actual :**

Material variations represent those variances that amount to **10%** or more of the original budgeted figure.

**F** = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2018 Budget	2018 Actual	2018 Variance* -----		
<b>REVENUES</b>					
<b>Rates and annual charges</b>	<b>56,596</b>	<b>57,372</b>	<b>776</b>	<b>1%</b>	<b>F</b>
<b>User charges and fees</b>	<b>22,167</b>	<b>17,378</b>	<b>(4,789)</b>	<b>(22%)</b>	<b>U</b>
A change in the accounting treatment for a component of Waste Management Services user charges after the original budget was adopted is the main reason for this variance.					
<b>Interest and investment revenue</b>	<b>2,374</b>	<b>2,771</b>	<b>397</b>	<b>17%</b>	<b>F</b>
The variance can mainly be attributed to delays in some large capital projects which resulted in a higher investment portfolio balance than originally expected.					
<b>Other revenues</b>	<b>3,448</b>	<b>44,426</b>	<b>40,978</b>	<b>1188%</b>	<b>F</b>
The variance can be attributed to reflecting some real estate assets held for sale income in the Other Revenue classification while the original budget was included in the line item gains from the disposal of assets.					
<b>Operating grants and contributions</b>	<b>7,823</b>	<b>9,136</b>	<b>1,313</b>	<b>17%</b>	<b>F</b>
Operating grants and contributions are higher than the original budget, due primarily to a combination of a grant being classified as an operating grant rather than capital and developer contributions being partly classified as operating contributions, rather than all capital.					
<b>Capital grants and contributions</b>	<b>22,870</b>	<b>27,181</b>	<b>4,311</b>	<b>19%</b>	<b>F</b>
The major contributing factor to this favourable variance relates to the recognition of assets constructed by developers and dedicated to Council above what was originally anticipated. Developer cash contributions were also more than expected.					
<b>Net gains from disposal of assets</b>	<b>9,018</b>	<b>–</b>	<b>(9,018)</b>	<b>(100%)</b>	<b>U</b>
See comment for Other Revenues for one part of this variation. The remaining variance can be attributed to the delay in a number of asset sales which were originally forecast to occur in the 2017/18 financial year.					
<b>Fair value increment on investment property</b>	<b>–</b>	<b>3,570</b>	<b>3,570</b>	<b>0%</b>	<b>F</b>
This variance relates to the increase in the fair value of Council's investment properties as part of the revaluation of this asset class in 2017/18.					

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 21. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 Variance*	
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	<b>33,769</b>	<b>33,666</b>	<b>103</b>	<b>0% F</b>
<b>Borrowing costs</b>	<b>1,182</b>	<b>892</b>	<b>290</b>	<b>25% F</b>
Borrowing costs are less than the original budget due to a combination of factors. The interest on one loan was capitalised during construction with the end date of construction delayed resulting in more interest being capitalised. Another factor was the delay in the drawdown of a loan which occurred in October and not July as originally budgeted. A further loan was not required in 2017/18.				
<b>Materials and contracts</b>	<b>24,189</b>	<b>21,696</b>	<b>2,493</b>	<b>10% F</b>
See User Charges and Fees comment for the main reason for this variation.				
<b>Depreciation and amortisation</b>	<b>14,604</b>	<b>14,318</b>	<b>286</b>	<b>2% F</b>
<b>Other expenses</b>	<b>15,862</b>	<b>48,645</b>	<b>(32,783)</b>	<b>(207%) U</b>
The unfavourable variance relates to an unforeseen bad debt along with having to expense some work which was originally budgeted for in Council's capital works program.				
<b>Net losses from disposal of assets</b>	<b>–</b>	<b>600</b>	<b>(600)</b>	<b>0% U</b>
This loss relates to the write off of infrastructure assets during the year as part of renewal work. No budget was included for this.				

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 22. Fair value measurement

\$ '000

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

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

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

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:**

2018	Fair value measurement hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Investments				
– 'Held for trading'	–	22,255	–	22,255
<b>Total financial assets</b>	<b>–</b>	<b>22,255</b>	<b>–</b>	<b>22,255</b>
<b>Investment property</b>				
Investment properties – land and buildings	–	–	23,061	23,061
<b>Total investment property</b>	<b>–</b>	<b>–</b>	<b>23,061</b>	<b>23,061</b>
<b>Infrastructure, property, plant and equipment</b>				
Capital work in progress	–	–	14,129	14,129
Capital work in progress - Shell Cove	–	–	24,687	24,687
Plant and equipment	–	–	4,842	4,842
Office equipment	–	–	2,427	2,427
Furniture and fittings	–	–	4,413	4,413
Operational land	–	–	72,356	72,356
Community land	–	–	135,299	135,299
Land under roads	–	–	18,354	18,354
Land improvements	–	–	11,108	11,108
Buildings – non-specialised	–	–	80,579	80,579
Buildings – specialised	–	–	46,641	46,641
Other structures	–	–	2,268	2,268
Roads	–	–	150,099	150,099
Bridges	–	–	13,433	13,433
Footpaths	–	–	37,470	37,470
Stormwater drainage	–	–	176,517	176,517
Swimming pools	–	–	2,978	2,978
Other open space/recreational assets	–	–	9,802	9,802
Other infrastructure	–	–	8,000	8,000
Library books	–	–	1,223	1,223
Other	–	–	4,575	4,575
Waste depot/sandmine asset	–	–	7,809	7,809
<b>Total infrastructure, property, plant and equipment</b>	<b>–</b>	<b>–</b>	<b>829,009</b>	<b>829,009</b>

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 22. Fair value measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values (continued):

2017	Fair value measurement hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements				
Financial assets				
Investments				
– ‘Held for trading’	–	20,458	–	20,458
Total financial assets	–	20,458	–	20,458
Investment property				
Investment properties – land and buildings	–	–	19,426	19,426
Total investment property	–	–	19,426	19,426
Infrastructure, property, plant and equipment				
Capital work in progress	–	–	69,269	69,269
Capital work in progress - Shell Cove	–	–	13,932	13,932
Plant and equipment	–	–	3,602	3,602
Office equipment	–	–	215	215
Furniture and fittings	–	–	395	395
Operational land	–	–	48,802	48,802
Community land	–	–	135,209	135,209
Land under roads	–	–	13,647	13,647
Land improvements	–	–	10,795	10,795
Buildings – non-specialised	–	–	26,614	26,614
Buildings – specialised	–	–	23,708	23,708
Other structures	–	–	1,531	1,531
Roads	–	–	147,443	147,443
Bridges	–	–	7,976	7,976
Footpaths	–	–	36,039	36,039
Stormwater drainage	–	–	172,064	172,064
Swimming pools	–	–	3,183	3,183
Other open space/recreational assets	–	–	6,610	6,610
Other infrastructure	–	–	6,727	6,727
Library books	–	–	778	778
Other	–	–	1,527	1,527
Waste depot/sandmine asset	–	–	6,661	6,661
Total infrastructure, property, plant and equipment	–	–	736,727	736,727

### (2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.



# Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 22. Fair value measurement (continued)

#### (3) Valuation techniques used to derive level 2 and level 3 fair values

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

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

#### Investment property

##### Land & Buildings

All of Council's investment properties are valued at fair value. A full valuation is performed every three years. The 2018 revaluations were based on independent assessments performed by Scott Fullarton Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144. The key unobservable input to the valuation is the price per square metre.

#### Infrastructure, property, plant and equipment (IPP&E)

##### Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are all valued at cost but are disclosed at fair value in the notes due to the nature of the items.

Examples of assets within these classes are:

- Plant & Equipment – Trucks, mowers, earth moving equipment
- Office Equipment – Printers, Scanners, White Boards, Computer Equipment
- Furniture & Fittings - Kitchens, Fitouts, Flooring etc

Council assumes that the carrying value amount reflects the fair value of the assets due to the nature of the items as shown above.

##### Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The last valuation was undertaken at 30 June 2018 and was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144. The key unobservable input to the valuation is the price per square metre.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

##### Community Land

Valuations of all Council's Community Land were based on land values provided by the Valuer-General. The last valuation was undertaken at 30 June 2016.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 22. Fair value measurement (continued)

##### (3) Valuation techniques used to derive level 2 and level 3 fair values (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.

###### 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 Practicing Valuer, Registered Valuer No. 2144 to value all buildings at 30 June 2018 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

###### Other Structures

This assets comprises of: Fencing, memorials, embellishments, boom gates etc. The cost approach is used to value other structures. There has been no change to the valuation process during the reporting period.

###### Roads

Council's Road Asset Class is made up of, Driving/wearing surface (AC, Sprayseal & Pavers), Road Pavement Upper Limit (Flexible and Concrete) Base and Sub base components. Valuations were undertaken inhouse using the assistance of Jeff Roorda and Associates (JRA), assets management and consulting organisation on 1 July 2015.

###### 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 for this asset class were undertaken inhouse using the assistance of Jeff Roorda and Associates (JRA), assets management and consulting organisation on 1 July 2015.

###### Footpaths

Valuations for this asset class were undertaken inhouse using the assistance of Jeff Roorda and Associates (JRA) consulting organisation on 1 July 2015, using unit rates and Rawlinsons Australian Construction Handbook.

###### Stormwater Drainage

These assets are made up of stormwater pits, pipes, GPT's, headwalls and culverts. GPT's and pits. Valuations for this asset class were undertaken inhouse with the assistance of Jeff Roorda and Associates (JRA), asset management and consulting organisation on 1 July 2015.

# Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 22. Fair value measurement (continued)

#### (3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

##### Swimming Pools

Council assumes that the carrying value amount reflects the fair value of the assets. There has been no change to the valuation process during the reporting period.

##### 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. The cost approach is used to value other open space/recreational assets.

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

##### Other Infrastructure

Other infrastructure comprises of the airport runway. Valuations for this asset class were undertaken inhouse using the assistance of Jeff Roorda and Associates (JRA), assets management and the last valuation was undertaken at 1 July 2015.

##### Library Books

This asset category comprises of assets such as library books, journals, magazines, Cd's and Dvd's. The library books are reported at Fair value in the notes however, due to the nature of these items they are valued at cost. There are no major variances between the fair value and carrying amount of these assets. There has been no change to the valuation process during the reporting period.

##### Other

Other assets consist of sundry signs, lighting etc. Council assumes that the carrying value amount reflects the fair value of the assets due to the nature of the items. There has been no change to the valuation process during the reporting period.

##### Waste Depot/Sandmine Asset

The waste depot/sandmine is located at Buckley's Road in Dunmore. It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill site.

An Evaluation of Costs for Landfill Closure and Post Closure Management was prepared by Tonkin Consulting, PJ Lightbody, MIEAust Chartered Professional Engineer in June 2018.

#### (4). Fair value measurements using significant unobservable inputs (level 3)

	Total IPPE	Total
<b>Opening balance – 1/7/16</b>	660,048	660,048
Purchases (GBV)	77,591	77,591
Disposals (WDV)	(2,268)	(2,268)
Depreciation and impairment	(12,576)	(12,576)
<b>Closing balance – 30/6/17</b>	<b>722,795</b>	<b>722,795</b>
Purchases (GBV)	95,758	95,758
Disposals (WDV)	(768)	(768)
Depreciation and impairment	(13,463)	(13,463)
<b>Closing balance – 30/6/18</b>	<b>804,322</b>	<b>804,322</b>

#### (5). Highest and best use

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

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

### Note 23. Related party transactions

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\$

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#### a. Key management personnel

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

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

<b>Compensation:</b>	<b>2018</b>	<b>2017</b>
Short-term benefits	1,405,884	1,229,354
Post-employment benefits	139,986	128,872
Other long-term benefits	127,617	119,228
Termination benefits	—	12,436
<b>Total</b>	<b>1,673,487</b>	<b>1,489,890</b>

#### b. Other transactions with KMP and their related parties

Council maintains a Related Party Transaction register. A review of the register, Annual Declaration of Interest returns and minutes of Council Meetings conducted for the year ending 30 June 2018, identified no related party transactions that would have otherwise been incurred by an ordinary citizen.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 24. Statement of developer contributions

\$ '000

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.

#### SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	2,704	300	–	76	–	–	3,080	–
Roads	4,129	1,787	–	136	–	–	6,052	–
Traffic facilities	2,471	61	–	55	(485)	–	2,102	–
Open space	17,852	1,956	15	482	(1,317)	–	18,973	–
Community facilities	1,249	2,494	–	228	(324)	–	3,647	–
Other	1,108	531	–	33	(227)	–	1,445	–
<b>S7.11 contributions – under a plan</b>	<b>29,513</b>	<b>7,129</b>	<b>15</b>	<b>1,010</b>	<b>(2,353)</b>	<b>–</b>	<b>35,299</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>29,513</b>	<b>7,129</b>	<b>15</b>	<b>1,010</b>	<b>(2,353)</b>	<b>–</b>	<b>35,299</b>	<b>–</b>
S7.4 planning agreements	1,187	412	50	41	(137)	–	1,503	–
<b>Total contributions</b>	<b>30,700</b>	<b>7,541</b>	<b>65</b>	<b>1,051</b>	<b>(2,490)</b>	<b>–</b>	<b>36,802</b>	<b>–</b>

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 24. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 1

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	2,704	300	–	76	–	–	3,080	–
Roads	4,129	1,787	–	136	–	–	6,052	–
Traffic facilities	2,471	61	–	55	(485)	–	2,102	–
Open space	17,852	1,956	15	482	(1,317)	–	18,973	–
Community facilities	1,249	2,494	–	228	(324)	–	3,647	–
Other	1,108	531	–	33	(227)	–	1,445	–
<b>Total</b>	<b>29,513</b>	<b>7,129</b>	<b>15</b>	<b>1,010</b>	<b>(2,353)</b>	<b>–</b>	<b>35,299</b>	<b>–</b>



# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 25(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	11,820	9.02%	15.65%	5.56%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	131,037				
2. Own source operating revenue ratio					
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	121,901	77.05%	76.26%	79.91%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>	158,218				
3. Unrestricted current ratio					
Current assets less all external restrictions <sup>(2)</sup>	57,151	2.09x	2.25x	3.25x	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	27,349				
4. Debt service cover ratio					
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	27,030	12.61x	29.07x	21.28x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	2,143				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	2,884	4.79%	4.60%	4.61%	< 10% regional & rural
Rates, annual and extra charges collectible	60,224				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	68,180	7.66 mths	10.1 mths	11.6 mths	> 3 mths
Payments from cash flow of operating and financing activities	8,900				

#### Notes

<sup>(1)</sup> Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

<sup>(2)</sup> Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

<sup>(3)</sup> Refer to Notes 13 and 14.

<sup>(4)</sup> Refer to Note 13(b) and 14(a) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

**END OF AUDITED FINANCIAL STATEMENTS**

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 25(b). Statement of performance measures – consolidated results (graphs)

<p><b>1. Operating performance ratio</b></p> <p>Benchmark: — Minimum <math>\geq 0.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of operating performance ratio</b></p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 9.02%</b></p> <p>Council's result for this key Fit For the Future ratio is well above the benchmark of 0%. The result has also been inflated due to the advanced payments of two quarterly instalments of the 2018/19 Financial Assistance Grant.</p>
<p><b>2. Own source operating revenue ratio</b></p> <p>Benchmark: — Minimum <math>\geq 60.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of own source operating revenue ratio</b></p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 77.05%</b></p> <p>Council continues to remain well above the industry benchmark of 60% for this indicator confirming that Council does not rely heavily on external funding sources. This is despite Council receiving a large amount of capital contributions in 2017/18, which has a reducing effect on the ratio.</p>
<p><b>3. Unrestricted current ratio</b></p> <p>Benchmark: — Minimum <math>\geq 1.50</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of unrestricted current ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 2.09x</b></p> <p>This ratio which measures Council's ability to meet obligations in the short term, continues to be well above the minimum benchmark of 1.5. There has been a decline in the ratio when compared to last year due to a large loan principal repayment falling due in 2018/19. This payment will be fully funded from asset sale income also expected in 2018/19.</p>

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 25(b). Statement of performance measures – consolidated results (graphs)

<p><b>4. Debt service cover ratio</b></p> <p>Benchmark: — Minimum <math>\geq 2.00</math></p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of debt service cover ratio</b></p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 12.61x</b></p> <p>Despite Council's level of borrowings increasing significantly in recent years, the Debt Service Cover Ratio still remains significantly above the minimum benchmark level.</p>
<p><b>5. Rates, annual charges, interest and extra charges outstanding percentage</b></p> <p>Benchmark: — Maximum <math>&lt; 10.00\%</math></p> <p>Source for Benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of rates and annual charges outstanding ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 4.79%</b></p> <p>The result for this ratio has declined when compared to last year. It still remains below the suggested maximum benchmark for this indicator of 10% for Councils classified as either regional or rural. This confirms the effectiveness of Council's recovery efforts.</p>
<p><b>6. Cash expense cover ratio</b></p> <p>Benchmark: — Minimum <math>\geq 3.00</math></p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of cash expense cover ratio</b></p> <p>This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 7.66 mths</b></p> <p>Council's liquidity position is a comfortable one as highlighted by the result of this ratio, which is more than three times above the minimum benchmark.</p>

## Shellharbour City Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 26. Council information and contact details

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**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 to 4:30pm  
Monday to Friday

**Telephone:** 02 4221 6111

**Facsimile:** 02 4221 6016

**Internet:** [www.shellharbour.nsw.gov.au](http://www.shellharbour.nsw.gov.au)

**Email:** [records@shellharbour.nsw.gov.au](mailto:records@shellharbour.nsw.gov.au)

**Officers****GENERAL MANAGER**

Carey McIntyre

**MAYOR**

Marianne Saliba

**RESPONSIBLE ACCOUNTING OFFICER**

Gary Grantham

**Other information**

**ABN:** 78 392 627 134



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial report

#### Shellharbour City Council

To the Councillors of the Shellharbour City Council

### Opinion

I have audited the accompanying financial report of Shellharbour City Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

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 report:
  - has been presented, in all material respects, in accordance with the requirements of this Division
  - is consistent with the Council's accounting records
  - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, 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 report 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 Report' 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' (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**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report 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 report 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 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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 Report**

The Councillors are responsible for the preparation and fair presentation of the financial report 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 report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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 except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

## **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to:

- obtain reasonable assurance about whether the financial report 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 financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does *not* 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 21 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in cursive script, appearing to read 'D Ryan'.

Dominika Ryan  
Director

31 December 2018  
SYDNEY



Cr Marianne Saliba  
Mayor  
Shellharbour City Council  
Locked Bag 155  
SHELLHARBOUR CITY CENTRE NSW 2529

Contact: Dominika Ryan  
Phone no: (02) 9275 7366  
Our ref: D1824367/1784

31 December 2018

Dear Mayor

**Report on the Conduct of the Audit**  
**for the year ended 30 June 2018**  
**Shellharbour City Council**





I have audited the general purpose financial statements of the Shellharbour City Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

**INCOME STATEMENT**

**Operating result**

	<b>2018</b>	<b>2017</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
<b>Rates and annual charges revenue</b>	57.4	55.5	 3.4
<b>Grants and contributions revenue</b>	36.3	34.8	 4.3
<b>Operating result for the year</b>	42.2	43.6	 3.2
<b>Net operating result before capital amounts</b>	15.0	19.3	 22.3

The increase in rates and annual charges was mainly due to the pegging rate and natural growth in rateable properties.

Contribution revenue increased mostly from assets contributed by the developers in relation to the Shell Cove project. Revenue from capital contributions increased by 16.2 percent (\$3.7 million) in 2017-18.

Council's current year operating result (\$42.2 million including the effect of depreciation and amortisation expense of \$14.3 million) was largely consistent with the previous reporting period.

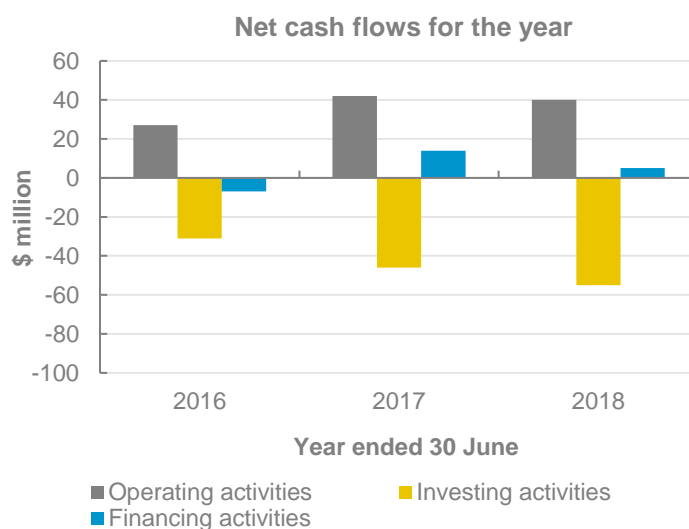
The net operating result before capital grants and contributions (\$15.0 million) was \$4.2 million lower than 2016-17 due to larger cost of sales amounts relating to the Shell Cove project.

## STATEMENT OF CASH FLOWS

Net cash from operating activities remained steady over the previous two years, allowing Council to invest its operating cashflow surpluses into infrastructure projects.

Net cash from investing activities was \$9 million higher than 2016-17 as there was no significant sale of IPPE and investment securities in the current year.

Net cash from financing activities decreased due to the significant funding the Council obtained in 2016-17 for the funding of the Civic Centre project.



## FINANCIAL POSITION

### Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	46.2	57.7	Externally restricted cash and investments are restricted in their use by externally imposed requirements. Externally restricted funds decreased by \$11.5 million for unexpended specific purpose loans.
Internal restrictions	27.6	20.9	
Unrestricted	16.6	16.5	
<b>Cash and investments</b>	<b>90.4</b>	<b>95.1</b>	Internally restricted cash and investments are restricted in the use by resolution or policy of Council to reflect identified programs of works and any forward plans. Internal restrictions related to waste operations increased by \$6.7 million.

### Debt

At 30 June 2018, Council recognised \$22.7 million in loans (30 June 2017: \$17.9 million). The increase included a loan of \$6.0 million for the Shellharbour Links Subdivision development. Council's loans are secured over the general rating income of Council.

## PERFORMANCE RATIOS

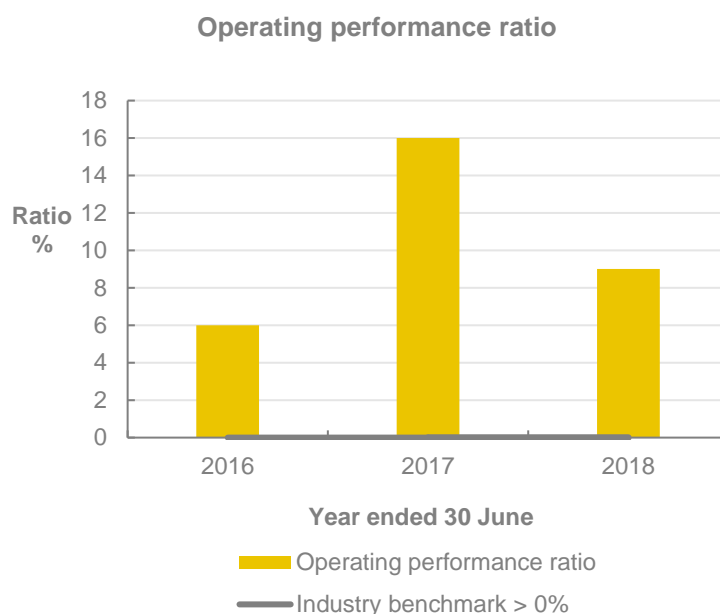
The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 25 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

### Operating performance ratio

Council's operating performance ratio exceeded the industry benchmark over the past three years.

The increase in 2016-17 reflects the combined effect of special rate variation received and the Financial Assistance Grant instalments from the Commonwealth Government for 2017-18. Hence, the decrease from 2016-17 but increase from 2015-16.

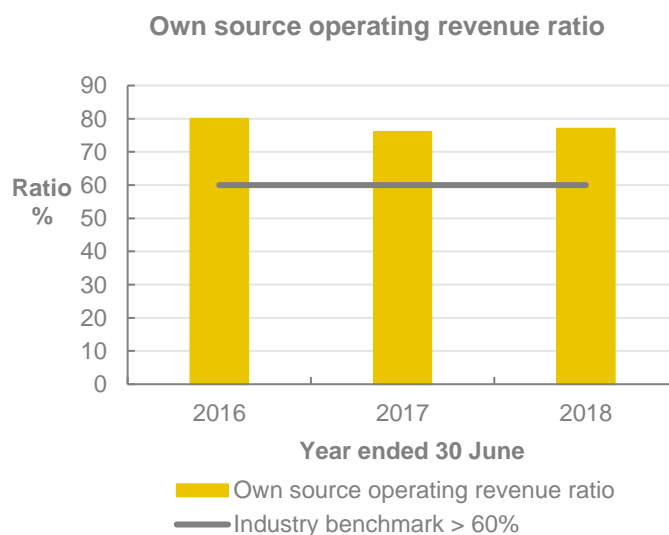
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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



### Own source operating revenue ratio

Council's own source operating revenue ratio exceeded the industry benchmark over the past three years. The current year ratio of 77 per cent is consistent with the previous year.

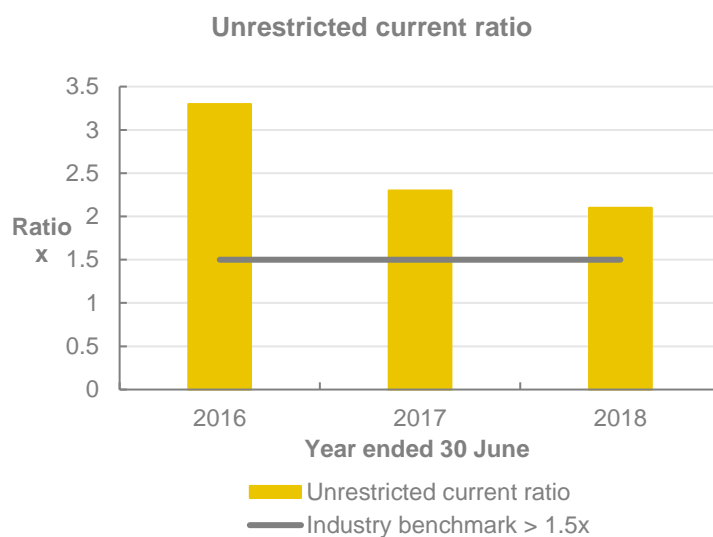
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



## Unrestricted current ratio

Council's unrestricted current ratio exceeded the industry benchmark over the past three years. This indicates Council has sufficient liquidity to meet its current liabilities as and when they fall due.

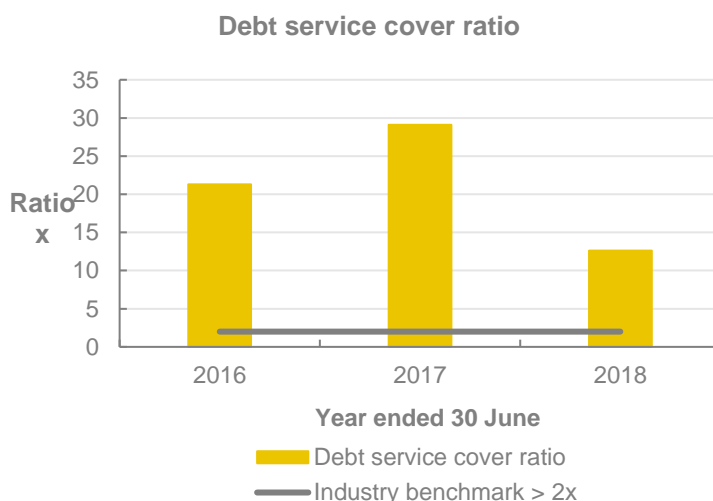
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



## Debt service cover ratio

Council's debt service cover ratio exceeded the industry benchmark over the past three years. The ratio indicates Council has adequate revenue to cover the principal repayment and borrowing costs of its debt. The decrease from 2016-17 to 2017-18 is due to the increase in the borrowing costs and level of debt due to the construction of the Civic Centre.

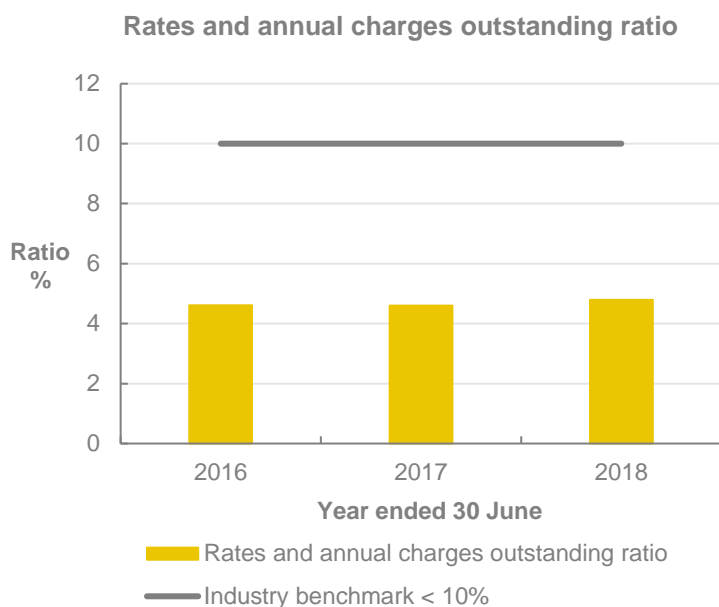
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



## Rates and annual charges outstanding ratio

Council's rates and annual charges outstanding ratio is above the benchmark for regional and rural councils over the past three years. The current year ratio of 4.8 per cent is largely consistent with the previous reporting periods.

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

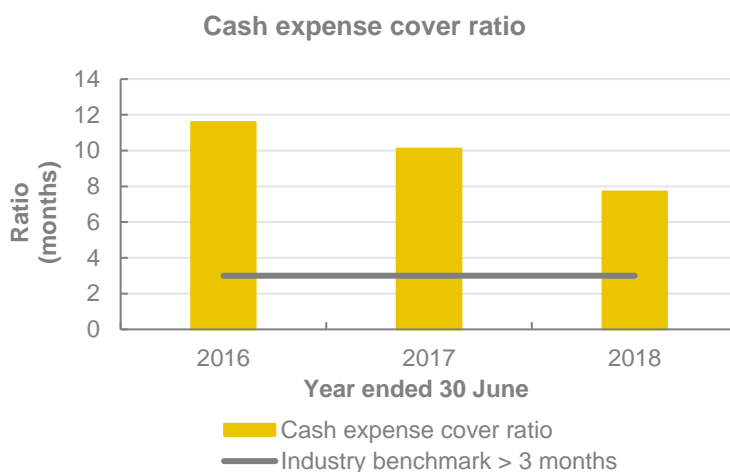


## Cash expense cover ratio

As at 30 June 2018, Council had the capacity to cover seven months of cash expenditure without additional cash inflows.

Council has a sound cash expense cover ratio that has been reasonably consistent over the past three years.

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.



## OTHER MATTERS

### New accounting standards implemented

#### AASB 2016-2 'Disclosure Initiative – Amendments to AASB 107'

Effective for annual reporting periods beginning on or after 1 January 2017

This Standard requires entities to provide disclosures that enable users of financial statements to evaluate changes (both cash flows and non-cash changes) in liabilities arising from financing activities.

Council's disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 1.

### Council Entities

Council's interest in 'council entities' include:

- Shell Cove
- CivicRisk West
- CivicRisk Mutual
- Illawarra Shoalhaven Joint Organisation

Alternate external audit arrangements are in place for the above 'council entities'. I have obtained sufficient audit evidence to be satisfied Council's general purpose financial statements materially reflect Council's interest in the entities.

### 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 reports. The Council's:

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



Dominika Ryan  
Director, Financial Audit Services

cc: Mr Carey McIntyre, General Manager  
Ms Julie Walton, Chair of the Audit, Risk & Improvement Committee  
Tim Hurst, Acting Chief Executive of the Office of Local Government

# Shellharbour City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

---

A City of Vision



Shellharbour  
CITY COUNCIL



# Shellharbour City Council

## Special Purpose Financial Statements

for the year ended 30 June 2018

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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 2018

### 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:

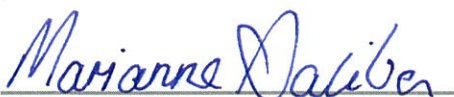
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these financial 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 04 September 2018.



Marianne Saliba  
Mayor

04 September 2018



Councillor

04 September 2018



Carey McIntyre  
General manager

04 September 2018



Gary Grantham  
Responsible accounting officer

04 September 2018

## Shellharbour City Council

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

	Nursery		The Links	
	Category 2		Category 1	
\$ '000	2018	2017	2018	2017
<b>Income from continuing operations</b>				
User charges	426	364	3,027	3,060
Grants and contributions provided for non-capital purposes	—	—	4	3
Other income	4	1	465	420
<b>Total income from continuing operations</b>	<b>430</b>	<b>365</b>	<b>3,496</b>	<b>3,483</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	203	202	1,033	958
Materials and contracts	245	188	1,902	1,898
Depreciation, amortisation and impairment	14	13	526	467
Calculated taxation equivalents	6	6	79	81
Other expenses	2	2	402	453
<b>Total expenses from continuing operations</b>	<b>470</b>	<b>411</b>	<b>3,942</b>	<b>3,857</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(40)</b>	<b>(46)</b>	<b>(446)</b>	<b>(374)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(40)</b>	<b>(46)</b>	<b>(446)</b>	<b>(374)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(40)</b>	<b>(46)</b>	<b>(446)</b>	<b>(374)</b>
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(40)</b>	<b>(46)</b>	<b>(446)</b>	<b>(374)</b>
<b>Plus opening retained profits</b>	14	54	10,059	10,352
<b>Plus adjustments for amounts unpaid:</b>				
– Taxation equivalent payments	6	6	79	81
<b>Add:</b>				
– Subsidy paid/contribution to operations	20	—	—	—
<b>Closing retained profits</b>	<b>—</b>	<b>14</b>	<b>9,692</b>	<b>10,059</b>
<b>Return on capital %</b>			<b>-1.8%</b>	<b>-1.5%</b>

## Shellharbour City Council

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

	Caravan Park Category 2		Illawarra Regional Airport Category 2	
\$ '000	2018	2017	2018	2017
<b>Income from continuing operations</b>				
User charges	1,688	1,598	549	122
Fair value adjustments – investment properties	–	–	2,497	–
Other income	18	18	387	311
<b>Total income from continuing operations</b>	<b>1,706</b>	<b>1,616</b>	<b>3,433</b>	<b>433</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	27	32	446	270
Borrowing costs	31	36	–	–
Materials and contracts	584	553	458	208
Depreciation, amortisation and impairment	117	110	162	109
Calculated taxation equivalents	3	3	89	90
Other expenses	175	188	457	71
<b>Total expenses from continuing operations</b>	<b>937</b>	<b>922</b>	<b>1,612</b>	<b>748</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>769</b>	<b>694</b>	<b>1,821</b>	<b>(315)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>769</b>	<b>694</b>	<b>1,821</b>	<b>(315)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>769</b>	<b>694</b>	<b>1,821</b>	<b>(315)</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(231)	(208)	(546)	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>538</b>	<b>486</b>	<b>1,275</b>	<b>(315)</b>
<b>Plus opening retained profits</b>	8,716	8,019	16,778	17,003
<b>Plus adjustments for amounts unpaid:</b>				
– Taxation equivalent payments	3	3	89	90
– Corporate taxation equivalent	231	208	546	–
<b>Closing retained profits</b>	<b>9,488</b>	<b>8,716</b>	<b>18,688</b>	<b>16,778</b>

## Shellharbour City Council

## Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

	Nursery		The Links	
	Category 2		Category 1	
\$ '000	2018	2017	2018	2017
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	(62)	(83)	(8,019)	(6,917)
Receivables	7	1	11	17
Inventories	28	92	230	225
<b>Total Current Assets</b>	<b>(27)</b>	<b>10</b>	<b>(7,778)</b>	<b>(6,675)</b>
<b>Non-current assets</b>				
Infrastructure, property, plant and equipment	307	285	25,061	24,633
Intangible assets	–	–	1,712	1,404
<b>Total non-current assets</b>	<b>307</b>	<b>285</b>	<b>26,773</b>	<b>26,037</b>
<b>TOTAL ASSETS</b>	<b>280</b>	<b>295</b>	<b>18,995</b>	<b>19,362</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	42	34	203	205
Provisions	18	27	261	262
<b>Total current liabilities</b>	<b>60</b>	<b>61</b>	<b>464</b>	<b>467</b>
<b>Non-current liabilities</b>				
Provisions	–	–	6	3
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>	<b>6</b>	<b>3</b>
<b>TOTAL LIABILITIES</b>	<b>60</b>	<b>61</b>	<b>470</b>	<b>470</b>
<b>NET ASSETS</b>	<b>220</b>	<b>234</b>	<b>18,525</b>	<b>18,892</b>
<b>EQUITY</b>				
Accumulated surplus	–	14	9,692	10,059
Revaluation reserves	220	220	8,833	8,833
Council equity interest	220	234	18,525	18,892
<b>TOTAL EQUITY</b>	<b>220</b>	<b>234</b>	<b>18,525</b>	<b>18,892</b>

## Shellharbour City Council

## Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

	Caravan Park Category 2		Illawarra Regional Airport Category 2	
\$ '000	2018	2017	2018	2017
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	6,301	7,194	(1,697)	(665)
Receivables	–	–	454	43
<b>Total Current Assets</b>	<b>6,301</b>	<b>7,194</b>	<b>(1,243)</b>	<b>(622)</b>
<b>Non-current assets</b>				
Infrastructure, property, plant and equipment	4,420	2,753	7,415	7,180
Investment property	–	–	16,936	14,575
<b>Total non-current assets</b>	<b>4,420</b>	<b>2,753</b>	<b>24,351</b>	<b>21,755</b>
<b>TOTAL ASSETS</b>	<b>10,721</b>	<b>9,947</b>	<b>23,108</b>	<b>21,133</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	101	99	80	37
Provisions	–	–	35	7
<b>Total current liabilities</b>	<b>101</b>	<b>99</b>	<b>115</b>	<b>44</b>
<b>Non-current liabilities</b>				
Provisions	–	–	2	8
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>8</b>
<b>TOTAL LIABILITIES</b>	<b>101</b>	<b>99</b>	<b>117</b>	<b>52</b>
<b>NET ASSETS</b>	<b>10,620</b>	<b>9,848</b>	<b>22,991</b>	<b>21,081</b>
<b>EQUITY</b>				
Accumulated surplus	9,488	8,716	18,688	16,778
Revaluation reserves	1,132	1,132	4,303	4,303
Council equity interest	<b>10,620</b>	<b>9,848</b>	<b>22,991</b>	<b>21,081</b>
<b>TOTAL EQUITY</b>	<b>10,620</b>	<b>9,848</b>	<b>22,991</b>	<b>21,081</b>

## Shellharbour City Council

### Special Purpose Financial Statements

for the year ended 30 June 2018

#### Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	8



## Shellharbour City Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies

---

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) 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, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

#### Declared business activities

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

##### Category 1

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

##### a. The Links

*Provision of golf and other entertainment facilities*

##### Category 2

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

##### a. Nursery

*Sale of plants to public*

## Shellharbour City Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

---

##### **b. Caravan Park**

*Provision of accommodation facilities*

##### **c. Illawarra Regional Airport**

*Provision of airport related facilities*

#### **Monetary amounts**

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars.

##### *(i) Taxation-equivalent charges*

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

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

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

##### **Notional rate applied (%)**

Corporate income tax rate – **30%**

#### **Income tax**

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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

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

The rate applied of 30% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

#### **Local government rates and charges**

A calculation of the equivalent rates and charges payable has been applied to all land assets owned or exclusively used by the business activity.

## Shellharbour City Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

---

##### **Loan and debt guarantee fees**

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

##### *(ii) Subsidies*

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

##### *(iii) Return on investments (rate of return)*

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

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

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**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 2.63% at 30/6/18.

##### *(iv) Dividends*

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



## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the special purpose financial report**

#### **Shellharbour City Council**

To the Councillors of the Shellharbour City Council

### **Opinion**

I have audited the accompanying special purpose financial report (the financial report) of Shellharbour City Council's (the Council) Declared Other Business Activities, which comprises the Income Statement of the Declared Other Business Activities for the year ended 30 June 2018, the Statement of Financial Position of the Declared Other Business Activities as at 30 June 2018, notes comprising a Summary of significant accounting policies for the Other Business Activities declared by Council, and the Statement by Councillors and Management.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2018, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (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 Report' 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' (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 Note 1 to the financial report which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial report may not be suitable for another purpose.

## **Other Information**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report 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 report 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 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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 Report**

The Councillors are responsible for the preparation and fair presentation of the financial report and for determining that the accounting policies, described in Note 1 to the financial report, 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 report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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, unless it is not appropriate to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to:

- obtain reasonable assurance about whether the financial report 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 financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not 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 report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in cursive script, appearing to read 'D. Ryan'.

Dominika Ryan  
Director, Financial Services

31 December 2018  
SYDNEY

# Shellharbour City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2018

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A City of Vision





# Shellharbour City Council

## Special Schedules

for the year ended 30 June 2018

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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 2).

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### Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
  - the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the NSW Office of Water (NOW), and
  - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
  - the allocation of Financial Assistance Grants,
  - the incorporation of Local Government financial figures in national statistics,
  - the monitoring of loan approvals,
  - the allocation of borrowing rights, and
  - the monitoring of the financial activities of specific services.

## Shellharbour City Council

# Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Governance</b>	<b>1,565</b>	<b>2</b>	<b>–</b>	<b>(1,563)</b>
<b>Administration</b>	<b>25,000</b>	<b>9,452</b>	<b>–</b>	<b>(15,548)</b>
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	1,498	228	125	(1,145)
Beach control	797	4	6	(787)
Enforcement of local government regulations	858	607	–	(251)
Animal control	337	149	–	(188)
Other	–	–	–	–
<b>Total public order and safety</b>	<b>3,490</b>	<b>988</b>	<b>131</b>	<b>(2,371)</b>
<b>Health</b>	<b>247</b>	<b>79</b>	<b>–</b>	<b>(168)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	55	–	–	(55)
Other environmental protection	1,008	88	–	(920)
Solid waste management	19,164	21,589	205	2,630
Street cleaning	399	–	–	(399)
Drainage	2,431	–	–	(2,431)
Stormwater management	347	618	–	271
<b>Total environment</b>	<b>23,404</b>	<b>22,295</b>	<b>205</b>	<b>(904)</b>
<b>Community services and education</b>				
Administration and education	522	23	–	(499)
Social protection (welfare)	694	38	–	(656)
Aged persons and disabled	137	(42)	18	(161)
Children's services	362	44	–	(318)
<b>Total community services and education</b>	<b>1,715</b>	<b>63</b>	<b>18</b>	<b>(1,634)</b>
<b>Housing and community amenities</b>				
Public cemeteries	350	266	–	(84)
Public conveniences	–	–	–	–
Street lighting	1,242	175	–	(1,067)
Town planning	3,081	3,655	26,474	27,048
Other community amenities	–	–	–	–
<b>Total housing and community amenities</b>	<b>4,673</b>	<b>4,096</b>	<b>26,474</b>	<b>25,897</b>

## Shellharbour City Council

# Special Schedule 1 – Net Cost of Services (continued)

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Recreation and culture</b>				
Public libraries	2,721	246	—	(2,475)
Museums	137	—	—	(137)
Art galleries	—	—	—	—
Community centres and halls	1,171	109	60	(1,002)
Performing arts venues	—	—	—	—
Other performing arts	—	—	—	—
Other cultural services	79	56	—	(23)
Sporting grounds and venues	1,999	220	—	(1,779)
Swimming pools	1,815	393	—	(1,422)
Parks and gardens (lakes)	5,726	22	16	(5,688)
Other sport and recreation	4,532	3,875	137	(520)
<b>Total recreation and culture</b>	<b>18,180</b>	<b>4,921</b>	<b>213</b>	<b>(13,046)</b>
<b>Fuel and energy</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Agriculture</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Mining, manufacturing and construction</b>				
Building control	—	—	—	—
Other mining, manufacturing and construction	—	—	—	—
<b>Total mining, manufacturing and const.</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	3,584	1,199	—	(2,385)
Urban roads – regional	—	—	—	—
Sealed rural roads (SRR) – local	196	—	—	(196)
Sealed rural roads (SRR) – regional	31	—	—	(31)
Unsealed rural roads (URR) – local	—	—	—	—
Unsealed rural roads (URR) – regional	—	—	—	—
Bridges on UR – local	151	—	16	(135)
Bridges on SRR – local	—	—	—	—
Bridges on URR – local	—	—	—	—
Bridges on regional roads	—	—	—	—
Parking areas	232	—	—	(232)
Footpaths	625	—	120	(505)
Aerodromes	1,512	936	—	(576)
Other transport and communication	749	448	4	(297)
<b>Total transport and communication</b>	<b>7,080</b>	<b>2,583</b>	<b>140</b>	<b>(4,357)</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	929	1,706	—	777
Other economic affairs	2,452	1,169	—	(1,283)
<b>Total economic affairs</b>	<b>3,381</b>	<b>2,875</b>	<b>—</b>	<b>(506)</b>
<b>Totals – functions</b>	<b>88,735</b>	<b>47,354</b>	<b>27,181</b>	<b>(14,200)</b>
<b>General purpose revenues <sup>(1)</sup></b>		<b>50,682</b>		<b>50,682</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	<b>—</b>	<b>211</b>		<b>211</b>
<b>NET OPERATING RESULT <sup>(2)</sup></b>	<b>88,735</b>	<b>98,247</b>	<b>27,181</b>	<b>36,693</b>

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges

(2) As reported in the Income Statement

(3) Note this excludes Shell Cove Joint Arrangement

# Shellharbour City Council

## Special Schedule 2 – Permissible income for general rates for the year ended 30 June 2019

\$'000		Calculation 2018/19	Calculation 2017/18
<b>Notional general income calculation <sup>(1)</sup></b>			
Last year notional general income yield	a	44,761	43,185
Plus or minus adjustments <sup>(2)</sup>	b	898	955
<b>Notional general income</b>	c = (a + b)	<b>45,659</b>	<b>44,140</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
Or rate peg percentage	e	2.30%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	—	—
Plus special variation amount	h = d x (c - g)	—	—
Or plus rate peg amount	i = c x e	1,050	662
Or plus Crown land adjustment and rate peg amount	j = c x f	—	—
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>46,709</b>	<b>44,802</b>
Plus (or minus) last year's carry forward total	l	111	47
Less valuation objections claimed in the previous year	m	(22)	—
<b>Sub-total</b>	n = (l + m)	<b>89</b>	<b>47</b>
<b>Total permissible income</b>	o = k + n	<b>46,798</b>	<b>44,850</b>
Less notional general income yield	p	46,626	44,761
<b>Catch-up or (excess) result</b>	q = o - p	<b>172</b>	<b>89</b>
Plus income lost due to valuation objections claimed <sup>(4)</sup>	r	14	22
Less unused catch-up <sup>(5)</sup>	s	(47)	—
<b>Carry forward to next year</b>	t = q + r - s	<b>139</b>	<b>111</b>

### 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*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 2 in the financial data return (FDR) to administer this process.



## **INDEPENDENT AUDITOR'S REPORT**

### **Special Schedule 2 - Permissible Income for general rates**

#### **Shellharbour City Council**

To the Councillors of the Shellharbour City Council

### **Opinion**

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of the Shellharbour City Council (the Council) for the year ending 30 June 2019.

In my opinion, the Schedule of the Council for the year ending 30 June 2019 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), 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' (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 had 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**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2019, other than 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 the Special Schedules excluding Special Schedule 2 (the other Schedules).

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, unless it is not appropriate to do so.

## **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](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

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

A handwritten signature in cursive script, appearing to read 'D. Ryan'.

Dominika Ryan  
Director, Financial Audit

31 December 2018  
SYDNEY



## Shellharbour City Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'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	2017/18 Required maintenance <sup>a</sup>	2017/18 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	2,242	4,484	1,797	2,034	127,220	182,074	52%	30%	15%	2%	0%
	<b>Sub-total</b>	<b>2,242</b>	<b>4,484</b>	<b>1,797</b>	<b>2,034</b>	<b>127,220</b>	<b>182,074</b>	<b>51.9%</b>	<b>30.2%</b>	<b>15.4%</b>	<b>2.1%</b>	<b>0.4%</b>
Other structures												
	Other structures	14	28	–	–	2,268	3,253	87%	7%	5%	1%	0%
	<b>Sub-total</b>	<b>14</b>	<b>28</b>	<b>–</b>	<b>–</b>	<b>2,268</b>	<b>3,253</b>	<b>87.3%</b>	<b>6.5%</b>	<b>5.3%</b>	<b>0.9%</b>	<b>0.0%</b>
Roads												
	Sealed roads	1,996	3,992	690	1,083	133,273	168,546	25%	58%	15%	2%	0%
	Unsealed roads	634	1,269	55	31	1,384	1,957	34%	0%	2%	65%	0%
	Bridges	236	471	13	11	13,433	16,639	67%	12%	19%	3%	0%
	Footpaths	1,174	2,347	331	331	37,469	51,038	45%	32%	18%	4%	1%
	Other road assets	410	820	841	836	15,443	20,770	53%	25%	18%	3%	1%
	<b>Sub-total</b>	<b>4,450</b>	<b>8,899</b>	<b>1,930</b>	<b>2,292</b>	<b>201,002</b>	<b>258,950</b>	<b>33.7%</b>	<b>47.1%</b>	<b>15.9%</b>	<b>3.2%</b>	<b>0.2%</b>

## Shellharbour City Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'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	2017/18 Required maintenance <sup>a</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater drainage	3,610	7,221	769	505	176,517	253,942	30%	37%	30%	2%	1%
	<b>Sub-total</b>	<b>3,610</b>	<b>7,221</b>	<b>769</b>	<b>505</b>	<b>176,517</b>	<b>253,942</b>	<b>30.2%</b>	<b>37.2%</b>	<b>29.8%</b>	<b>2.2%</b>	<b>0.6%</b>
Open space/recreational assets	Swimming pools	–	–	1,412	1,559	2,978	8,337	1%	50%	50%	0%	0%
	Other	132	264	5,976	6,524	9,802	16,956	77%	14%	7%	1%	0%
	<b>Sub-total</b>	<b>132</b>	<b>264</b>	<b>7,388</b>	<b>8,083</b>	<b>12,780</b>	<b>25,293</b>	<b>51.9%</b>	<b>25.9%</b>	<b>21.1%</b>	<b>0.9%</b>	<b>0.1%</b>
Other infrastructure assets	Other	–	–	–	–	8,000	9,037	68%	29%	3%	0%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,000</b>	<b>9,037</b>	<b>67.6%</b>	<b>29.3%</b>	<b>3.0%</b>	<b>0.0%</b>	<b>0.1%</b>
	<b>TOTAL – ALL ASSETS</b>	<b>10,448</b>	<b>20,896</b>	<b>11,884</b>	<b>12,914</b>	<b>527,787</b>	<b>732,549</b>	<b>38.3%</b>	<b>38.3%</b>	<b>20.6%</b>	<b>2.5%</b>	<b>0.4%</b>

## Notes:

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

## Infrastructure asset condition assessment 'key'

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

## Shellharbour City Council

Special Schedule 7 – Report on Infrastructure Assets (continued)  
for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Infrastructure asset performance indicators * consolidated					
1. Buildings and infrastructure renewals ratio <sup>(1)</sup>					
Asset renewals <sup>(2)</sup>	28,198	265.34%	71.47%	86.51%	>= 100%
Depreciation, amortisation and impairment	10,627				
2. Infrastructure backlog ratio <sup>(1)</sup>					
Estimated cost to bring assets to a satisfactory standard	10,448	1.94%	2.00%	2.11%	< 2.00%
Net carrying amount of infrastructure assets	538,895				
3. Asset maintenance ratio					
Actual asset maintenance	12,914	108.67%	112.56%	107.98%	> 100%
Required asset maintenance	11,884				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	20,896	2.85%	2.76%	0.00%	
Gross replacement cost	732,549				

## Notes

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

<sup>(1)</sup> Excludes Work In Progress (WIP). Comparatives figures have been adjusted to reflect this change in calculation which became effective in the 2017/18 year.

<sup>(2)</sup> 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.

# Shellharbour City Council

## Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2018

<p><b>1. Buildings and infrastructure renewals ratio</b></p> <p>Benchmark: — Minimum <math>\geq 100.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of asset renewals ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio    265.34%</b></p> <p>The result for 2017/18 is more than double the minimum benchmark of 100%. The outperformance can be attributed to a large amount of renewal expenditure associated with a major capital project. This is in addition to Council's recurring annual renewal program.</p>
<p><b>2. Infrastructure backlog ratio</b></p> <p>Benchmark: — Maximum <math>&lt; 2.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of infrastructure backlog ratio</b></p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio    1.94%</b></p> <p>Council's infrastructure backlog has again declined this financial year as renewal funding levels continue to remain high. This result is also confirmed through Council meeting the benchmark for this Fit for the Future ratio.</p>
<p><b>3. Asset maintenance ratio</b></p> <p>Benchmark: — Minimum <math>&gt; 100.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of asset maintenance ratio</b></p> <p>Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio    108.67%</b></p> <p>Council's result for 2017/18 meets the benchmark for this ratio as levels of maintenance expenditure remains above the required levels.</p>
<p><b>4. Cost to bring assets to agreed service level</b></p>	<p><b>Purpose of agreed service level ratio</b></p> <p>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.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio    2.85%</b></p> <p>This ratio result indicates that the level of outstanding infrastructure renewal works is minimal when compared to the gross value of Council's infrastructure assets.</p>