



ANNUAL REPORT

2017/18



Reporting our progress towards *Create* WOLLONDILLY 2033

Create WOLLONDILLY

“Growth, development and change is inevitable and much of the time, out of control. What we can control is how we respond to it and the direction that it takes. The challenge for Wollondilly's future will be 'balance' between the past, the present and the future. Wollondilly is unique. It is Sydney's water bowl and a large part of its food bowl. It's a beautiful rural setting and rural lifestyle with towns and villages, a strong sense of community, a rich and diverse environment including green space, rolling hills, rivers, lakes, mountains, heritage and agriculture. The challenge for Wollondilly will be the preservation of these treasured aspects of living in our Shire. I want our future generations to still have these views, to enjoy what we have now and what we possibly take for granted. Once it's gone, it's gone. You can't get it back.”

Karen Burgess, Winner of the Create Wollondilly 2033 Art Competition (16 years and older category)

CONTENTS

1 Introduction

Acknowledgement of the original custodians.....	8
We are Wollondilly	9
Message of the General Manager and Mayor	10
Your Councillors and Wards	13
Our Vision, Mission and Values	16
Organisational Structure.....	18
Who We are	20
What Council Delivers to the Community - Service Overview.....	22

2 2017/18 Council Performance

The Integrated Planning and Reporting Framework and Annual Report.....	26
Summary of Council's Overall Annual Performance by Strategic Theme....	28
Sustainable and Balanced Growth.....	31
Management and Provision of Infrastructure.....	39
Caring for the Environment.....	45
Looking after the Community	51
Effective and Efficient Council.....	59

3 Legislative and Other Information

Mayoral and Councillors' Fees, Expenses and Facilities	66
Senior Staff Salaries	66
Legal Proceedings	67
Contracts Awarded for amounts greater than \$150,000.....	67
External Bodies, Companies and Partnerships	68
Private Works.....	69
Council's Assets, Asset Renewal and Special Rate Variation	70
Fit for the Future	72
Expected Improvement in Performance.....	73
Planning Agreements.....	75
Community Grants Program	76
Bushfire Hazard Reduction and Mitigation Activities	80
Food Inspection Program.....	81
Swimming Pool Audit Program.....	81
Companion Animals	82
Wollondilly Workforce Diversity	83
Workplace Health and Safety	83
Risk Management.....	84
Audit, Risk and Improvement Committee.....	84
Government Information, Public Access ACT (GIPA).....	85
Privacy And Personal Information Protection	89
Public Interest Disclosures Act	89

4 Annual Financial Statements

General Purpose Financial Statements for Year Ended 30 June 2018	93
Special Schedules for Year Ended 30 June 2018	172



SECTION 10

INTRODUCTION

ACKNOWLEDGEMENT OF THE ORIGINAL CUSTODIANS

We acknowledge the Dharawal people are the original custodians of the Wollondilly Shire. We pay our respects to Elders past and present, and acknowledge their custodianship of the land. We commit to working together for one Shire that recognises, respects and values the contribution of all people of Aboriginal and Torres Strait Islander heritage.

WE ARE WOLLONDILLY

Wollondilly, on the south western outskirts of Sydney and at the foothills of the Southern Highlands, is surrounded by spectacular, natural beauty and rural pastures. Its 2,560 square kilometres stretch from Yanderra in the south, Appin and Menangle in the east, Warragamba in the north with the Nattai wilderness, Yerranderie and Burragorang Valley to the west.

The district is rich in Aboriginal and European history. The earliest known inhabitants of the district were the Gundangurra Tribe, who gave the area its name. The word Wollondilly is attributed to having three meanings. "A place where spirits dwell", "Water trickling over rocks" and the third meaning is connected to a legend about the burning black coal that was carried inside the skull of a bunyip, within a basket woven of waratah stems. "Worron" means black coal and "dilly" means carry basket.

A colourful tapestry interweaves the Dreamtime legends of the Gundungurra and Tharawal people on a backdrop of gorges, ranges and plains with a rural patchwork created by the white settlers who followed the first fleet's famous straying cattle to the Cowpastures.

Each of the towns and villages have their own stories to tell and personalities to meet but the rural charm with country hospitality is found everywhere. Balancing what we value as a community against the future growth projected for NSW is, and will remain, the biggest challenge and commitment for Council over the next 15 years.



MESSAGE OF THE GENERAL MANAGER AND MAYOR

“ Council has achieved great outcomes across a variety of areas for the 2017/18 financial year, including achieving significant goals, completing major projects and advocating on a number of issues impacting the Wollondilly community. ”

In 2017/18 we completed Council's largest ever Capital Works Program worth \$18.8 million including \$11.98 million worth of major road reconstruction and upgrade works, \$1.3 million of kerb & gutter construction and replacement, \$574,000 of replacement footpaths and new footpaths.

Some of our biggest projects included \$1.2 million reconstruction of 1 km of Finns Road and the replacement of the bridge bearings on the Blaxland Crossing Bridge.

In November 2017 we held 'Trax to the Future – A Rail Symposium,' to advocate for better rail services, with special guests including former Deputy Prime Minister, Tim Fischer. We have continued our campaign for improved services and the electrification of the Southern Highlands line through engagement with commuters through social media, our Engage website and TRAX postcards distributed at railway stations, discussions with neighbouring councils and letters to NSW Government departments.

The Wollondilly Nature Trail Trek involved Councillors and staff trekking through the Greater Blue Mountains World Heritage area to raise awareness of the Shire's natural assets and highlight Wollondilly as a weekend getaway destination. The trek covered 51.3kms from Warragamba through to Thirlmere Lakes. A newly completed Recreational Vehicle (RV) short stay area at the Warragamba Recreation Reserve was opened to the public on a trial basis in 2018. The short stay area aims to provide additional tourism opportunities in the area and strengthen the local economy.

On 4 March 2018 Wollondilly Council signed off on the Western Sydney City Deal, alongside former Prime Minister Malcolm Turnbull, NSW Premier Gladys Berejiklian and the Mayors of Blue Mountains, Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool and Penrith Councils. The City Deal will deliver a north-south rail link to the Badgery's Creek Airport, 200,000 new jobs, an agribusiness precinct, an Aerospace

Institute and funding for liveability projects throughout the eight local government areas. Council's partnership with the Wollondilly Health Alliance has continued to flourish, with projects including 5 Ways to Wellbeing sessions, the Wollondilly Diabetes Program and the development of the community garden, Project Grow. The WHA has become an example which is now being followed by a number of other Councils.

Council's biggest event of the year, the illuminArte Wollondilly Festival was a great success in 2018. Thousands of people visited Picton for the activities and entertainment during the day and stayed on to experience the digital projections onto the town's landmark buildings during the evening.

Through the 'Wilton... A Great New Town or No Town at all' campaign, we continued to advocate on behalf of the community to ensure Wilton becomes a great new town which includes public transport, local jobs, a healthcare precinct, infrastructure delivery and protection of koalas.

We collected over 13,000 signatures on a petition to save our vital koala habitat with the #SaveOurKoalas campaign, the first petition to be presented to Parliament from Wollondilly. We have also advocated on behalf of Wollondilly residents whose properties may be affected by the M9 Orbital.

Council continues to develop our Smart Shire Strategy, tapping in to

the Australian Government's \$50 million Smart Cities and Suburbs Program to accelerate digital transformation across Australia. We are determined that our community benefits from improved connectivity, more real time information, increased innovation, online convenience, and new economic opportunities.

Work on the Warragamba Inclusive Play Space, "Livvi's Place" has begun after extensive community consultation. Council has partnered with the Touched by Olivia Foundation to create the new play space, which will offer play opportunities for all abilities and ages.

It will feature a large climbing net, a wheelchair accessible carousel, a flying fox, swings, water play, musical items and an amenities facility. Council has also carried out a significant community consultation program to plan the future of the Cubbitch Barta Reserve in Camden Park with works now being delivered.

We have continued significant clearing/vegetation management works in Stonequarry Creek, Picton and adopted a Grey Headed Flying Fox Plan of Management for Stonequarry Creek.

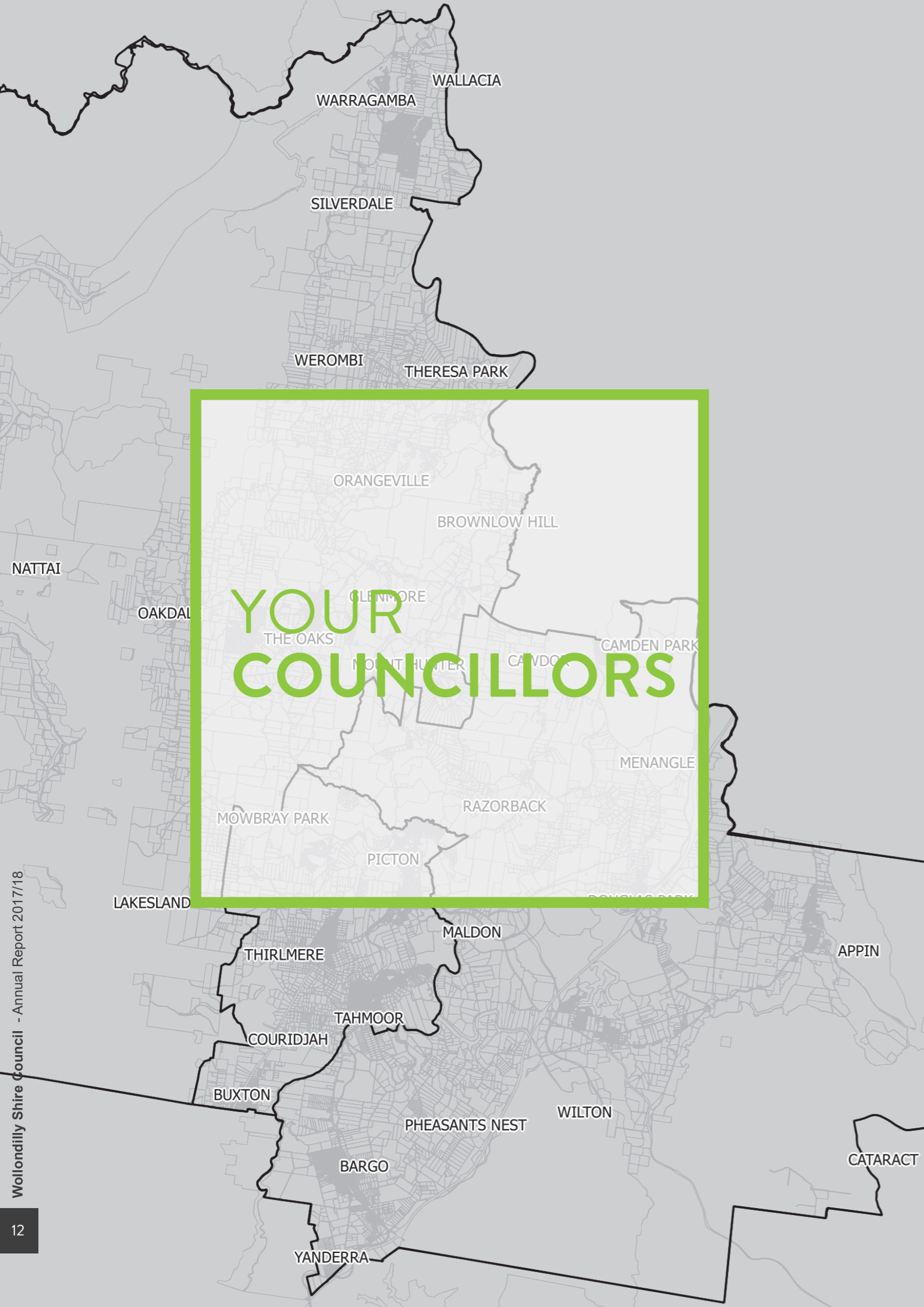
The installation of new 240 litre bins in public areas at Picton, Appin, Douglas Park and Wilton has made a difference to the amenity of the towns. The outdoor fitness equipment we delivered at the Warragamba Recreational Reserve was also well received by the

community and we launched new water refill stations in five locations in partnership with Sydney Water.

Wollondilly is facing unprecedented growth with the new town at Wilton and other developments across the Shire. Nevertheless, though the hard work of our planning team we have had a significant reduction in the number of outstanding Development Applications this financial year. The introduction of electronic issue of consents has also been a positive step.

Other milestones have included the accreditation of the Visitor Information Centre (VIC) after it was reopened in the Shire Hall in November 2017. The VIC had been operating from Council's administration building since its original home in the Old Post Office building was damaged in the flood event of June 2016. The assessor described the Centre as "refreshing, exciting and innovative."

Customer Central is now well established as the main point of contact for Council business, streamlining our existing systems and making sure our customers receive the best service possible. We have also appointed a Farmer Liaison Officer to help support our local farmers through this period of drought. We plan to continue to improve the service we provide, both online and in person.



YOUR COUNCILLORS

NORTH



JUDITH HANNAN - Mayor
 P 0414 557 799
 E judith.hannan@wollondilly.nsw.gov.au



SIMON LANDOW
 P 0415 406 719
 E simon.landow@wollondilly.nsw.gov.au



MATT GOULD
 P 0427 936 471
 E matt.gould@wollondilly.nsw.gov.au

CENTRAL



ROBERT KHAN
 P 0407 705 100
 E robert.khan@wollondilly.nsw.gov.au



MICHAEL BANASIK
 P 0425 798 068
 E michael.banasik@wollondilly.nsw.gov.au



BLAIR BRIGGS
 P 0418 269 913
 E blair.briggs@wollondilly.nsw.gov.au

EAST



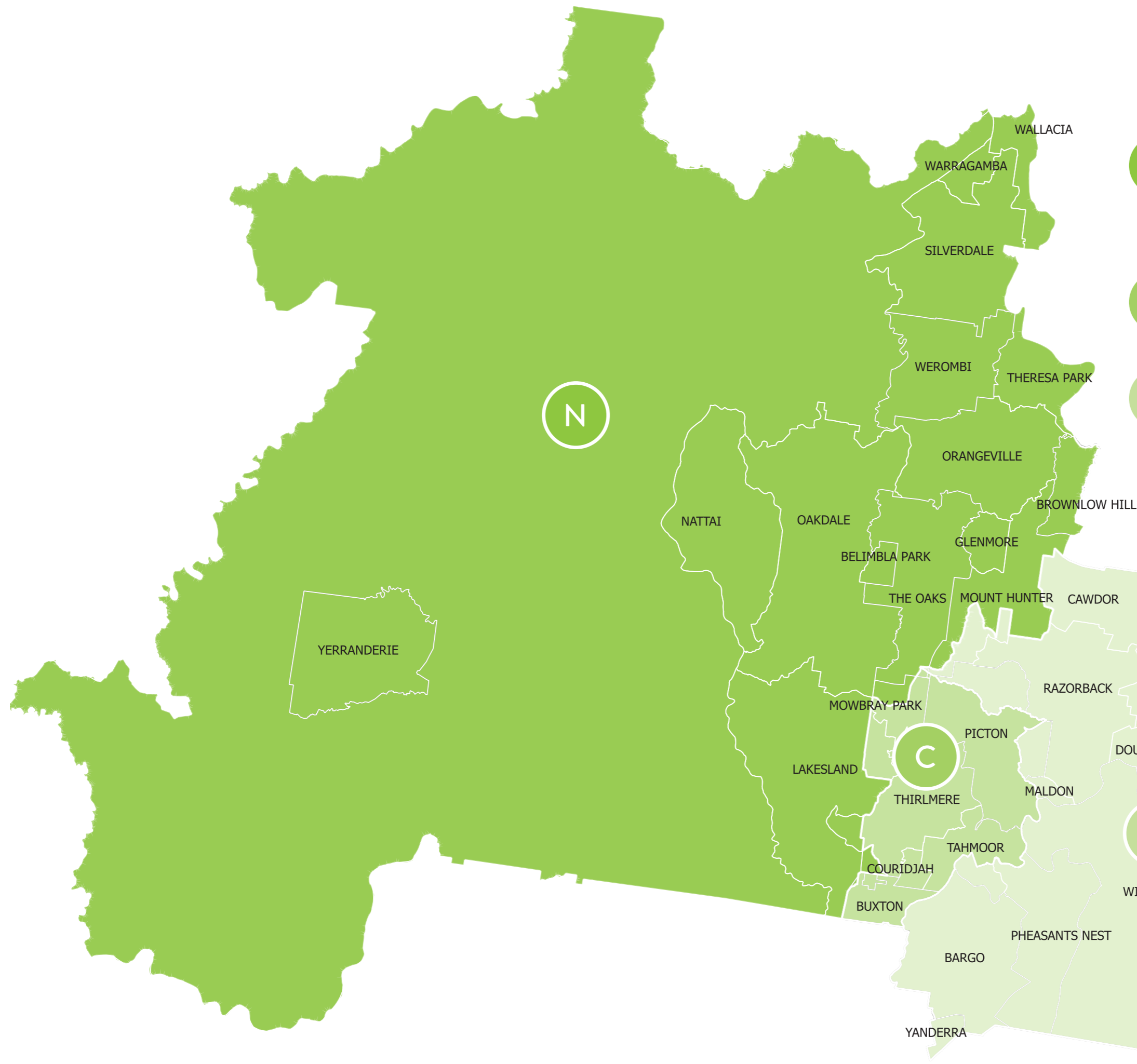
MATTHEW DEETH - Deputy Mayor
 P 0428 335 743
 E matthew.deeth@wollondilly.nsw.gov.au



NOEL LOWRY
 P 0406 047 086
 E noel.lowry@wollondilly.nsw.gov.au



MATT SMITH
 P 0448 083 566
 E matt.smith@wollondilly.nsw.gov.au



YOURWARD

N

NORTH

*Wallacia | Warragamba | Silverdale | Werombi | Theresa Park
Orangeville | Brownlow Hill | Glenmore | Mount Hunter
The Oaks | Belimbla Park | Oakdale | Nattai | Mowbray Park
Lakesland | Yerranderie*

C

CENTRAL

Picton | Thirlmere | Tahmoor | Couridjah | Buxton

E

EAST

*Cawdor | Camden Park | Menangle | Razorback
Douglas Park | Maldon | Wilton | Pheasants Nest
Bargo | Yanderra | Cataract | Appin | Darkes Forest*

OUR VISION, MISSION AND VALUES



VISION

Council's vision reflects the Community's desire to maintain Wollondilly Shire's rural character together with the sense of belonging to caring communities that have been at its core for generations.

The concept of rural living is often put forward as a justification in debates about property development issues. By understanding the characteristics of rural living, we are better able to appreciate that the vision of rural living is not just about development issues, but about a wider set of values that reflects the Community's desire to maintain the Shire's rural character together with the sense of belonging to caring communities that have been at its core for generations.

For Wollondilly, Rural Living is defined by six key characteristics:

1. Rural setting and character

The rural setting is obvious with farmland and natural areas located between separate towns and villages with residents experiencing and valuing this setting irrespective of where and how they live.

2. Viable agriculture

Agriculture and associated industries are encouraged and supported and continue to be a productive, sustainable and integral part of our economy, our Community and our landscape.

3. Community lifestyle

Our Community values its sense of community spirit, which is fostered through a strong identity with village life, a sense of belonging, and commitment to community participation and co-operation.

4. Diverse environment

The Shire's diverse environmental assets, including its waterways and catchments, riparian land, groundwater and dependent ecosystems natural areas, biodiversity and agricultural lands are valued and protected because of their environmental significance. Degraded natural resources are enhanced and maintained.

5. Heritage

The Shire's wealth of aboriginal and non-aboriginal heritage is valued and protected because of its cultural significance and its contribution to our sense of place.

6. Towns and villages

Development is carefully managed to maintain the separation of our towns and villages and their unique identities and strives to enhance their role as focal points which provide opportunities – housing, jobs, shopping, business, leisure, civic events, community facilities, education and social interaction.

MISSION

Build a resilient, safe and supported workplace that provides respectful, efficient and effective services for our customers now and for the future.

VALUES

Integrity

We act with honesty, always doing the right thing.

Collaboration

We openly share and partner with others to deliver results.

Accountability

We own our work and take responsibility for our actions and results.

Respect

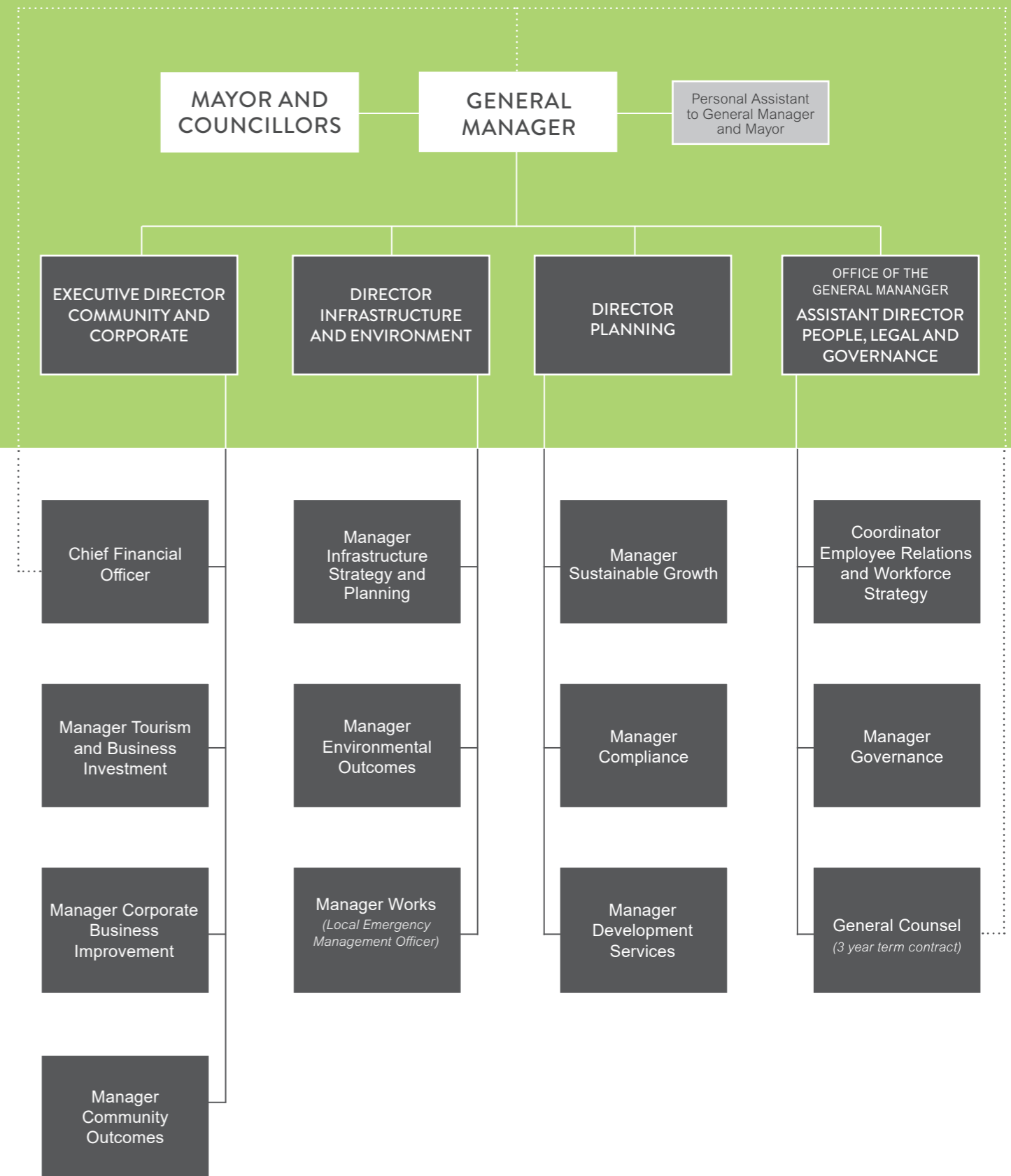
We show mutual consideration for others and acknowledge our difference.

Embrace Innovation

We encourage new ideas, welcome change and continuously improve.



Organisational STRUCTURE



Luke Johnson | 4677 9526
General Manager
luke.johnson@wollondilly.nsw.gov.au

Ally Dench | 4677 9673
Executive Director Community and Corporate
ally.dench@wollondilly.nsw.gov.au

Chris Stewart | 4677 9524
Director Planning
chris.stewart@wollondilly.nsw.gov.au

Michael Malone | 4677 9683
Director Infrastructure and Environment
michael.malone@wollondilly.nsw.gov.au

Ashley Christie | 4677 9514
Chief Financial Officer
ashley.christie@wollondilly.nsw.gov.au

Matthew Toro | 4677 9597
Assistant Director People, Legal and Governance
matthew.toro@wollondilly.nsw.gov.au

Kevin Abey | 4677 9799
Manager Tourism and Business Investment
kevin.abey@wollondilly.nsw.gov.au

Peter Wright | 4677 9508
Manager Community Outcomes
peter.wright@wollondilly.nsw.gov.au

Simon Adcock | 4677 9798
Manager Corporate Business Improvement
simon.adcock@wollondilly.nsw.gov.au

John Sproule | 4677 9561
Manager Governance
john.sproule@wollondilly.nsw.gov.au

Robyn Cooper | 4677 9502
Manager Compliance
robyn.cooper@wollondilly.nsw.gov.au

Stephen Gardiner | 4677 9624
Manager Sustainable Growth
stephen.gardiner@wollondilly.nsw.gov.au

Ian Dencker | 4677 9754
Manager Development Services
ian.dencker@wollondilly.nsw.gov.au

Alexandra Stengl | 4677 9577
Manager Environmental Outcomes
alexandra.stengl@wollondilly.nsw.gov.au

Justin Nyholm | 4677 9647
Manager Works
justin.nyholm@wollondilly.nsw.gov.au

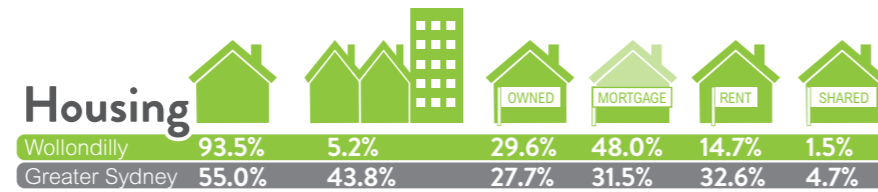
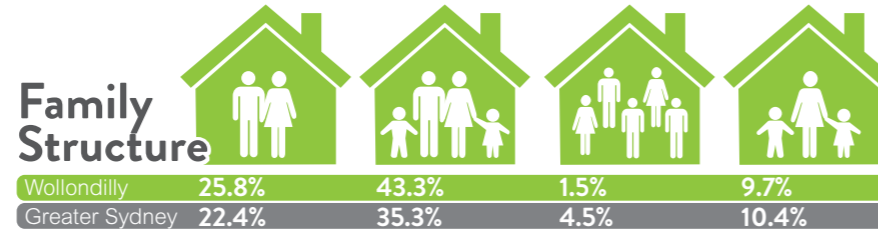
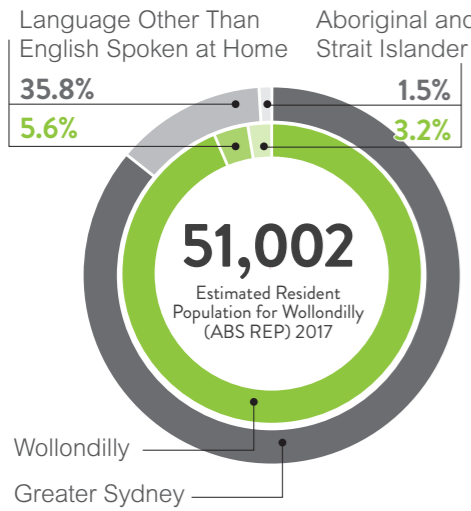
Michael Nelson | 4677 9580
Manager Infrastructure Strategy and Planning
mike.nelson@wollondilly.nsw.gov.au

WHO WE ARE

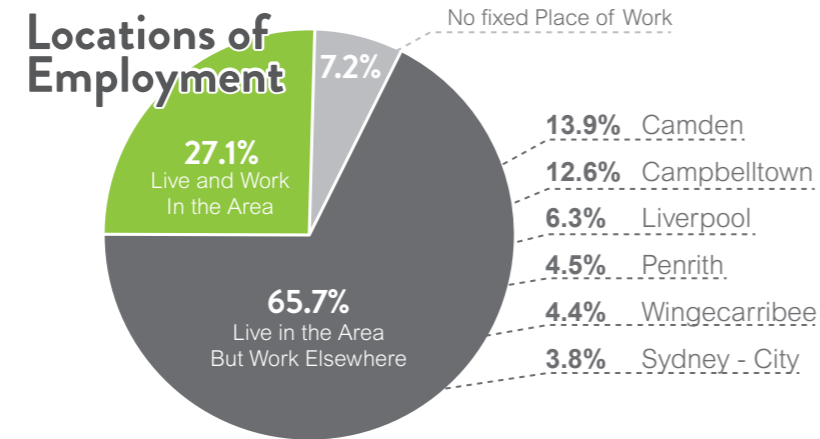
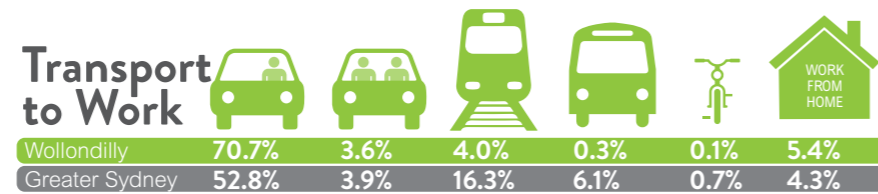
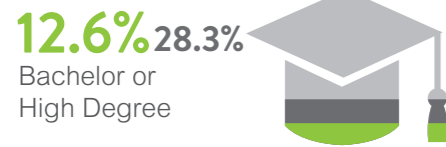
● Wollondilly ● Greater Sydney

SERVICE DELIVERY

in a growing Shire



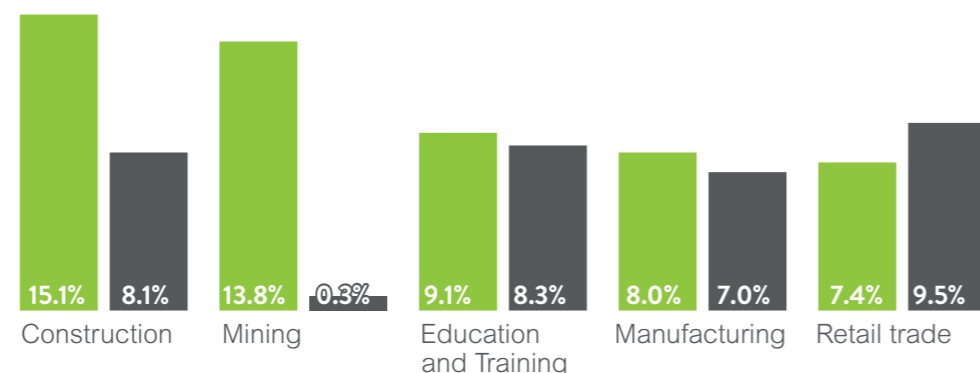
Education



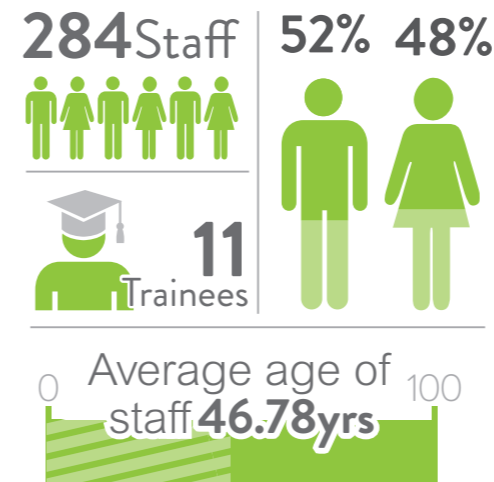
Top 5 Industries We Work in



Top 5 Industries in the Shire



Staff



Asset Management

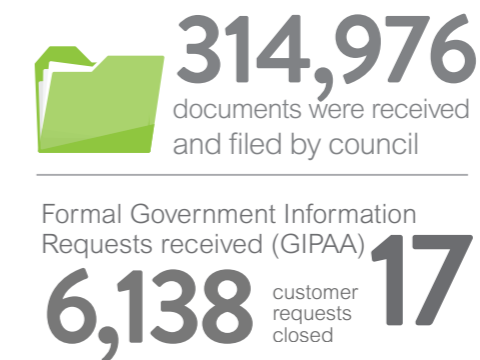
Council has a significant asset portfolio. We are responsible for managing and maintaining:



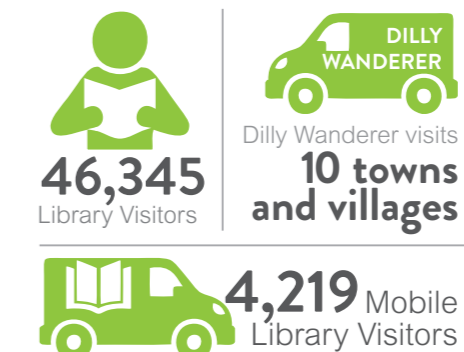
Developments



Admin and correspondence



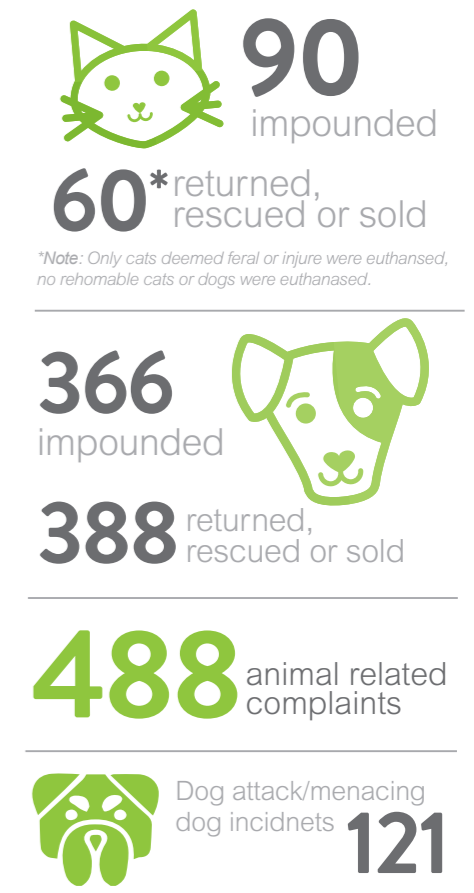
Community



Environment



Animals



WHAT COUNCIL DELIVERS TO THE COMMUNITY

SERVICE OVERVIEW

Growth represents both challenges and opportunities for Council to service a changing community. As our community diversifies, the requirements to meet community demand increases.

Ensuring that we deliver efficient and effective services now and into the future requires a greater emphasis on highlighting the full scope of what Council delivers.

As community members, we all play our part in helping build the service offerings of Council. Into the future, Council will be focusing more on service delivery rather than a traditional functional or business unit view. This change will assist us to detail all Council deliverables and assess this with our community to ensure that we are meeting needs.

Within each of the Community's strategic focus areas, Wollondilly Shire Council delivers 36 services both in the form of external community facing and internal support services.



MY VOICE

Council Services

- Community Engagement and Communication
- Customer Service



MY LIFESTYLE

Council Services

- Leisure and Aquatic Centres
- Parks, Gardens and Recreation



MY TRANSPORT

Council Services

- Roads
- Footpaths and Cycleways



MY HOME

Council Services

- Strategic Land Use Planning
- Development Assessment and Certification



MY ENVIRONMENT

Council Services

- Environmental Sustainability
- Stormwater Management
- Waste Management
- Local Law Enforcement
- Animal Management
- Town Centre Amenity



MY BUSINESS

Council Services

- Economic Development and Business Investment
- Tourism



MY COUNCIL EXPERIENCE

Council Support Services

- Information Technology
- Information Management
- Payroll Services
- Workplace Health and Safety
- Enterprise Risk Management
- Internal Audit
- Governance and Council Support
- Legal Services
- Corporate Planning Strategy and Performance
- Fleet Management
- Contract Management and Procurement
- Financial Services
- Property Services
- Employee Relations



MY FAMILY

Council Services

- Children's Services
- Community Planning and Development



MY COUNCIL



MY COMMUNITY

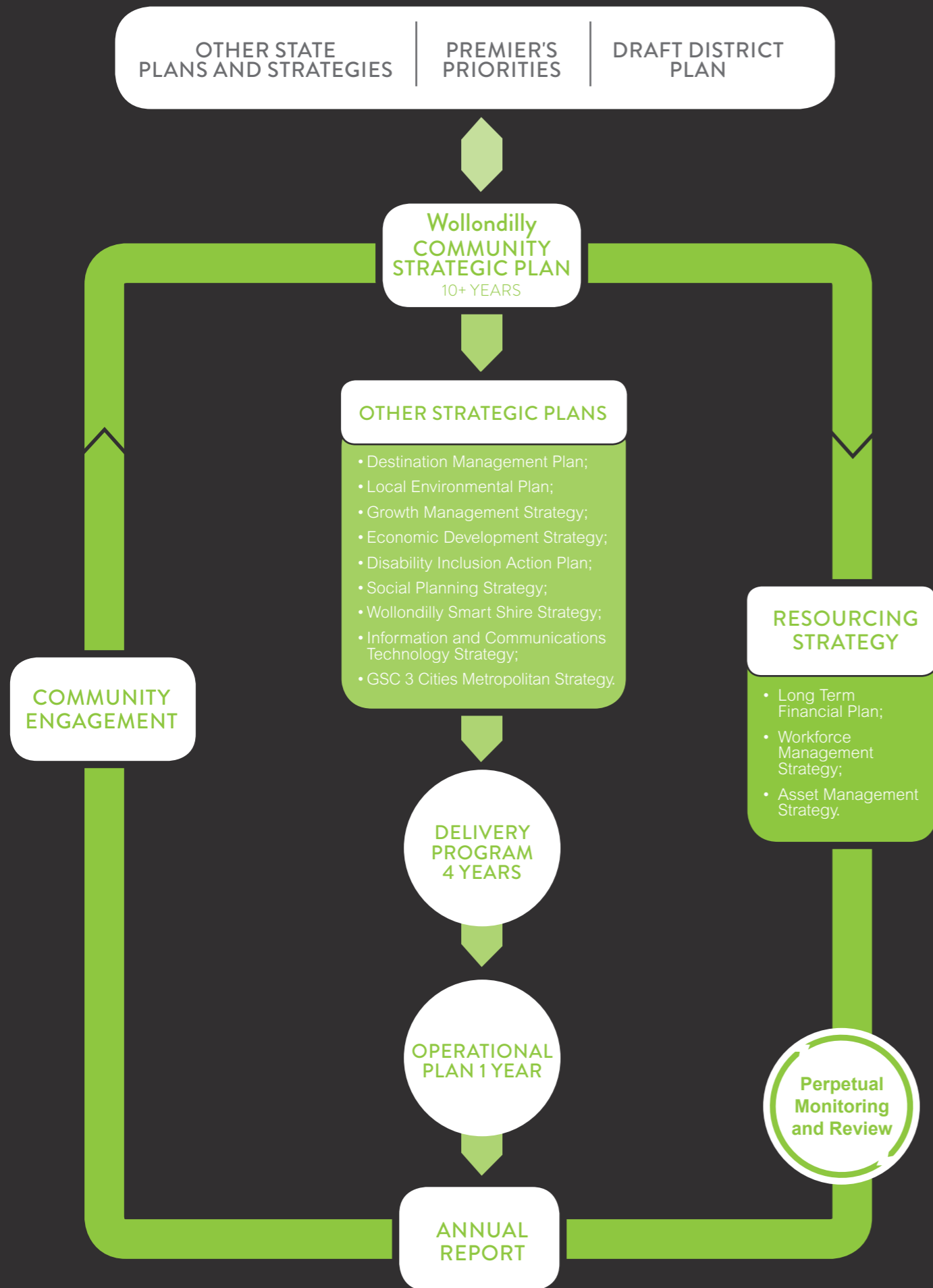
Council Services

- Events and Festivals
- Emergency Services
- Council Building Management
- Library Services



S E C T I O N

COUNCIL PERFORMANCE



INTEGRATED PLANNING AND REPORTING FRAMEWORK

Wollondilly Shire Council is committed to the delivery of detailed planning and reporting under the Integrated Planning and Reporting framework.

The suite of documents considered under this framework includes the Community Strategic Plan (CSP) - *Wollondilly2033*, the Resourcing Strategy and the 4 Year Delivery Program and Annual Operational Plan.

These plans are integrated to build the foundation for a sustainable future. The CSP is our Community's story. It is a story of our key strengths, challenges and opportunities for the future as a community.

It addresses four key questions:

- Where are we now?
- Where do we want to be in 10 years' time?
- How will we get there?
- How will we know we've arrived?

The Resourcing Strategy is a critical link when it comes to translating strategic objectives into actions.

The CSP articulates your vision as part of our community for the medium to long term; however they will not be achieved without sufficient resources to carry them out.

The 4 Year Delivery Program takes the community vision from the CSP and translates this into a comprehensive set of strategies and activities that Council has prioritised over its four year term to achieve the outcomes in the CSP. It addresses the full range of Council's operations. It is the critical link between the CSP and the Resourcing Strategy when it comes to translating strategic objectives into detailed activities.

The Annual Operational Plan shows detailed actions that align to Council's budget for the financial year.

Under the framework, Council has a statutory obligation to report progress back to our community periodically. The Annual Report must outline our achievements over the year in implementing the Delivery Program.

This report is prepared in accordance with Section 428 of the Local Government Act 1993 and the Office of Local Government Planning and Reporting guidelines for Local Government in NSW.

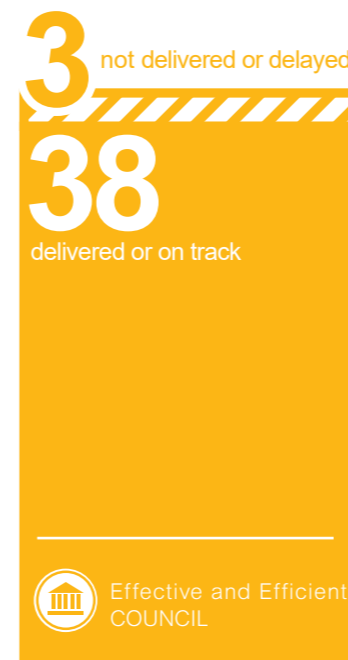
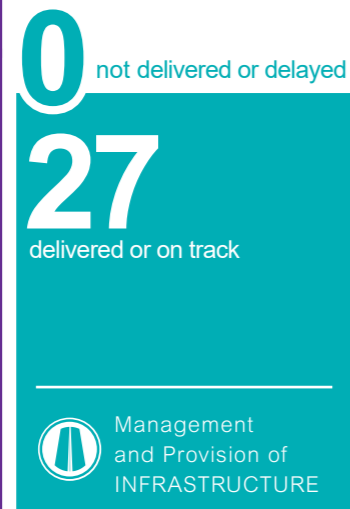
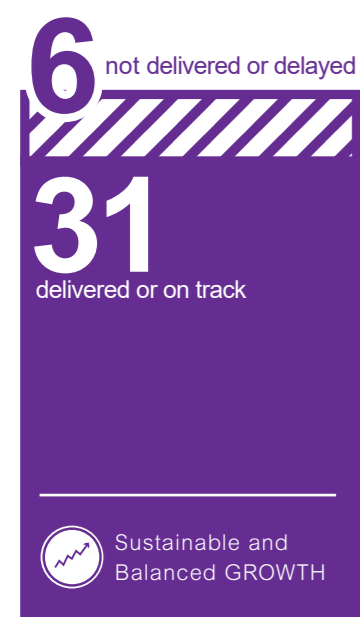
The Annual Report is made up of four sections:

- Section 1 – An introduction to Wollondilly Shire Council
- Section 2 – 2017/18 Council Performance
- Section 3 – Legislative and other information
- Section 4 – Council's Audited Financial Statements.

SUMMARY OF COUNCIL'S OVERALL ANNUAL PERFORMANCE

Under the Local Government Act 1993 and Integrated Planning and Reporting Guidelines, Section 2 focuses on the achievements of Council in delivering the primary activities over the 2017/18 Operational period as detailed in the 2017/18 – 2020/21 Delivery Program.

Overall in 2017/18
165 actions in the Operational Plan were reported on.
 Of these actions, **89%** were reported as delivered or on track.



MEASURING PERFORMANCE

Overall Performance by Strategic Theme

Reading this report – The following key is used to show how Council is performing against each strategy under the key themes.

Corporate Performance Assessment Key

- Not Updated
- On Track
- Monitor
- Off Track
- Completed
- Not Commenced
- Cancelled



SUSTAINABLE AND BALANCED **GROWTH**

THEME 1

What We Do

Wollondilly is made up of 17 towns and villages each with its own distinct and unique features that spans a massive 2,560 square kilometres, with two thirds of the Shire's area is made up of national parks and water catchment areas. The growth of our LGA and the establishment of Wilton New Town will add a new regional town to the mix.

Here at Wollondilly Shire Council, we are working to develop great neighbourhoods, regional centres, parks and accessible open spaces that are used and loved by our residents. We want to build a Local Government Area that connects people to places and to each other now and in to the future.

Outcomes

The actions Council deliver in this theme contribute to the following community outcomes:

1. A built environment that supports liveable communities, respects the character, setting and heritage of our towns and villages and retains the vision of Rural Living.
2. A unique environment and rural landscape balanced with managed growth that is consistent with Council's Position on Growth and vision of Rural Living.
3. A strong local economy providing employment and other opportunities.
4. Expansion of employment and other opportunities based on the Shire's natural assets, strong agricultural base and tourism potential.
5. A strong and viable agricultural sector supported by the protection and preservation of agricultural assets and resources.

Council Awards and Recognition

- Wollondilly Shire Council has been selected by the Department of Planning and Environment as a pilot Council to work on delivering on the Premier's priority projects that could potentially benefit mum and dad type applicants. This initiative includes trialing the concept of a departmental technical 'flying squad' to help DAs for single dwellings and dual occupancies (which comply with Council's planning rules) go through faster.
- Wollondilly Shire Council was invited by the Centre for Primary Health Care and Equity to present at a seminar 'Working with Local Government to Create Health Landscapes, Lifestyle and Livelihoods; Lessons from Canada, Korea & Australia' with a presentation entitled 'How Health Impact Assessment can inform further work with Local Government'. Council staff delivered this presentation with Population Health, South Western Sydney Local Health District.
- Council were also invited by Active Living NSW and the Planning Institute of Australia to present at the 'Planning for Active Communities & Healthy Built Environments Workshop' with a presentation entitled Working in Partnership; Enabling and integrating health in Wollondilly Council's Planning. Council staff delivered this presentation with Population Health, South Western Sydney Local Health District.
- Wollondilly received the Organisational Partnership Award 2018 from the Centre for Primary Health Care and Equity in recognition of our work with the Centre for Health Equity Training Research and Evaluation (CHETRE) and the South Western Sydney Local Health District (SWSLHD) over the last five years to develop approaches to integrate health into land use planning processes.
- Council has recently been approached by Active Living NSW to develop a case study on the Wollondilly Council and SWSLHD partnership to identify ways of integrating health considerations into policy and planning processes. The case study will be developed by the Institute for Public Policy and Governance, University of Technology Sydney.

Highlights

Destination Management Plan

Wollondilly Shire is an area that is rich with tourism potential. To support the growth of visitation to our region, Council developed the draft Destination Management Plan (DMP). Progressing this plan will be an important step in moving Wollondilly's Tourism forward. A DMP identifies potential tourism assets, building opportunities and managing the visitor economy for Wollondilly. Increased visitation to Wollondilly Shire helps grow local businesses and community capacity.

Council Advisory and Community Support

Council's tourism and inward investment team continue to support advisory committees and economic incubation opportunities.

Representation at these events assist in building strong networks and taking a facilitation and advocacy role for the issues and opportunities in our community. Over the 2017/18 period, Council undertook the following:

- Economic Development Community Advisory - Committee met 4 times.
- Tourism and Heritage Community Advisory - Committee met 4 times.
- Sponsored and attended the Camden/Wollondilly Business Awards.
- Attended the Business Event of the Year and NSW Business Chamber Awards.
- Set up and opened the new Visitor Information Centre.
- Organised and ran TREK Wollondilly for the Councillors and Executive.
- Attended Destination NSW's Food and Wine workshop to assist developing this industry in Wollondilly.
- Contributed to wider Destination Sydney Surrounds South DMP.
- Co-Partnered with Infrastructure to set up the free 48hr RV site at Warragamba.

- Attended the Local Government NSW Tourism Conference in Parkes NSW.
- Worked with Business and community on events DAs and business DAs.
- Ran two Business workshops in Warragamba to support business.
- Partnered with Wollondilly Tourism Association to Host Tourism 'After 5' events.
- Attended various community events.

Streamlining the DA Application Process

Various staff from Council's Planning, Customer Service, Engineering, IT and Records areas have looked at our current process and how we can move forward to electronic processing of Development Applications.

The implementation of the Trapeze program supports Council moving towards an electronic approval process. The program will assist staff in completing DA assessments with its ability to measure, annotate, highlight, stamp and redact information associated with a DA, resulting in faster turnaround times for the applicant.

Planning for the Future

The 'Health in Planning Working Group' (HIPWG) was established under the Wollondilly Health Alliance. The purpose of the Working Group is to achieve positive health and wellbeing outcomes in Wollondilly Shire by pursuing strategies, policy development and actions that relate to planning and future development in the Shire. The group is jointly chaired by Wollondilly Council and Population Health, SWSLHD and also includes membership from CHETRE, Wollondilly Health Alliance and South Western Sydney Primary Health Network.

Key Challenges

Tourism Potential

Wollondilly has a stunning and unique environment that has wonderful tourism potential however a significant proportion of the Shire is national park, water catchment or Crown-owned land; visitors/community do not differentiate between Council, Water NSW or NPWS owned/managed land and infrastructure. While Council works closely with these organisations there are significant barriers which hinder the region's growth and development potential. Council takes an active role in advocating with these State and Federal agencies to secure tourism opportunities for our Shire and the Shire's visitors.

Building Certification

Council has been working closely with the NSW Building Professionals Board to strengthen certification and building regulation, and Council has already started to report new data sets on building certification to the NSW Government.

Certification data is currently held by certifiers and councils in different formats and systems –providing some challenges for Council's across NSW to ensure software products and providers can be verified by the Government as compliant with the data reporting requirements.

Balancing Growth and Opportunity

The community values the rural living identity and character and the unique lifestyle opportunities of being in a rural setting within close proximity of Sydney.

This unique mix of urban and rural uses which brings with it a unique set of challenges:

- Management of growth and development pressures,
- Agricultural land being lost to urban development and land fragmentation,
- Conflicts between rural and urban land uses,
- Limited infrastructure and services, and
- Limited employment opportunities

This will continue to be a focus for Council now and into the future.

At the end of the reporting period there were approximately 39 planning proposals listed for assessment or preparation with Council. Of the 39, 22 were active planning proposals (ie, have received a Gateway determination). In addition to this work, the Sustainable Growth team put forward 37 reports to Council for a variety of planning proposals, planning agreements, advocacy, growth and other planning matters.

Growth Centre Management

The Wollondilly Shire is a patchwork of agriculture, rural landscapes, bushland and distinct towns and villages. The community values the rural living identity and character and the unique lifestyle opportunities of being in a rural setting within close proximity of Sydney.

In response to a number of planning related announcements and legislative changes recently introduced by the State Government, Wollondilly along with other Councils within the Greater Sydney Region are required to undertake a review of their local environmental plans (LEP).

The LEP review is a requirement of the District Plan and is to be carried out over the next 2 years. Council has received \$2.5 million in funding (subject to contractual conditions) to assist with updating the local environmental plan.

In preparation of the LEP Review, Council has identified a number of planning 'game changing' developments within the District Plan which will have significant implications for Wollondilly and have the potential to change the direction of the Shire over the next 10-20 years. However, crucially, there are uncertainties that need to be resolved in the short term to enable appropriate strategic planning and provide certainty in planning decisions.

These planning changes include:

- Wilton Growth Area,
- Land at Appin within the Draft Greater Macarthur Priority Growth Area,
- Western Sydney Airport (WSA), and
- Outer Sydney Orbital.

The Wilton Growth Area was designated as a Priority growth area on 29 July 2016 under the State Environmental Planning Policy (Sydney Region Growth Centres) (the Growth Centres SEPP). It is anticipated that around 16,600 new homes will be built in the Wilton Growth Area over the next 20 to 30 years with an ultimate population of approximately 50,000. This will effectively double the population of Wollondilly.

It is noted that proposals for new masterplanned towns are rare. Wilton New Town is a unique opportunity to house approximately 50,000 people. Council, up until recently has supported the opportunity for growth of this new town commensurate with the right infrastructure. On Friday 13 April 2018, the State Government announced that the Wilton South East Precinct had been rezoned, without a special infrastructure contributions in place, without a Development Contributions plan and without a development control plan.

Key Opportunities

Collaborative Design Approach

Wollondilly Shire Council has a strong collaborative record and is currently working with a number of partners to deliver outcomes in health, smart cities, transport planning and valuing food production which will provide direction for the LEP review and future planning. Information and work are required to enable sound strategic planning and provide certainty around the growth challenges for the Shire outlined in the District Plan that have the potential to change the direction of Council in the medium to long term.

The Metropolitan Rural Area is a significant consideration for Wollondilly. Further investigation is required to establish sound planning principles in the LEP and provide adequate protection of the Shire's rural areas in terms of housing, valued landscapes, agriculture and place based planning. Given the Shire's sensitive environments further investigation is required to establish and strengthen evidence to enable greater protection particularly in terms of bushfire risk, acid sulphate soils, water quality, biodiversity, koalas, urban heat island effects, climate change and waste.

Council recognise the importance of collaboration in securing outcomes for our Shire and advocate to establish strong networks and connections with key stakeholders.

Design Led Review

Council will be accelerating the review of the Local Environmental Plan. The Wollondilly LEP and other planning controls will aim to remove barriers the support diversifying the economy where appropriate.

Work on the infrastructure needs to meet the needs of future populations has commenced based on current known commitments in the short to medium term but may need to be reconsidered dependent on a State Government announcement around the timing of development of land in Greater Macarthur.

The preparation of the local strategic planning statement should not be prepared in isolation and will be prepared concurrently with a comprehensive review of Create Wollondilly Community Strategic Plan 2033 to ensure clear line of sight between the District Plan, community strategic plan, local strategic planning statement, local environmental plan and other planning documents.

It is anticipated that an initial planning proposal for the LEP review could include:

- Moving the LEP maps to a digitised format, Sydney Airport,
- Housekeeping amendments already identified, Review of zone objectives and land use table to remove barriers to economic development where appropriate (for example to encourage tourism),
- protection of heritage,
- Identifying land sensitive to development, Protection of land required for infrastructure, and
- Protecting the future development of the Western Identifying suitable land for waste facilities.

Longer term priorities that may inform future LEP amendments include:

- Simplifying provisions in the LEP related to dwelling entitlements and original land holdings,
- Rezoning land to enable local growth where appropriate, and
- Activating an Agricultural Enterprise Credit Scheme.

Council is committed to engaging with our Community and key stakeholders in innovative ways to ensure that both short term and long term considerations are clearly identified.

Western Sydney City Deal

The construction of the 2nd airport at Badgery's Creek presents Wollondilly Council and residents the potential to leverage opportunities through the Western Sydney City Deal, for significant Tourism and Business Development/Investment.

Wollondilly Shire Council has been included into the Destination Sydney Surrounds South (DSSS) tourism network. We have been fortunate to be able to contribute to the DSSS Destination Management Plan (DMP) and have had significant input into our DMP in return.

Electronic Lodgement Pilot

To further progress Council's electronic DA processes, the DA team has been trialing the electronic assessment of secondary dwellings utilising a virtual file and accessing all required information from our corporate systems. The first approved application was posted earlier this year. Whilst this was not a full electronic processing of a DA (just an electronic assessment) Council wants to move forward a full electronic DA process for mum and dad type residential development from the time received at the front counter through to posting out the determination.

Financial Overview

Operational Income	Operational Expense	Capital Spend
\$8,865,262 12.3% of Total	\$8,335,445 11.5% of Total	Nil

Progress Against Strategic Direction

The Community Strategic Plan identifies the outcomes that our residents want to see in our community. Council has responded to these outcomes in setting the following strategies to realise the outcomes. Below is the annual assessment of Council's performance in working towards achieving the strategic directions.

Strategy GR1 – Sustainable and Balanced Growth	Key
Manage growth to ensure that it is consistent with Council's Position on Growth and achieves positive social, economic, and environmental outcomes for Wollondilly's towns and villages.	
Strategy GR2 – Built Environment	
Manage land use and development to achieve a high quality built environment and innovative planning outcomes, while protecting our agricultural and rural landscapes	
Strategy GR3 – Economic Development and Tourism	
Enhance economic development and tourism in Wollondilly Shire through the implementation of the Economic Development Strategy and the development of a Tourism Strategy and an Employment Strategy	
Strategy GR4 – Liveable Communities	
Plan for and enhance Wollondilly's liveability by encouraging great places to live with communities that are resilient, safe, affordable, healthy, well connected and retain their unique characters	
Strategy GR5 – Wilton New Town	
Create a new walkable and connected community supported by integrated public transport and matched by sustainable long-term local employment growth	
Strategy GR6 – Peri-Urban Lands	
Manage, promote and adequately protect peri-urban lands and their values	
Strategy GR7 – Agriculture	
Encourage and support agriculture and associated industries so that they continue to be a productive, sustainable and integral part of our economy, community, landscape and environment	
Strategy GR8 – Advocacy	
Advocate strongly for the interests of Wollondilly and its community in relation to planning and economic development outcomes and improved public transport services	

Corporate Performance Assessment

In setting strategic outcomes, it is important to have indicators that are transparent and provide guidance in understanding if Council is achieving the expected result in each strategic direction. Below are the performance indicators for Theme 1 – Sustainable and Balanced Growth and performance over the 2017/18 period.

Strategy	Corporate Performance Measurement	Update	Status
GR3	Increase the promotion and numbers of visitors to the Wollondilly Area as a Tourist destination.	Visitation to Wollondilly continues to see the Shire as a preferred day trip destination.	
GR1	Increase capacity for dwellings within 800 metres of urban services (train station, shops).	The growth targets within the Wollondilly GMS 2011 for a 20 to 25 year plan period will be met through committed rezoned land or planning proposals with a Gateway determination. Based on actual growth and planning proposals, the housing targets will be exceeded for Warragamba / Silverdale, The Oaks / Oakdale and Picton/Tahmoor/Thirlmere. The target for Macarthur South is no longer relevant given the designation of Wilton as a Priority Growth Area. Bargo currently has a shortfall of 1,627 houses, however, this target is unlikely to be achieved in short to medium term due to limited sewer capacity and proposed underground mining until 2038.	
GR1	Achieve housing targets in the South West District Plan.		
GR2	Reduce the net processing time (median) for development applications.	The net median determination time of delegated development applications (non-integrated) was 34 days – this is an increase from what was reported in last year's annual report of 29 days. Council is still within the 40 day median processing target set by the Department of Planning.	
GR2	Reduce the net processing time (median) for construction certificates	Council has been looking into the process and technology to streamline the application process for construction certificates.	
GR4	Improve service levels for urban design and heritage advisory service.	Following the release of the Western City District Plan council will need to prepare a new local environmental plan within two years and also prepare a new template based development control plan by mid 2020. During this strategic work, there may be opportunity to undertake place making exercises. Work on urban design and heritage services will form part of the revised LEP.	
GR2	Improve the application lodgement and assessment service to reduce delays	The implementation of the DA checklist, electronic stamping and simplified forms has had a positive impact on the lodgement process.	
GR1	Development approvals for new dwellings exceed the on ground delivery of housing (measured by number of bins issued compared to number of DA dwelling approvals).	Council raised 364 requests for new bins. We approved 664 new dwellings and secondary dwellings.	
GR1	Improved Service Levels within Council to support environmental values for development proposals.	Council will be commencing a review of performance indicators in the 2018/19 financial year. Service levels will be explored as part of this review.	

Not Updated On Track Monitor Off Track Completed Not Commenced Cancelled



MANAGEMENT AND PROVISION OF INFRASTRUCTURE

THEME 2

What We Do

We work to provide an efficient, safe and sustainable infrastructure network that promotes connectivity for our people, towns and villages.

These activities are delivered by Council in partnership with other key stakeholders such as:

- Department of Planning
- Roads and Maritime Services
- Transport for NSW

Council work towards managing our significant infrastructure network collaboratively with all our stakeholders to ensure quality infrastructure.

Outcomes

The actions Council deliver in this theme contribute to the following community outcomes:

1. Infrastructure that is safe, accessible and fit for purpose.
2. Infrastructure that is sustainably maintained
3. Infrastructure that delivers upon the expectations and needs of our growing community.

Council Awards and Recognition

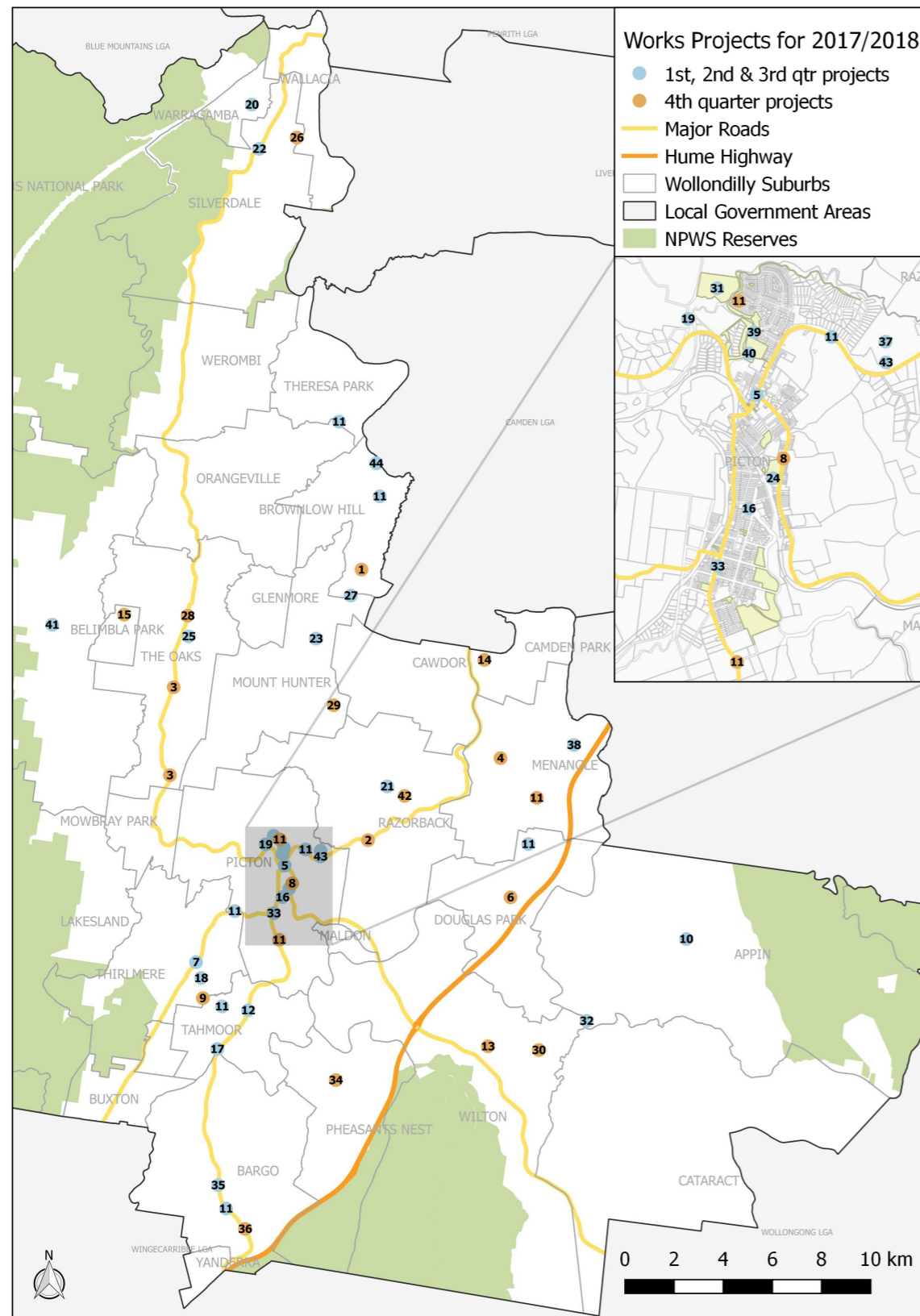
- In partnership with Campbelltown City Council, Wollondilly helped deliver a paper to the 2017 NSW Institute of Public Works engineering state conference on its pavement management strategy and model.

Highlights

In line with the revised Asset Management Strategy, Council recently published its revised six year Transport Capital Works Program in 2017/18 which considers multiple factors including road condition, traffic safety issues, the most suitable time to intervene, the best methods to use, future development and current traffic levels on the road.

The revision to the Capital Works Program has seen Council deliver its largest program to date, with an estimated \$19,950,000m spent on improving our extensive road network.

The map below shows all completed projects in the 2017/18 financial year.



Key Challenges and opportunities

In 2017 Council adopted a revised Asset Management Strategy to address the challenge of managing our road network. The strategy includes identifying 'intervention levels' which reflect the phases in the life of a typical road. While most road structures (pavement) are designed to last for up to 80 years, the surface deteriorates much quicker and typically lasts 10-15 years.

If the surface is left to deteriorate too far, water seeping into the road pavement will speed up deterioration of the road, causing damage to the pavement and requiring more expensive repairs.

A balanced strategy ensures that relatively good roads are maintained and not left to deteriorate, leading to much more expensive treatments in the future, while also having a road reconstruction program for those roads that are in poor condition.

Council's Asset Management Strategy separates road renewal work into three phases.

Phase 1 - Scheduled Surface Treatment

Typically the road surface is less than 10-15 years old with little or no surface defects.

Ideally 100% of roads that require scheduled surface treatment should be funded, preventing these roads from deteriorating to Phase 2.

Phase 2 - Heavy Patching and Surface Treatment

Typically these roads have not had a surface treatment applied in the last 10-15 years and have some surface defects. The budget for a Phase 2 project is typically three times more expensive than a Phase 1 project. The worst roads in Phase 2 should be prioritised first, to prevent them from deteriorating into Phase 3.

Phase 3 - Reconstruction

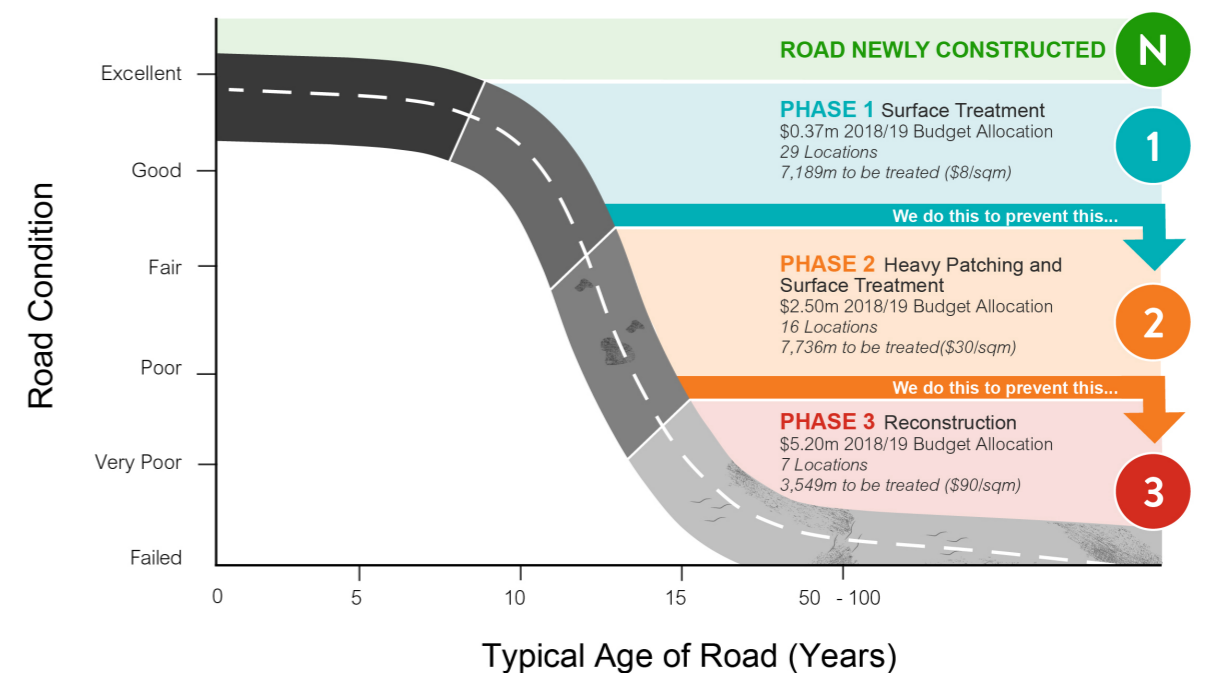
These are roads that have deteriorated to such an extent that full reconstruction is required. Many of our roads were not designed to meet current traffic volumes or vehicle sizes. A Phase 3 project is typically three times as expensive as a Phase 2 project.

Reconstruction works are carried out based on a priority system with preference given to high usage/high priority roads. This strategy is summarised below. As the majority of Council roads are in Phase 1 & 2, the challenge is ensuring these road do not deteriorate into Phase 3

While the majority of Council's current program addresses the worst roads (or Phase 3) in the shire, feedback has been received suggesting that all of Council's road renewal funding should be spent on Phase 3 roads and that surface treatment projects are a waste of money.

While these works remain unpopular, if left untreated these roads will begin to deteriorate into Phase 2 and ultimately Phase 3, adding to community stress and increasing funding requirements to replace the road.

The strategy addresses the deterioration of Phase 2 Roads, which means the list of roads in Phase 3 should decrease as the road reconstruction program progresses.



Financial Overview

Operational Income	Operational Expense	Capital Spend
\$13,424,011 18.7% of Total	\$30,514,286 42.0% of Total	\$18,500,434 98.5% of Total

Progress against Strategic Direction

The Community Strategic Plan identifies the outcomes that our residents want to see in our community. Council has responded to these outcomes in setting the following strategies to realise the outcomes. Below is the annual assessment of Council's performance in working towards achieving the strategic directions.

Strategy IN1 – Improve the condition of our Road Network	Key
Manage, maintain and improve our road network to meet the needs of the community, now and into the future	✔
Strategy IN2 – Provision of Infrastructure and Facilities	
Provide a range of infrastructure and community facilities to meet the needs of the community, now and into the future	✔
Strategy IN3 – Manage Infrastructure and Facilities	
Manage infrastructure and community facilities to provide for and respond to community needs, improve safety and improve choices	✔
Strategy IN4 – Emergency Management	
Assist in the planning of the community's response to emergencies such as bushfires and flooding	✔
Strategy IN5 – Advocacy	
Advocate strongly for the interests of Wollondilly and its community in relation to infrastructure outcomes	✔

Corporate Performance Assessment

In setting strategic outcomes, it is important to have indicators that are transparent and provide guidance in understanding if Council is achieving the expected result in each strategic direction. Below are the performance indicators for Theme 2 – Management and Provision of Infrastructure and performance over the 2017/18 period.

Strategy	Corporate Performance Measurement	Update	Status
IN1	90% of Renewal and maintenance schedules completed.	Council is making progress on the delivery of renewal and maintenance schedules. For the period, Council has achieved the target of 90%.	✔
IN2	An increase of appropriate sporting and recreation options near where people live	Developing and implementing Masterplans for key recreational Facilities including Wilton Recreation Reserve, Douglas Park Sportsground, Menangle Old School Site, Appin Park, Telopea Park, Redbank Reserve, Botanic Gardens and Potholes Reserve	✔
IN3	Renewal Ratios, Asset Maintenance.	Building & Infrastructure Renewal Ratio = 103.1%	✔
IN3	Asset Maintenance Ratio = 189.2%	Council is now seeing the effects of the special rate variation that has gradually compounded over the past few years to the point where Council is now regularly providing sufficient resource towards the maintenance of its assets.	✔
	Achieve or exceed budgeted income for infrastructure programs.	Over \$3.5m of funds received and expended from funding programs such as Black Spot, Roads to Recovery and Mine Subsidence Board	✔



CARING FOR THE ENVIRONMENT

THEME 3

What We Do

Wollondilly Shire is surrounded by spectacular natural beauty and rural pastures. The LGA covers 2,560 square kilometres from Yanderra in the South, Appin and Menangle in the East, Warragamba in the North, and the Nattai wilderness, Yerranderie and Burragorang Valley to the West. A large portion of the LGA is natural bushland and waterways. To support the environment to be safe and sustainable, and to enable thriving communities, we partner with the community and key stakeholders. Our objective is to manage and enhance our natural environment. From waste management and recycling, to stormwater management and community education, there are a wide range of service output in the environmental space.

Outcomes

The actions Council deliver in this theme contribute to the following community outcomes:

1. An environment that is valued, preserved and protected, with new planning and development proposals supporting these values.
2. A community that is engaged with, and cares about, their environment.

Council Awards and Recognition

- Excellence in the Environment Award for the project received from Local Government NSW received in October 2017 for the Save Our Species Project on Koalas.

Highlights

Supporting Biodiversity

Council's biodiversity program continues to grow, with a strong focus on threatened fauna and pest animal species during the 17/18 reporting period.

Fauna management activities have expanded focussing on the 'Saving our Species' grant for the Wollondilly Koala Conservation Project and the Stonequarry Creek Flying Fox Camp Plan of Management.

Council was a partner in the Local Land Services Deer Culling program which has seen 179 deer removed to date from the Werombi to Silverdale. Council has continued its support of the Menangle fox control project being coordinated by Local Land Services

Since the Thirlmere Lakes Forum in May 2017, Council coordinated a working group comprised of community and National Parks and Wildlife Service representatives completed an action table for the Managing the Values of the Park. Council coordinated several activities including a geological tour and a number of Council staff and councillors attended an information day on the research program in June 2018.

Continued bank stabilisation works were undertaken by Soil Conservation Service along Redbank and Stonequarry Creeks in Picton.

The Wollondilly Community Nursery volunteer membership grew and over 28,000 native plants were sold or given away, supporting and encouraging biodiversity.

Landfill diversion

During the reporting period Council continued to provide domestic waste collection services to all residential properties, including collection of garbage, recyclables and garden organics. In addition, residential properties were offered two kerbside clean-ups to assist with removal of unwanted bulky household goods. As most recyclable plastics collected from domestic collections in Australia have in the past been exported to China, a recent change in China's waste importation policy resulted in greater challenges for the Australian recycling industry, which found it necessary to secure alternative export markets and where possible, onshore processing. Despite this challenge, the Shire's residents' recycling efforts continued to be rewarded, with over 95% of the contents of the yellow-lid bin fully recycled.

Clean Up Australia Day

This year's 'Clean up Australia Day' event proved to be another success, with 87 volunteers registering to clean up 21 sites. A total of 4 tonnes of litter and dumped waste was collected, or the equivalent to almost 350 household wheely bins. Council provided 8 skip bins, 320 additional bags, 4 tipping vouchers, 100 gloves, 40 hi vis vests.

Managing Illegal Dumping

A memorandum of understanding (MOU) was entered into with the Illawarra/Shoalhaven Joint Organisation (ISJO) Rid Program and Wollondilly has now joined with seven Illawarra and South Coast Councils to participate in the Environmental Protection Authorities (EPA) Southern Region RID Program. Council has received \$40,000 from the EPA with Council contributing the balance from its Better Waste and Recycling (WaSIP) program. Council has engaged a full-time RID Officer and Council is committed to increasing enforcement activities – including the routine issuing of penalties when the dumper can be identified; investigations into significant dumping matters and being proactive in education and awareness programs. Warning signage has been installed in known 'hot spots'.

Council received a total of 463 illegal dumping notifications during this period. These notifications include dumping on both private and public land. 80% of the total incidents were located on Council owned land. The breakdown of dumped waste overall is: household (50%); tyres 11%; Mulch and Green Waste (10%); Commercial and Industrial (10%); Construction & Demolition (9%) – balance chemicals, liquid and electronic waste.

Bargo Waste Management Centre

The Bargo Waste Management Centre proved to be one of Council's most popularly visited facilities, with almost 20,000 customers dropping off waste. Aside from providing a landfill for unrecyclable materials, the facility was able to divert a large number of items for recycling, such as motor vehicle tyres, scrap metals, mattresses, concrete and bricks.

Koala Conservation

The Wollondilly Koala Conservation project has continued to grow with funding from the Saving Our Species funding program. The survey work undertaken for the project has confirmed that the Wollondilly has a healthy expanding population of koalas within the eastern part of the shire and numbers are estimated to exceed 430 individuals.

The project has achieved the following:

- Excellence in the Environment Award for the project received from Local Government NSW received in October 2017.
- The Office of Environment and Heritage have produced a map of koala habitat corridors from Campbelltown, through to Appin and Wilton.
- 21 koalas caught during GPS collar deployment with 15 collars fitted and koalas were tracked in Appin, Wilton and Avon Dam.
- 9 females found with back or pouch young.
- 378 koala spotlighting surveys completed.
- 64 koalas seen.
- 1163 koala location records entered into Bionet.
- 100 fine scale 20m x 20m vegetation plots surveyed across the Shire to map koala habitat.
- Over 500 hours of volunteer time delivered in 2017 to restore koala habitat and undertake koala surveys including planting of 1500 local native plants.
- Regular meetings held with the South Western Sydney Koala Management Group which includes: Wollondilly, Wingecarribee and Campbelltown Council's, The Office of Environment and Heritage, Conservation Volunteers Australia, WIRES, University of Sydney Koala Hub, Greening Australia.

Open Space and Parks Management

New bin surrounds were rolled out at Buxton, Tahmoor, Bargo, Wilton, Douglas Park and Appin. The teams undertook 6 litter pickups throughout the Shire at Lupton Road Bargo, Avon Dam Road Bargo, Remembrance Drive Razorback, Picton, and Farnsworth Avenue Warragamba. And Silverdale Road Werombi, in total over 35 tonnes of litter and rubbish was picked up throughout these events.

Additional garden beds and refurbishments were done at Warragamba and Tahmoor as well as the reed removal in Cubbitcha Barta Reserve in Camden Park Bridgewater Estate.

Several round –a- bouts have been replanted in the 17/18 at Camden Park and Picton, as well as the plantings around the Picton Library which also suffered from the hot conditions over the 17/18 summer and more suitable natives and exotic mixes were planted.

The dry conditions in the latter part of the financial year have stalled some of the new street tree replacements and the team has been focussing on vegetation management activities (such as minor tree pruning) in roadsides and park scapes.

Key Challenges

Legislatively there has been a lot of movement in the State frameworks and this has placed a lot of pressure on the need to keep campaigning for biodiversity Outcomes.

Key opportunities

There has been a number of legislative changes in regards to Biodiversity and planning which have resulted in a need to review Councils Policies and planning instruments. Additional to this there have been economic impacts on commodities such as the "China Sword" recycling market which has changed the focus of recycling and start to review strategic opportunities to work with other Councils in the future of waste activities and disposals.

Additional key opportunities exist in the future of roadside vegetation and tree management and also sustainability education. Council continues to review its policies and ensure that there is improved communication to the public, as well as improved processes and efficiencies.

Financial Overview

Operational Income	Operational Expense	Capital Spend
\$9,455,003 13.1% of Total	\$23,617,854 32.5% of Total	\$283,903 1.5% of Total

Progress against Strategic Direction

The Community Strategic Plan identifies the outcomes that our residents want to see in our community. Council has responded to these outcomes in setting the following strategies to realise the outcomes. Below is the annual assessment of Council's performance in working towards achieving the strategic directions.

Strategy EN1 – Protect and Enhance Biodiversity, Waterways and Ground Waters	Key
Maintain and enhance the condition of biodiversity including the condition of water sources (both surface and groundwater)	
Strategy EN2 – Protect the Environment from Development Pressures	
Contribute to development to achieve positive environmental, social and economic outcomes	
Strategy EN3 – Vegetation Management	
Achieve a balance between risk-based management and conserving biodiversity and maintaining public and private assets	
Strategy EN4 – Community Involvement	
Engage the community during the preparation and implementation of Council's environmental activities and programs	
Strategy EN5 – Environmental Awareness	
Enhance community awareness of the environmental values of Wollondilly's natural resources and rural lands and the threats to these values	
Strategy EN6 – Sustainable Practices	
Enhance the adoption of sustainability practices by Council and the local community which reduce consumption of resources, generation of waste, as well the level of greenhouse gas emissions	
Strategy EN7 – Agricultural Land and Capacity	
Protect agricultural land and the natural resources which support agricultural capability	
Strategy EN8 – Auditing, Monitoring and Enforcement	
Undertake auditing, monitoring and regulatory enforcement and be responsive to community complaints to protect the environment and the health, safety and well-being of the community	
Strategy EN9 – Waste Management	
Provide the community with a workable and convenient waste management system, which also minimises waste generation, increases resource recovery and protects the environment	
Strategy EN10 – Advocacy	
Advocate strongly for the interests of Wollondilly and its community in relation to environmental outcomes	

Corporate Performance Assessment

In setting strategic outcomes, it is important to have indicators that are transparent and provide guidance in understanding if Council is achieving the expected result in each strategic direction. Below are the performance indicators for Theme 3 – Caring for the Environment and performance over the 2017/18 period.

Strategy	Corporate Performance Measurement	Update	Status
EN9	At least 66% of domestic waste is diverted from landfill.	32% diversion factor which is due our regional disposal contractor that has a number of markets that are reliant on export which haven't been as viable as previous years. Council continues to educate the community about reducing contamination in the waste streams.	
EN6	An increase of plants distributed by the Community Nursery.	Plants propagated to tube stock from July 2017 to June 2018: 17,907 including Giveaways to schools, events 1,690, and 1674 plants given to restoration projects.	
EN6	Maintain volunteer hours in the Community Nursery and associated activities.	Volunteer hours volunteer hours July 2017 till June 2018 2902@ \$30.00 p/h = \$87060 in kind contribution.	
EN6	Assess and report Sustainability Indexes for operations services.	Council has a strategic project in the 2018/19 operational period to develop an organisational suite of sustainability indexes. Environmental sustainability will be a focus within the wider index, so work on these will commence in line with the larger project.	
EN8	Implement the revised Illegal Dumping Management Strategy.	The Illegal Dumping Management Strategy is still under review as Council was relying on Covert Surveillance Protocol which has only just been approved and adopted. Both the Illegal Dumping Management Plan and Strategy will be reviewed and anticipated adoption in Q2 of the 18/19 Financial year.	



LOOKING AFTER THE COMMUNITY

THEME 4

What We Do

Council plays a key role in facilitating support and connecting our communities. We provide a range of facilities, services and events that help people to be healthy, feel a sense of belonging and have opportunities to have fun. These include sports, arts, culture, recreation and social interaction experiences. We provide a libraries, aquatic and leisure centres, parks and community support services.

Council cannot in reality deliver all of the core services that a community needs to flourish, but we do play an integral role in advocating on the needs and interests of our community members.

Outcomes

The actions Council deliver in this theme contribute to the following community outcomes:

1. Access to a range of activities, services and facilities.
2. Communities that are engaged, cohesive, included, and have a sense of belonging.
3. Communities that are healthy, happy and feel safe.

Council Awards and Recognition

- NSW Disability Services Standards - Verification
- Local Government NSW Disability Inclusion Award
- MG My Gateway Indigenous Student of the Year - *Dokota Simonds*
- MG My Gateway Trainee of the Year - *Dokota Simonds*

Highlights

Funding Our Community and Projects

Council's Community Projects and Events and Library sections continue to apply for and attract funding through a range of opportunities including small grants and State and Federal Tenders.

Successful applications for 2017/18 were:

- Public Library Subsidy Grant - State Government via the State Library of NSW - \$131,034
- Youth Week - Department of Family and Community Services - \$1,738
- Youth Week Transport Grant - Department of Family and Community Services \$500
- Prime Minister and Cabinet NAIDOC Day Grant - \$5,000
- Country Arts Support Program (Live Art) - \$5,000

Total Grant funding \$143,272

The number of successful grants reported in this reporting period is five (5), this is four (4) applications less than the last reporting period. Despite the decrease, Council has attracted substantial grant funding for community events and recognises this is a competitive market. Council will continue to seek and apply for all appropriate grant opportunities.

Informing our Community

Did you know, on average, each week Council:

- Sends out 2 media releases
- Creates 11 Facebook posts
- Generates 2,462 visitors to our website

Communication Platforms

Web - The Council website page recorded 745,943 views to our main webpage, with a total of 120,951 new visitors. The top 5 pages visited were the Homepage, Employment Opportunities, Animal Listings, DA Tracker and Contact Us.

Facebook - During the financial year, Council posted 627 times and 1,359,400 people saw these posts. The average reach per post is 3,762. Facebook likes increased by 13% to 7,878 with 71% of our followers being female with the highest age group between 35-44 and 28 % being male. Council's Facebook peak times were 8am, 1pm, 5pm and 7pm, with the most popular days being Wednesday and Sunday.

Twitter - Total Twitter impressions during the 2017/18 financial year was 112,000.

Media Releases – Total number of Media Releases written: 112. Council sent out 112 media releases during the 2017/18 financial year, with an approximate pick up rate of 70%.

Key Challenges

Balancing growth against the needs of a current and future community can be challenging. Ensuring that our residents have access to services and a high standard of living remain our focus. Health, education, housing affordability and social inclusion are a priority for Wollondilly Shire Council.

We take a proactive advocacy role with State and Federal government as well as other Non-Government organisations to provide for the future. Long term planning is vital to ensuring that our community thrives.

Key Opportunities

The Western Sydney City Deal (WSCD) is a partnership between the Australian Government, NSW Government, and local governments of the Blue Mountains, Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith and Wollondilly.

The WSCD provides the following commitments:

1. Connectivity
2. Jobs for the Future
3. Skills and Education
4. Liveability and Environment
5. Planning and Housing
6. Implementation and Governance
7. Partners

With Council actively involved in the WSCD, and our proactive approach to advocating on the needs of our community, we expect to see some really positive outcomes.

Financial Overview

Operational Income	Operational Expense	Capital Spend
\$1,083,789 1.5% of Total	\$4,176,253 5.8% of Total	Nil

Progress against Strategic Direction

The Community Strategic Plan identifies the outcomes that our residents want to see in our community. Council has responded to these outcomes in setting the following strategies to realise the outcomes. Below is the annual assessment of Council's performance in working towards achieving the strategic directions.

Strategy CO1 – Strong Community	Key
Deliver a range of community projects, services, and events (including in partnerships with community groups and NGOs) which strengthen our community	
Strategy CO2 – Health and Wellbeing	
Promote and support community health and wellbeing and plan for long term health services for the Shire	
Strategy CO3 – Social Planning	
Undertake strategic social planning approaches regarding community needs and issues, particularly in relation to future population growth	
Strategy CO4 – Engagement and Communication	
Implement excellence in our community engagement by consulting with and responding to the needs and concerns of our residents	
Strategy CO5 – Advocacy	
Advocate strongly for the interests of Wollondilly and its community in relation to community outcomes	

Corporate Performance Assessment

In setting strategic outcomes, it is important to have indicators that are transparent and provide guidance in understanding if Council is achieving the expected result in each strategic direction. Below are the performance indicators for Theme 4 – Looking after the Community and performance over the 2017/18 period.

Strategy	Corporate Performance Measurement	Update	Status
CO1	Healthy attendance of people who participate in local events, for: <ul style="list-style-type: none"> Arts and Culture; Ageing and People with Disability; Youth Development; Library 	Council continues to attract healthy attendance from a wide cross section of our community to its various community related events.	
CO1	An increase in the number of families/children accessing care through Council's Children's Services	The number of families and children using Council's Family Day Care, Vacation care and Occasional Care Services has increased. However, before and after School Care enrollments have however declined.	
CO1	An increase of people using library services.	Although library memberships have increased by 4% (16,083), overall library usage has experienced a slight decline.	
CO1	An increase of people using the Dilly Wanderer	Attendance numbers have increased from 1181 in 16/17 to 1416 in 17/18.	
CO4	An increase in viewers to Council's website.	Views of our main webpage have increased from 722,990 in 16/17 to 745,943 in 17/18.	

DISABILITY INCLUSION ACTION PLAN

Disability Inclusion in NSW

In 2014 the NSW Disability Inclusion Act 2014 (the Act) required all NSW government agencies and local councils to develop Disability Inclusion Action Plans (DIAPs) in consultation with people with disability. These plans were to outline the measures put in place so that people with disability can access general supports and services available in the community and can participate fully in the community.

The NSW Disability Inclusion Plan identified four areas of focus that people with disability said were priority areas. These were:

1. Developing positive community attitudes towards disability
2. Creating liveable communities
3. Increasing access to meaningful employment
4. Improving access to mainstream services through improved systems and processes.

In June 2017, Wollondilly Shire Council adopted the DIAP. The NSW Disability Inclusion Act requires all councils to report on the progress of implementation of their DIAPs in their annual reports. We see this reporting as an opportunity to share our approach to inclusive practices and update our community on the progress made in 2017/18.

Key Challenges

Funding shortfalls and influences have affected Council's ability to undertake key elements of the DIAP. Examples include infrastructure upgrades workforce management and systems/processes implementation. The cessation of Aging and Disability Home Care funding to service providers has resulted in the closing of advocacy support services which has resulted in Council taking a lead role with systemic and individual advocacy.

Key Opportunities

- Ongoing partnerships with State Government, Federal Government and Community Service providers supporting capacity building and growth
- City Deals collaborative project development
- Liveability Fund resourcing key infrastructure and recreation projects in Wollondilly
- Ongoing partnership with NSW Health – Wollondilly Health Alliance

Highlights

Positive Attitudes and Behaviours

- Disability awareness has been incorporated into customer service training and rolled out across the organisation to all staff including new starters. 63 staff have completed the training across 5 customer service training sessions that are embedded into the corporate training calendar.
- Council with the support of the Disability Access Advisory Committee helped to celebrate International Day of People with Disability 2017 through the 'Stars in the Garden' event at the Picton Botanic Gardens. An accessible short film festival developed by individuals with lived experience of having a disability was screened alongside local performers. The free event included information on how to access the National Disability Insurance Scheme and local advocacy and support services providing information and referral to local community members.
- Council have made a commitment to employing a community projects officer as an ongoing fulltime position after the salary subsidy ceased from the Department of Ageing and Disability, June 2018. This has allowed for a worker to build on partnerships with organisations and provide a platform to deliver information and services to the community. Council supported the facilitation of 3 Mental Health and Disability forums that focus on service provision in the Wollondilly to a total of 90 community members in attendance.

Liveable Communities

- Council have made a commitment to upgrading the existing playground at Warragamba Civic Park to be an inclusive play space in partnership with Touched by Olivia Foundation. In the 2017/18 period detailed stakeholder engagement, concept and detailed design were completed. The playground is on track for completion in 2018/19 financial year (March 2019).
- Council endorsed the Public Toilet Strategy and proceeded to implement the replacement of 3 priority projects (Bargo, Thirlmere and Appin) in 2017/18 period. This replacement program will continue in 2019 with an additional 3 amenities blocks scheduled.

- Council continue to provide the accessible community bus for hire to local community groups. The bus is regularly booked 4 out of 7 days of the week. The bus has a healthy range of volunteer drivers that allow local community groups and individuals to get out and about in the Wollondilly Shire.

Employment

- Council's Workforce Management Strategy 2017-2021 introduced flexible working arrangements to facilitate a work life balance, family and caring commitments and support staff who have a disability. The flexible working arrangements were made available to all indoor staff and have also been applied to operational staff needing to care for a family member with a disability or are living with a personal disability.
- Council have made a commitment to develop new guidelines for inclusion and equal employment opportunities under the Equal Employment Opportunity Management plan. Employee Relations staff have undertaken a staff statistical analysis that will be used to inform best practice and include relationship building with local disability employment providers.

Systems and Processes

- Council have made a commitment to making our internal and external communications easy to understand and accessible. Employee Relations have engaged an external facilitator to provide plain english training to all staff. This training aims to aid in ensuring our correspondence is written in a plain english easily understood manner. Plain english training is available for all staff through our corporate training calendar. To date we have had 51 staff attend Plain English Training.
- Council is committed to producing a customer focused, accessible website. The new website will make this possible and is compliant with web content accessibility guidelines 2.0 (AA standard). Working with staff, we can maintain this standard and work towards producing a website that anyone can use.





EFFECTIVE AND EFFICIENT COUNCIL

THEME 5

What We Do

Council deliver a vast range of external community services. In order to do this, there is a key support network that operates provides a variety of administrative, management and support functions to keep the Council running.

In addition to this support function, Council take an active role in advocating local issues at a state and federal level to secure positive outcomes for our current and future communities.

Outcomes

The actions Council deliver in this theme contribute to the following community outcomes:

1. Government, community and business talking and working together.
2. A Council that demonstrates good business management and ethical conduct.
3. A Council that is viewed by the community as transparent, accountable and responsive to their concerns.

Highlights

Council Staff Support and Management

2017/18 has seen Council deliver a number of new initiatives to streamline operations and prepare our organisation for growth. We have rolled out our mandatory Fraud and Corruption Prevention framework to all Council staff. This ensures that our staff are aware of various legislative requirements and expected conduct of Wollondilly's employees.

Council has commenced the pilot of a new online Work Health and Safety (WHS) System. This system is intended to support the great safety record that we have. In this period, we have achieved a new WHS Safety record for the organisation second year running all corporate seeing all WHS KPI's achieved.

Staff Satisfaction

Council has delivered its biennial Staff engagement survey. This survey provided great insights into our workplace with a sound employee engagement score and valuable feedback given to improve organisation. We have commenced engagement workshops with all staff and are working collaboratively on continuous improvement initiatives to continue Wollondilly being a great place to work. We also have seen no industrial disputes in the reporting period which is a pleasing result.

Continuous Improvement Program

Early 2018 saw Council appoint the Manager of Business Improvement and a dedicated resource to oversee the delivery of the Continuous Improvement Program. In this time, the framework has been revised and endorsed by the Executive and the Audit, Risk and Improvement Committee. This improvement

framework takes a methodical approach to identifying, programming and implementing initiatives that will see our business become future ready for growth. Staff engagement in the program is fantastic and there are a number of great initiatives implemented with pleasing results throughout the period.

Service Central

A core improvement to our business was the merge of customer service specialists into our centralised customer contact centre. This has had a pleasing impact on key performance indicators in our response times to our customers. It has also resulted in extended business hours so we are more accessible to our community.

Advocacy

Council is committed to supporting the interests of our current and future communities. A large part in ensuring positive outcomes is recognising what is in Councils control and what issues require Council to advocate on behalf of the community. In the reporting period, we have seen Wollondilly Shire Council become part of the Western Sydney City Deal. This is a great opportunity for our residents by accessing funding and support from State agencies and Federal Government. Council recognises that growth, if not managed effectively, poses challenges for our diverse community. Wollondilly Shire is an area rich in natural, built and environmental beauty. It is Councils position to lobby to protect these characteristics that make us Wollondilly.

Key Challenges

Advocacy for key state infrastructure

Advocacy is often time consuming, costly and difficult to see immediate results. The projected growth within areas in the Shire will see our community double in the next 10 – 15 years. Council are working hard to establish an understanding at State and Federal level of the need for quality and adequate levels of key infrastructure. We see Health, Education and Transport as basic human needs for our residents.

Ensuring the wider community views are heard when these views are contrary to the policy settings of the State and Federal Governments remains an ongoing challenge for Council.

Balancing Workforce Requirements against Growth

Supporting growth can be challenging. Council is reliant on its rate base to deliver services to our community. When we experience new growth, there is a need for infrastructure ahead of new residents. This infrastructure is costly to design, build and deliver. Council resourcing needs to align to the level of growth, however, the rates of future residents will not be realised until people move into the area. Councils Workforce Management Strategy continues to play a pivotal role in identifying current and projected resourcing requirements.

Key Opportunities

Innovative Democratic Process

As a Country, Australia has experienced high levels of growth over the last decade. Community activation and engagement has never been more important. As a Council, we are committed to exploring new and innovative ways to involve our community and stakeholders in the planning and decision making process towards building our Shire for the future. Council will be exploring new engagement and communication platforms in the next period to open opportunities to all our residents to have their say. Ensuring decisions are impartial and representative of all our residents will be a focus for the year ahead.

Active and Supported Communities

Recognising that a community requires many different services and opportunities, Council can play an active role in supporting our Community to build capacity through partnering with other Councils, Non-Government Organisation's community groups and universities on key issues. We take many different roles as a Council, we are sometimes the service provider, and we can be an influencer, an advocate or a facilitator of opportunities. As a Council, it is important to activate and engage our community to build capacity and ensure our needs are met and opportunities can be explored. Establishing clear roles and responsibilities of Council and the expected service provision and service levels will be a priority in the next financial year.

Financial Overview

Operational Income	Operational Expense	Capital Spend
\$1,175,815 1.6% of Total	\$5,934,106 8.2% of Total	Nil

Progress against Strategic Direction

The Community Strategic Plan identifies the outcomes that our residents want to see in our community. Council has responded to these outcomes in setting the following strategies to realise the outcomes. Below is the annual assessment of Council's performance in working towards achieving the strategic directions.

Strategy EC1 – Employee Relations	Key
Build a resilient, safe and supported workplace that provides respectful, efficient and effective services for our customers now and for future generations	
Strategy EC2 – Risk Governance	
Ensure corporate risks are audited and managed appropriately to reduce the likelihood of any adverse impacts to Council or the community	
Strategy EC3 – Customer Service	
Deliver appropriate, responsive and effective service to our customers	
Strategy EC4 – Financial Sustainability	
Maintain Council in a strong financial position now and into the future	
Strategy EC5 – Resource Efficiency	
Drive a culture of continuous improvement across all aspects of service delivery	
Strategy EC6 – Information Management	
Implement innovative technological solutions to deliver quality information	
Strategy EC7 – Participation	
Enable community involvement in Council decision making	
Strategy EC8 – Accountability and Transparency	
Ensure Council maintains best practice approaches to open reporting and information access	
Strategy EC9 – Advocacy	
Advocate strongly for the interests of Wollondilly and its community	

Corporate Performance Assessment

In setting strategic outcomes, it is important to have indicators that are transparent and provide guidance in understanding if Council is achieving the expected result in each strategic direction. Below are the performance indicators for Theme 5 – Effective and Efficient Council performance over the 2017/18 period.

Strategy	Corporate Performance Measurement	Update	Status
EC8	Statutory Reporting requirements are met and no adverse findings.	Council has met all statutory reporting timelines with no adverse findings.	
EC4	Achieve Fit for the Future Indicators.	After adjusting to remove the effect of the one-off remediation asset revaluation adjustments recognised in the 2017/18 financial statements, Council's Fit For The Future Indicators for the 2017/18 financial year indicate that Council continues to meet the "Fit for the Future" criteria.	
EC6	75% of all customer business transactions with council are available on-line by 2021.	Council is currently developing the Information and Communication Technology (ICT) strategy that will look at the technology requirements now and into the future for the organisation and our community. This strategy is expected to be completed in FY18/19 and will include the e-Services requirement.	



SECRET 30

LEGISLATIVE AND
OTHER INFORMATION

LEGISLATIVE AND OTHER INFORMATION

Mayoral and Councillors' Fees, Expenses and Facilities

Under the Local Government Act, Councils are required to detail the community resources that are allocated to their elected representatives to assist in carrying out their civic role. During the 2017/18 annual period, the expenses for the provision of Councillor Facilities and the payment of Councillors expenses are as follows:

Provision of dedicated office equipment allocated to Councillors	\$5,042
Telephone calls made by Councillors	\$6,542
Attendance of Councillors at conference and seminars	\$5,062
Training of Councillors and provision of skill development	\$1,240
Interstate visits by Councillors, including transport, accommodation and other out of pocket transport expenses	\$4,352
Overseas visits by Councillors, including transport, accommodation and other out of pocket transport expenses	\$0
Expenses of any spouse, partner or other person who accompanied a Councillor	\$0
Expenses involved in the provision of care for a child or an immediate family member of a Councillor	\$0
Other (non-itemised expenses include items such as catering, memberships, printing, Stationery, etc. Salaries and salary on costs are not included in these costings)	\$4,587
Total	\$26,825

Note: Council did not conduct any overseas visits during the 2017/18 period.

Senior Staff Salaries

Council is committed to transparency for our community. The following table details the General Manager's total remuneration package and the total remuneration for all senior staff throughout the 2017/18 financial year:

Position	Salary	Superannuation	Motor Vehicle	FBT	Total
General Manager	\$304,414.71	\$ 20,028.57	\$10,000.00	\$18,685.92	\$353,129.20
Senior Staff	\$580,925.40	\$ 61,766.99	\$30,000.00	\$49,789.83	\$722,482.20

Legal Proceedings

Legal expenses for the reporting period are documented below with income and expenditure totals across all matters including the legal outcome. The information provides our community with information on how we are pursuing matters.

Legal proceedings reported in 2017/18 are detailed below:

Offence / Case	Suburb	Court	Result	Legal Cost
Restrained from carrying out unauthorised works – importation of fill Class 4	Cawdor	Land & Environment	In Council's favour	\$1,534.00 (balance of costs from legal matters from the previous financial year)
Appeal against Penalties Development without Consent	Thirlmere	Local Picton	\$10 Good Behaviour Bond	\$13,575.95
Appeals Against Penalties – Development without Consent	Wallacia	Local Picton	In Council's Favour – Penalty and Costs awarded to Council - \$9,000	\$8,660.66
Judicial Review of the exercise of Planning Minister's power with respect to the Wilton North East Precinct	Wilton	Land Environment	Side Deed Entered into Matter discontinued by consent	\$7,995.00
GIPA Act Proceeding		NCAT	Administrative review of GIPA Decision	\$7,001.09
WSC & Anor ats. Jarosz		Supreme	Awaiting Result Ongoing	\$49,542.65
Staffing Matter		Campbelltown	PVO Order Issued	\$2,857.41
Staffing Matter		Campbelltown	PVO Order Issued	\$7,175.95

Contracts Awarded for amounts greater than \$150,000

This provides the community with an overview of where major contracts (over \$150,000) have been awarded in the 2017/18 annual period and what goods and services form the basis of the contract.

Contract No:	2018/02
Tender Method:	OPEN
Project Details:	Fourteenth Street Warragamba - Civil Upgrade Works (Footpath & Retaining Wall Improvements)
Evaluation Criteria:	Price; WHS, Quality & Environmental Management; Methodology & Program; Experience & Past Performance;
Contractor	J Holdings Group T/A J Group Corporation (Unit 2, 15-17 David Road Emu Plains NSW 2750)
Contract Start Date and Finish Date	S: 25/06/2018 F: TBC - Defects Liability Period of 12 months after Practical Completion
Total Estimate of Project (\$)	\$273,790

External Bodies, Companies and Partnerships

This provides the community with an overview of the types of business ventures that Council is involved in with other organisations and how these arrangements operate.

Functions delegated by Council during 2017/18 relate only to Management Committees for a number of sportsgrounds and Community halls and centres under Section 355 of the Local Government Act 1993.

The Committees that operated during the year were:

- Victoria Park, Picton
- Douglas Park Sportsground
- Wilton Recreation Reserve
- Tahmoor Sportsground
- Thirlmere Sportsground

Controlling Interest by Council

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

Partnerships, Cooperative and Joint Ventures:

Council has strategic alliances and non-commercial partnerships as listed below:

Strategic Alliances

- Advisory Groups and Committees
- AGL Camden Gas Project Community
- Consultation Committee
- Australia Day Committee
- Bulli Seam Community Consultative Committee
- Companion Animals Committee
- Emergency Management Committee
- Environment and Heritage Advisory Committee
- Mining and Energy Resources Advisory Committee
- Risk Management Committee
- Rural Industry Liaison Committee
- Seniors Advisory Group
- Southern Highlands Bushfire Management Committee
- South West Metropolitan Regional
- The Wollondilly Road Safety Group
- Wollondilly Aboriginal Advisory Committee
- Wollondilly Community Safety Forum
- Wollondilly Cultural Advisory Group
- Wollondilly Disability Access Advisory Committee
- Wollondilly Economic Development Advisory Group
- Wollondilly Health Alliance (WHA)
- Wollondilly Local Emergency Management Committee
- Wollondilly Youth Advisory Committee

Partnerships

- Association of Mining related Councils
- Burnside: Uniting Care
- Camden Council Road Safety
- Campbelltown Council Road Safety
- Campbelltown Arts Centre
- Community Links Wollondilly
- Country Public Libraries Association (South Eastern Zone)
- Department of Ageing Disability and Home Care
- Economic Development Australia (EDA)
- Macarthur Aged and Disability Forum (HACC)
- Macarthur Disability Network
- Macarthur Disability Services
- Macarthur Diversity Services
- Macarthur Interagency
- Macarthur Regional Organisation of Councils (MACROC)
- Macarthur Youth Services Forum
- NAIDOC
- NSW Fire and Rescue
- NSW Rural Fire Services
- NSW State Emergency Service
- Picton High School
- Queen Victoria Memorial Hospital Support Group
- Sector Connect Inc
- Southern Tablelands Regional Arts Advisory Council
- South West Community Transport
- SSWAHS Injury Prevention
- St Anthony's Family Care – Dilly Wanderer
- St Mary's Local Area Command
- S.T.A.D.S - Sarah's Theatre And Drama Skills
- Sydney Peri-urban Network
- Tahmoor Colliery C.C.C.
- Tharawal Local Aboriginal Lands Council
- Warragamba/Silverdale Neighbourhood Centre
- Western Sydney Business Enterprise Centre
- Western Sydney Regional Organisation of Councils (WSROC)
- Wollondilly Community Men's Shed (WOLCOMS)
- Wollondilly Interagency
- Wollondilly Seniors Week Working Party
- Wollondilly Support and Community Care
- Wollondilly Tourism Association Inc
- Wollondilly Transport Working Group
- WSROC Economic Development Group (EDG)
- Your Tutor Australasia.

Private Works

This provides the community with a transparent view of any work that was carried out by Council on private land and how this work was paid for. Council can carry out private works for individuals on private property, as per the Local Government Act, 1993.

These works include the following:

- Footpath/kerb and guttering construction
- Road and drainage construction
- Tree planting and maintenance
- Excavation and demolition
- Property clearing
- Weed spraying.

The cost recovery policy Council has adopted in regards to private works is on the following basis:

- 36.9% on cost added to labour component to recover cost on Superannuation, Workers' Compensation, leave entitlements and administration
- 20% on cost added to store items for handling, freight and administration
- 20% on cost added to Council plant hire charges to recover the cost of administration.

In this reporting period there were no Private Works carried out by Council.

Council's Assets, Asset Renewal and the Special Rate Variation

Council's infrastructure assets include roads, bridges, footpaths, kerb and gutter, carparks, stormwater drainage, sportsgrounds, and public buildings.

Council has had a historic shortfall in actual expenditure for Asset Maintenance compared to the required amount to keep its assets up to the 'Satisfactory Standard'. Council is addressing this issue through increased funding for asset maintenance that commenced in 2015/16 through a Special Rate Variation.

Special Rate Variation

On 19th May 2015, the Independent Pricing and Regulatory Tribunal (IPART) announced that Wollondilly Shire Council's application for a special rate variation (SRV) was approved in full. The approved SRV of 10.8% per annum over 4 years will generate \$80 million. These funds will gradually build up over the 10 year period. Council will address the infrastructure needs of the Shire as funding becomes available. In 2017/18, SRV income funded approximately 34% of the overall Capital Works Program expenditure, with the remainder funded from ordinary rate revenue, development contributions, grant funding and restricted cash.

Council injected \$6.372 million from the SRV into the delivery of many infrastructure projects. The allocation of this funding across various capital programs is shown in the table on the following page.

Roads

Council is responsible for 128km of regional roads, 664km of major connecting, urban and rural sealed roads, the outside lanes of 5 km of state roads and 77km of unsealed roads and their condition was critically assessed in during the 2017/18 financial year. The sealed road length is increasing as new road sections are dedicated to Council as new developments come on line.

Council is responsible for 81 bridges and major culverts. Due to a campaign of replacing its older timber bridges over recent years, most of Wollondilly's bridges & culverts are now in satisfactory condition with a comparatively long service life. The quantity of road assets such as kerb and gutter, and carparks have also been increased significantly, with Council managing a total of 79 km of footpaths and cycleways, 303 km of kerb and gutter and 45 car parks.

In 2017/18, highlights of the road program included Remembrance Drive Tahmoor, Finns Road Menangle, Mt Hercules Road Razorback, Silverdale Road Silverdale, Camden Street Wilton, Argyle Street Picton, Thirlmere Way Thirlmere, Mary McKillop Lane Picton, completed restoration works at Broughton Pass, Werombi Road Brownlow Hill, Spring Creek Road Mt Hunter, Mayfarm Road Mt Hunter, Fairleys Road Picton, Avon Dam Road Bargo, Burns Road Thirlmere and Menangle Road / Camden Road Intersection Douglas Park. The project to replace the bridge bearings at Blaxland Crossing was well advanced and due for completion early in 2018/19.

Council also completed Kerb & Gutter works at Goodlet Street Thirlmere, Station Street Douglas Park Abelia Street Tahmoor and Struan Street Tahmoor as well as significant pathway projects at Montpelier Drive The Oaks, Botanic Gardens Picton, Bell St Thirlmere, Yanderra / Bargo Cycleway plus a new bus shelter at Emmett Street Tahmoor. This is on top of Councils maintenance

programs which includes grading of unsealed roads, roadside litter collection, continuing to fill potholes across the Shire, replacement and maintenance of signs, reviewing, upgrading and renewing linemarking, bushfire hazard reduction program (roadside clearing) and vegetation management.

Drainage

Council is responsible for a total of 4,011 stormwater drainage pits and headwalls and 83km length of drainage pipes. A significant proportion of these structures, including gully pits and drainage lines, have been designed using superseded rainfall data, design methods, design standards and catchment characteristics, making them under-capacity for current standards and conditions. The drainage structures are generally in a satisfactory condition in respect to their physical integrity.

The stormwater management charge resources drainage upgrades, inspection and cleaning of pollution control devices and stormwater education. Major drainage works in 2017/18 have included the rebuilding of a detention basin at Antil Park Picton, pit upgrade works on Argyle St Picton and drainage works at Denmead St Tahmoor.

Following the storm event of June 2016, Council assists the community with maintaining Stonequarry Creek due to various ownerships, both private and public. Council engaged with the community on the draft flood study of Stonequarry Creek as well as asking the community for feedback on potential management options that will be considered during 2018/19 as part of a Floodplain Risk Management Study.

Open Space (Parks, Reserves & Sportsgrounds)

The open space network comprises playgrounds, sports facilities, fencing, footbridges & footpaths, lighting, memorials, park furniture and signage. Council carried out a detailed assessment of open space assets condition in 2015/16. This resulted in additional asset categories such as skateboard parks, fences, tables, benches, goal posts, etc. Overall, Council has 6,600 assets contained within its 136 parks, sports fields and playgrounds.

Major works saw the completion of the Picton sportsground pedestrian bridge, replacement of bridges within the Cubbitch Barta Reserve, replacement of playground equipment at peppercorn park Mt Hunter, upgrades to Thirlmere and Bargo sportsgrounds, the construction of a pump track at Tahmoor as well as replacement of shelters at the Botanic gardens Picton.

Buildings

Wollondilly Shire Council has 166 buildings and facilities across the shire and their condition was critically assessed in 2017/18. This will serve to inform immediate and future Works Programs.

Major drainage works in 2017/18 have included the installation of a fire sprinkler system at Antil Park clubhouse, amenity block replacements at Appin, Thirlmere and Bargo plus the replacement of Bargo RFS building and significant repair works at the Old Post Office building in Picton.

CAPITAL PROGRAM	BUDGET		EXPENDITURE		% COMPLETED		FUNDING SOURCES					
	Original Budget	Revised Budget	Actual Expenditure	Original v Actual	Revised v Actual	Total Funding	SRV Funding	Grant Funding	Developer Contributions	Restricted Cash	General Revenue	
Pavement Reconstruction	\$8,536,595	\$10,571,429	\$10,043,014	118%	95%	\$10,043,014	\$4,972,000	\$3,099,317	\$ -	\$169,697	\$1,802,000	
Road Upgrade	\$2,354,625	\$1,984,625	\$1,940,425	82%	98%	\$1,940,425	\$ -	\$1,529,625	\$66,704	\$344,096	\$ -	
Kerb and Gutter New	\$250,000	\$250,000	\$282,579	113%	113%	\$282,579	\$257,560	\$ -	\$ -	\$25,019	\$ -	
Kerb and Gutter Renew	\$215,000	\$880,564	\$1,028,044	478%	117%	\$1,028,044	\$92,440	\$921,830	\$ -	\$ -	\$13,774	
Pathways New	\$200,000	\$291,655	\$305,987	153%	105%	\$305,987	\$189,795	\$ -	\$ -	\$116,192	\$ -	
Pathways Renew	\$236,000	\$286,500	\$268,060	114%	94%	\$268,060	\$133,115	\$ -	\$ -	\$ -	\$134,945	
Bus Shelter Upgrades	\$15,000	\$23,063	\$16,280	109%	71%	\$16,280	\$ -	\$ -	\$ -	\$ -	\$16,280	
Traffic Facilities	\$220,000	\$336,357	\$265,254	121%	79%	\$265,254	\$150,000	\$40,633	\$ -	\$74,621	\$ -	
Open Space New	\$1,900,000	\$558,047	\$469,782	25%	84%	\$469,782	\$ -	\$100,000	\$124,264	\$245,518	\$ -	
Open Space Renew	\$350,000	\$473,000	\$272,520	78%	58%	\$272,520	\$272,520	\$ -	\$ -	\$ -	\$ -	
Buildings New	\$508,000	\$319,456	\$317,421	62%	99%	\$317,421	\$ -	\$ -	\$ -	\$317,421	\$ -	
Buildings Renew	\$1,665,000	\$2,353,049	\$2,340,228	141%	99%	\$2,340,228	\$304,570	\$1,258,423	\$299,000	\$367,234	\$111,001	
Plant & Fleet	\$300,000	\$1,127,753	\$718,928	240%	64%	\$718,928	\$ -	\$ -	\$ -	\$718,928	\$ -	
Stormwater Projects	\$198,000	\$286,192	\$233,467	118%	82%	\$233,467	\$ -	\$ -	\$ -	\$233,467	\$ -	
Other Projects	\$ -	\$353,120	\$282,348	-	80%	\$282,348	\$ -	\$ -	\$ -	\$282,348	\$ -	
TOTAL	\$16,948,220	\$20,094,810	\$18,784,337	111%	93%	\$18,784,337	\$6,372,000	\$6,949,828	\$489,968	\$2,894,541	\$2,078,000	

Further Information - For further details on the condition rating of each category of infrastructure asset, including the estimated cost to bring the assets up to a satisfactory standard, and the required and actual levels of annual maintenance, please refer to Special Schedule 7 within Council's Annual Financial Statements - included as an annexure at the end of this document.

Fit for the Future

In 2015, the Independent Pricing and Regulatory Tribunal (IPART) undertook an assessment of all NSW Councils to determine whether they were "Fit for the Future". IPART released its findings in October 2015, declaring Wollondilly Shire Council as one of only 7 stand-alone Councils in the Greater Metropolitan area that are "Fit for the Future". The assessment criteria required Councils to meet targets on seven separate performance measures.

At the time that Councils were advised of the Fit for the Future requirements, Wollondilly had already commenced a Community Engagement process seeking feedback from the Community on a proposed four year special rate variation for the purpose of improving our infrastructure assets.

Council was already acutely aware of the need to address the growing infrastructure maintenance issue and had looked at all possible funding options with the application for a special rate variation being the only viable solution. The percentage increase sought in Council's application was calculated based on the need to fully address the infrastructure issue within a 10 year timeframe.

When the Fit for the Future benchmarks were released, Council's financial projections based on the special rate variation amounts were applied against the criteria and the results indicated that Council would meet the benchmarks within the required timeframes.

Council's successful work to meet the Fit for the Future criteria of scale and capacity, sustainability, efficiency, infrastructure and service management and our ongoing commitment to effectively manage ongoing growth, all contributed to the success of being deemed a Fit for the Future Council.

Council will continue to monitor its progress in achieving the projected results to ensure we remain on track. The following table and graphs compare our original projected measures (included in our "Fit for the Future" application) with the latest revised projections based on updated financial data.

As per the Office of Local Government's "Fit for the Future" guidelines, five of the seven indicators are based on 3 year rolling averages, whilst the remaining two indicators (the Infrastructure Backlog Ratio and the Real Operating Expenditure per Capita) are based on the annual figure for the year in question.

The revised projections (based on 2017/18 actual results and the revised long term financial plan projections for years 2018/19 and beyond) indicate that Council

continues to meet the "Fit for the Future" criteria (after adjusting to remove the effect of the non-cash one-off remediation asset revaluation adjustments recognised in the 2017/18 financial statements).

Operating Performance Ratio: Council recorded an Operating Performance Ratio of -26.58% in 2017/18 due primarily to the revaluation of the estimated future costs to remediate its landfill sites. After adjusting to remove the impact of these one-off items, the amended Operating Performance Ratio for 2017/18 was only -2.5%. This ratio is on track to exceed the benchmark in 2018/19.

Own Source Revenue Ratio: This ratio is predicted to continue exceeding the benchmark which indicates Council's sound financial position and acceptably low reliance on external funding.

Building & Infrastructure Renewals Ratio: The Building & Infrastructure Renewals Ratio for 2017/18 was 103.14% (exceeding the benchmark), however because of the lower ratios recorded in prior years, the 3 year rolling average was only 83.4%. The average ratio is expected to exceed the benchmark in 2018/19 and then continue to rise each year thereafter.

Asset Maintenance Ratio: Council's Asset Maintenance Ratio has exceeded the benchmark for the last few years and is expected to continue to rise each year.

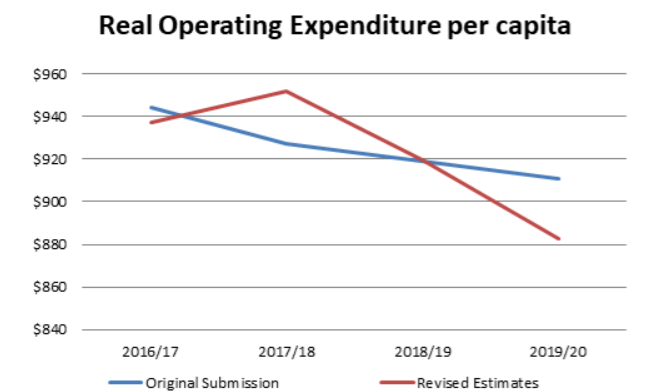
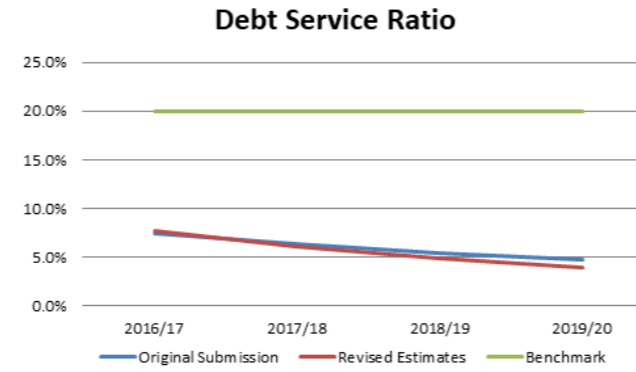
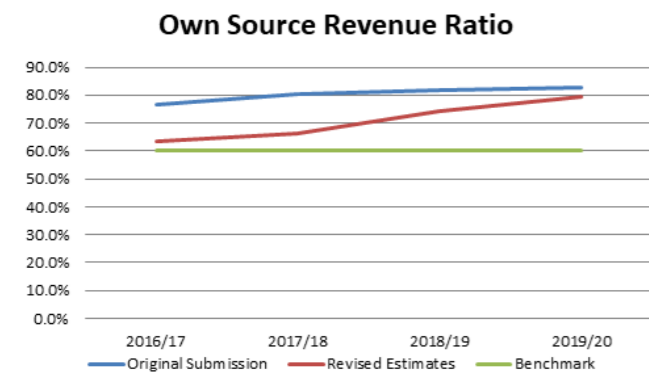
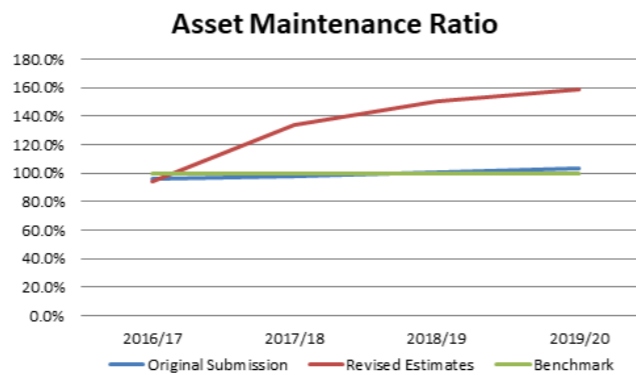
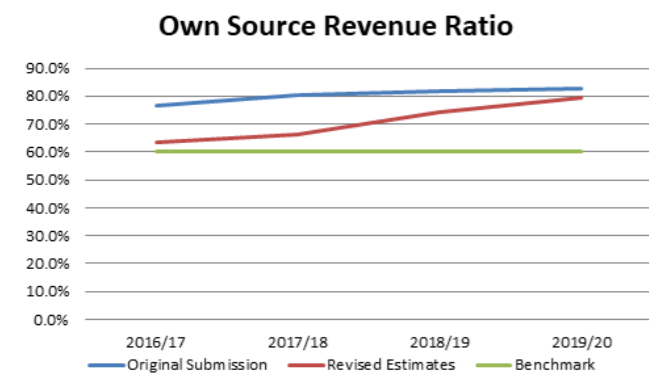
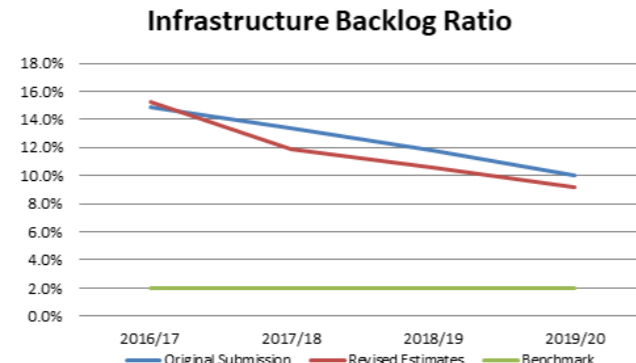
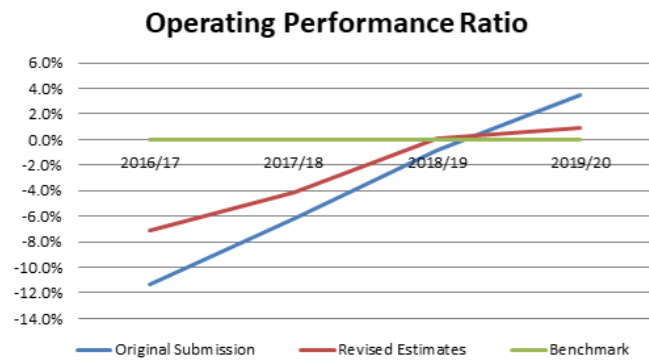
Infrastructure Backlog Ratio: The net effect of the healthy Asset Maintenance Ratio is a corresponding continued improvement (decrease) in the Infrastructure Backlog Ratio each year. It is currently predicted that this ratio will reach the 2% benchmark figure in 2024/25 (as originally predicted in Council's Fit for the Future submission).

Debt Service Ratio: Council's Debt Service Ratio has been adjusted to remove one-off non-cash effect of the unwinding of the present value discount due to the revaluation of Council's remediation assets. The adjusted ratio is 4.58x which far exceeds the benchmark minimum of 2.0x, indicating that Council has sufficient operating cash with which to meet its debt servicing obligations.

Real Operating Expenditure per Capita: This ratio is intended to indicate Council's efficiency by showing a continually decreasing average cost per resident each year. The four year graph shows a steadily decreasing trend, reflecting Council's predicted efficiency gains.

Expected improvement in performance

Measure/benchmark	2016/17	2017/18	2018/19	2019/20
Operating Performance Ratio				
(Greater than or equal to break-even average over 3 years)				
Original Projection (3 year average)	-11.4%	-6.2%	-0.8%	3.5%
Revised 3 year average	-7.1%	-4.1%	0.1%	0.9%
Own Source Revenue Ratio				
(Greater than 60% average over 3 years)				
Original Projection (3 year average)	76.5%	80.3%	82.0%	82.8%
Revised 3 year average	63.5%	66.5%	74.3%	79.3%
Building and Infrastructure Asset Renewal Ratio				
(Greater than 100% average over 3 years)				
Original Projection (3 year average)	97.3%	96.4%	102.4%	119.2%
Revised 3 year average	83.9%	94.1%	106.2%	104.5%
Infrastructure Backlog Ratio				
(Less than 2%)				
Original Projection (annual figures)	14.9%	13.4%	11.8%	10.0%
Revised annual ratio (16/17 actual + future year projections)	15.3%	11.9%	10.6%	9.1%
Asset Maintenance Ratio				
(Greater than 100% average over 3 years)				
Original Projection (3 year average)	96.0%	97.9%	100.4%	103.3%
Revised 3 year average	93.9%	133.5%	150.5%	158.5%
Debt Service Ratio				
(Greater than 0% and less than or equal to 20% average over 3 years)				
Original Projection (3 year average)	7.4%	6.4%	5.4%	4.8%
Revised 3 year average	7.7%	6.1%	4.8%	4.0%
Real Operating Expenditure per capita				
(A decrease in Real Operating Expenditure per capita over time)				
Original Projection (annual figures)	\$944.44	\$927.30	\$918.80	\$910.90
Revised annual ratio (16/17 actual + future year projections)	\$937.21	\$952.15	\$919.61	\$882.86



Planning Agreements

Planning Agreements are a Voluntary Agreement made between Council and a developer through which a developer provides a public benefit to Council in the form of money, works in kind or dedication of land.

Planning Agreements are often recognised in lieu of developer contributions required under Section 94 or Section 94A of the Environmental Planning and Assessment Act. Under Section 93G (5) of the Act Council is required to report on compliance with, and the effect of any Planning Agreements in force. In this reporting period 2 Planning Agreement(s) were executed by Council.

Details are as follows:

Parties	Land Affected	Purpose
Wollondilly Shire Council and Morris, Green, Turner, Focopu (12 June 2018)	20, 30, 40, 60 and 61 Marion Street, Thirlmere	OSD basin, dedication of basin land and \$207,550 monetary contribution for 35-years maintenance
Wollondilly Shire Council and Deemkies Pty Ltd	83 Menangle Street, Picton	Dedication of 1,074 sqm of open space zoned land fronting Stonequarry Creek

Community Grants Program

This provides the community with information on the contributions made by Council under Section 356 of the Local Government Act 1993.

Community Grant Projects Community Grants help local communities to build skills, identify opportunities and/or undertake actions for the social benefit of community members. Note: all amounts listed are exclusive of GST.

Community Grants

Organisation	Project	Amount
Buxton Community Association	Community Garden Fruit Trees	\$500
Buxton Community Association	Community Garden Mural	\$1,000
Buxton Community Association	Garden Blower, Whipper Snipper, Tools	\$500
Buxton Community Association	Mud Stomp Event	\$500
Buxton Community Association	Trestle Tables and Trolley	\$1,000
Community Links	School Breakfast Program	\$2,500
Community Links Wollondilly	International Women's Day	\$1,000
Community Links Wollondilly	Carefree Singers Songbooks	\$500
Community Links Wollondilly	Freestanding Basketball Hoop	\$500
Disability Macarthur	Carers Picnic	\$500
Menangle Community Association	Menangle Milkshake Up Event	\$3,000
Picton Masonic Lodge	Trailer	\$500
Picton Strings	Christmas Concert Performance	\$1,500
Picton Theatre Group	Lighting Upgrades and Installation	\$2,000
Picton Thirlmere Bargo RSL Sub Branch	6' x 3' Marquee	\$2,904
Southern Tablelands Arts	Symphony Music Performances	\$3,000
The Oaks Community Chamber of Commerce	Light Up The Oaks	\$3,000
The Oaks Historical Society	Drill Hall replacement Flooring	\$1,000
Warradale Men's Shed	Makita Tools	\$489
Warragamba Anzac Committee	Site Preparations for Memorial	\$1,000
Warragamba Pre School	COLA (Covered Outdoor Learning Area)	\$1,500
Warragamba Silverdale Neighbourhood Centre	Prostate Support Group	\$2,000
Wollondilly Arts Group	Affordable Art Workshops	\$3,000
Wollondilly Arts Group	Members Exhibition	\$1,000
Wollondilly Arts Group	Murals	\$1,500
Wollondilly Arts Group	Tahmoor Taipans Mural	\$1,000
Wollondilly Branch Fellowship of Australian Writers	Anthology of Works	\$500
Wollondilly Branch Fellowship of Australian Writers	Printer and Accessories	\$500
Wollondilly Cancer Support Group	Corflute Signage	\$450
		\$38,343

Donation Program

Organisation / Recipient	Project	Amount
Alexandra McCormack	Donation Australian Equestrian Interschool Championships	\$250
Alicia Basa	Donation BMX National Titles	\$250
Appin Public School P&C	Donation 150th Celebrations	\$500
Bailey Seckold	Donation BMX World Titles	\$250
Bega Valley Mayoral Appeal	Tathra Bushfires Appeal	\$1,000
Beyond Blue	Donation Men's Suicide Prevention Campaign	\$500
Brad Matthews	Donation National Inline Hockey Championships	\$250
Bridget Shearer	Donation National Sports Aerobics	\$250
Brock Attard	Donation Track & Field Tour	\$250
Buxton Community Association	Donation Family Fun Day	\$500
Elyse Wood	Donation Australian National Karate Championships	\$250
Flynn Day	Donation Pacific School Games	\$250
Hayley Magro	Donation NSW Netball Junior Nationals	\$250
Isla Basa	Donation BMX National Titles	\$250
Jacqueline Gay	Donation Female AFL Championships	\$500
Jaime Quinn	Donation Cheerleading Summit	\$250
Joel Pace	Donation USASF Cheerleading Worlds	\$250
Jorja Baker	Donation Pacific School Games	\$250
Kim Mills	Donation Hockey Australian Carnival	\$250
Kirra Bennett-Smith	Donation Australian Little Athletics Championships	\$250
Lisa Gerlan	Donation National Inline Hockey Championships	\$250
Picton Bowling Club	Donation Lawn Bowls Training Program	\$500
PJ French	Donation NSW PSSA Rugby League Championships	\$250
Priyadharshani Handunneththi	Donation Australian Junior Indoor Cricket Championships	\$250
Rebecca Seckold	Donation BMX National Titles	\$250
Ryan King	Donation Men's Softball World Championships	\$250
Sean Takiari	Donation National Inline Hockey Championships	\$250
Sebastian Moussa	Donation National Hockey Championships	\$250
Wollondilly Rural Fire Service Support Brigade	Donation Traffic Management	\$500
		\$9,500

Sponsorship Program

Organisation	Project	Amount
Rotary Police Awards	Sponsorship	\$1,200
Thirlmere Festival of Steam	Sponsorship 2017 Event	\$5,000
DamFest	Sponsorship 2017 Event	\$1,500
Parkrun Picton	Sponsorship 5km Walk/Run Event	\$200
St Marks Pioneer Cemetery Restoration Project	Sponsorship Cemetery Restoration Project	\$1,000
Picton Harmony	Sponsorship IDPWD Performance	\$400
Gymnastic Kids	Sponsorship Performance	\$1,000
Camden Wollondilly Relay for Life	Sponsorship Relay for Life	\$2,000
Picton High School	Sponsorship Science Fair	\$1,000
Variety Club of NSW – Graham Dempsey	Sponsorship Variety Club Bash	\$1,000
South West Sydney Academy of Sport	Sponsorship Wollondilly Program	\$11,000
Western Sydney University	Urban Planning Scholarship	\$2,000
Western Sydney University	Medical Prize	\$500
Western Sydney University	Medicine in Context Prize	\$1,500
		\$29,300

Mayoral School Citizenship Awards

School	Award	Amount
Appin Public School	School Citizenship Award	\$200
Bargo Public School	School Citizenship Award	\$200
Buxton Public School	School Citizenship Award	\$200
Cawdor Public School	School Citizenship Award	\$200
Douglas Park Public School	School Citizenship Award	\$200
Mount Hunter Public School	School Citizenship Award	\$200
Oakdale Public School	School Citizenship Award	\$200
Picton High School	School Citizenship Award	\$200
Picton Public School	School Citizenship Award	\$200
St Anthony's Primary School	School Citizenship Award	\$200
Tahmoor Public School	School Citizenship Award	\$200
The Oaks Public School	School Citizenship Award	\$200
Thirlmere Public School	School Citizenship Award	\$200
Warragamba Public School	School Citizenship Award	\$200
Wilton Public School	School Citizenship Award	\$200
Wollondilly Anglican College Primary	School Citizenship Award	\$200
Wollondilly Anglican College Secondary	School Citizenship Award	\$200
Yanderra Public School	School Citizenship Award	\$200
		\$3,600

Carols by Candlelight

Organisation	Project	Amount
Appin Chamber of Commerce	Carols by Candlelight	\$500
Buxton Community Association	Carols by Candlelight	\$500
Douglas Park Evangelical Church	Carols by Candlelight	\$500
Picton Uniting Church	Carols by Candlelight	\$500
Rotary Club Wollondilly North	Carols by Candlelight	\$500
St James Anglican Menangle	Carols by Candlelight	\$500
St Marks Anglican Church Appin	Carols by Candlelight	\$500
St Stephens Anglican Church	Carols by Candlelight	\$500
Warragamba Silverdale Neighbourhood Centre	Carols by Candlelight	\$500
Wilton Anglican Church	Carols by Candlelight	\$500
Wollondilly Anglican Parish	Carols by Candlelight	\$500
		\$5,500

Rates Subsidy

Organisation	Project	Amount
Buxton School of Arts Hall	Rates Subsidy	\$3,295
Menangle Community Association	Rates Subsidy	\$1,473
Thirlmere Returned Serviceman's League	Rates Subsidy	\$3,437
Warragamba Silverdale Neighbourhood Centre	Rates Subsidy	\$1,866
		\$10,070

Bushfire Hazard Reduction and Mitigation Activities

Council and its officers are most conscious of the obligations placed on them under the Rural Fires Act of 1997, especially those stipulated under Section 63 of that Act. Council's activities regarding Bushfire Hazard Reduction have a number of facets.

The two main actions are the grass slashing program undertaken on roadsides within the Shire and also the appropriate removal or thinning of vegetation. In 2017/18 Council's hazard reduction program involved hazard reduction and vegetation management on approximately 70km of roadsides.

Council has maintained and completed works in 8 reserves across the Shire to assist in mitigating the impacts of fire. The total value of this work was over \$330,000 funded by Council's Special Rate Variation and RFS Rural Fire Fighting Fund.

Council's activities involve supporting the Wollondilly Rural Fire Service with access to bushland areas as well as advice on the creation and maintenance of fire trails, other areas of surveillance and the reporting to Police of trail bike activities within Council and Crown bushlands which could lead to the ignition of bushfires.

Councillors and appropriate officers also participated in the regular meetings of the Wollondilly District Bushfire

Management Committee and as deemed appropriate by that Committee, undertake or manage any particular identified bushfire hazards.

Council participates with the Rural Fire Service in hazard reduction burning within reserves under Council's control and regularly participates in identification and management of Threatened Species in proposed hazard reduction sites on private and public lands.

Council officers are involved in the assessment of development applications which involve hazard reduction activities.

1,185 general and specific 'Approval to Burn Permits' were issued under the Protection of Environment Operations Act (Clean Air) Regulation 2010 and 901 General Approvals to Burn were issued in this reporting period.

The Environmental Services branch of Council participated proactively in the planning and resourcing of the hazard reduction program as a means to ensuring ecologically sustainable hazard reduction. A number of Council officers also participated in training and bushfire control exercises during the year.

Food Inspection Program

To improve food safety for our community, Council conducts food inspections throughout the year. Under the NSW Food Regulation partnership (an agreement with the NSW Food Authority), Council as a Category B Enforcement Agency has committed to inspect 100 percent of high and medium risk food businesses within the Shire and provide an annual report on the results.

Council issued 0 Prohibition Notices and 6 Improvement Notices under the Public Health Act for 2017/18. Council again delivered an inspection of all registered high and medium risk premises within the Shire.

There was a significant increase in 5, 4 and 3 star ratings under the Scores on Doors Program with most eligible food shop premises keen to participate in the program. There are 150 'high risk', 30 'medium risk' and 12 'low risk' categorised food businesses located in the Shire.

The following table records inspection results for the past four years:

	2017/18	2016/17	2015/16	2014/15
Primary inspections conducted	181	175	167	174
Business found satisfactory	159	148	127	148
Businesses found to be unsatisfactory	22	27	40	26
Prohibition or Improvement Notices issued	6	3	0	5

Swimming Pool Audit Program

Under the Swimming Pools Act 1992 No. 49, all councils in New South Wales must inspect swimming pool barriers to reduce childhood drownings.

Under the legislation local government has a regulatory responsibility for swimming pool safety. Councils must:

1. Conduct inspections every three years of swimming pools associated with tourist and visitor accommodation, as well as other multi-occupancy developments (including pools in hotels, motels, serviced apartments, backpacker accommodation and unit complexes). This is considered necessary as pools co-located with these types of activities are perceived as having a higher risk due to more frequent use by a wider range of people.
2. Each Council area must develop an inspection program in consultation with its community regarding the frequency of swimming pool inspections of privately owned pools.

3. Council in accordance with the Swimming Pools Act must begin investigation of complaints within 72 hours after receiving a complaint.
4. Council has traditionally had a regulatory and enforcement role to ensure community safety in accordance with the provisions of the Swimming Pools Act and Swimming Pools Regulations. This is proposed to continue under the inspection program through surveillance programs and local knowledge.
5. Council's participation with the NSW Swimming Pool Register will include updating information on the register as appropriate.
6. Non-compliant swimming pool barriers will be handled under the provisions of the Swimming Pools Act and Council's Compliance Policy.

In accordance with this legislation, Council has conducted 92 pool inspections through the Swimming Pool Audit Program.

Companion Animals

Council is active in promoting responsible pet ownership. This is an area of particular interest to the community and it is important that Council provides appropriate information about activities and programs we have undertaken.

Council's pound data collection returns were lodged with the Office of Local Government. Council's data relating to dog attacks was lodged with the Office of Local Government through the NSW Companion Animals Register.

There were a total of 121 incidents reported for dog attacks/menacing behaviour; 4 dogs were declared dangerous and 11 declared menacing.

Companion animal community education programs carried out by Council provided information sheets on topics including:

- Micro chipping and registration
- Responsibility of dog owners
- Controlling nuisance barking
- Noise nuisance from barking dogs
- Information on cats and education on management of cats to reduce impacts on wildlife.

Council's Inaugural "Doggy Day Out" was held on 17 March 2018 with an estimated 1000 people in attendance. Despite the unseasonal hot weather, the event was very well received and included presentations on 'How to be Good with Dogs' by Baching Dog and 'Basic Obedience Training' by For Paws Sake. There were also demonstrations by Wollondilly All Breeds. Free micro-chipping for dogs was available. The Mayor judged the Dog Pageant.

There were 34 stall holders including vets, animal rescue organisations, dog trainers, dog food and treat suppliers, dog accessories, dog minding/care/walking services and food/beverage stalls.

Council annually delivers a school education program "Dog Safety" as part of its annual program for school aged children. These sessions provide information on identifying dog behaviour, appropriate behaviour around dogs and how to safely meet and greet a dog that is under effective control with a handler. Students are provided hands on opportunities to practice meeting a dog.

Council's resident Border collie and one of Council's favourite employees "Dodge" was retired earlier in the year after many years of faithful service. Dodge has been used to assist in stock control, temperament assessment of other dogs and for dog handling educational demonstrations at schools.

A 2 year old Kelpie 'Buck Sant' has been introduced to the Animal Shelter to assist in these duties.

Council also conducts a volunteer program at the Animal Shelter for interested persons. Council has provided a number of free micro chipping days for

residents of the Shire. Preparation for the day included displaying flyers at local vets, pet stores, community notice boards, social media advertising, website advertising and newspaper advertising. The advertising material displayed information about the importance of micro chipping and registering your dog or cat.

Strategies Council has in place to ensure Registration of animals under the Companion Animals Act. An on-going audit program is undertaken to ensure the Companion Animals are registered within 6 months as per the Companion Animals Legislation. Failure to register an animal after the issue of two reminders results in the issue of Penalty Infringement Notice (PIN). A total of 372 PINs were issued during the year for non-registration of dogs and cats.

Strategies in place to comply with the requirement under Section 64 of the Companion Animals Act: to seek alternatives to euthanasia for unclaimed animals.

In an attempt to reduce the number of animals brought to the shelter, Council has a procedure in place that any animal found straying will be scanned in the field and if micro chipped and a "first time offender" an attempt is made to contact the owner to avoid unnecessary impoundment. Council runs a "Pet of the Week" advertisement in the Wollondilly Advertiser.

Numerous other Companion Animal promotional articles have been published this year in local newspapers. Council routinely prepares a flyer of all found dogs and cats. These flyers are given to local businesses, advertised on local noticeboards and in Council's foyer. All dogs and cats available for adoption from the Animal Shelter are posted on social media on a weekly basis with the animal's photo and information.

Council's website is routinely updated with dogs/cats available for re-homing. Liaison with welfare agencies occurred through phone and email contact and a strong working relationship developed with rescue agencies such as the NSW Animal Rescue, in an attempt to rehome dogs and cats.

101 dogs were re-housed in 2017/18 and there were 80 less dogs impounded than in 2016/17 and 133 less dogs impounded than in 2015/2016. 64% of these dogs were re-homed to their owners indicating that Council's audit program of registration is having effective results. In total 90% of all dogs were either returned to owners, sold or rehomed.

The Shelter is open both on a Saturday and Sunday morning and also each afternoon for 1.5 hours to enable viewing of animals for sale, rehoming or release to owners. Council works in co-operation with the public and agencies to enable access to the Shelter at other times, whenever possible. Council's staff and volunteers exercise and socialise with the dogs on a daily basis.

Wollondilly Workforce Diversity

Council recognises that its people are the most important asset to the organisation and is committed to the promotion of workforce diversity. Our vision is to build a safe, supported and resilient workforce ensures we provide efficient and effective services to the Wollondilly community.

Council employs 225 permanent staff across a number of disciplines. We also engage a number of temporary and casual employees. Council offers a variety of employment opportunities for people at all stages of their career.

In 2017/18 these have included an increasing number of entry level positions (in various traineeship and apprenticeships), clerical, outdoor operational, skilled technical, paraprofessional and managerial roles. The average age of our workforce is 46.8. Council provides equal employment opportunities for all staff.

The ratio of male to female is 52% male to 48% female spread across the organisation.

Council actively encourages the health and wellbeing of staff and promotion of work/life balance. As part of our recent staff engagement survey, 82% participated. Of the 82% a large majority of staff indicated that work/life balance was the primary reason they were attracted to working at Council.

Council offers staff a comprehensive Flex Time program. In addition to this program, there are also a number of staff on flexible working agreements to help accommodate their respective family and caring responsibilities.

Our Staff Health and Wellbeing Program continues to offer a variety of activities to cater for our diverse workforce and their interests. Various lunchtime fitness and social activities have now been offered to staff for the third consecutive year of the program. Other staff wellbeing initiatives include immunisations, Men's health awareness and annual skin cancer checks.

Within the last year there has been a significant focus/emphasis on the creation of Employee Relations frameworks and policies which formalise our organisational values and workplace culture to promote and encourage high performance consistent with Council's vision. In keeping with this, Council has delivered a comprehensive program of mandatory Governance training to the staff, Executive and Councillors around Code of Conduct to support our growth as a Council in the coming years.

Workplace Health and Safety

Wollondilly Shire Council will so far as is reasonably practicable, exert every effort to proactively seek out and eliminate hazards in the workplace. Where this is not possible, implement safe systems of work to reduce the exposure of staff, contractors, volunteers and visitors to risk of harm at all Council worksites.

Managing Work Health and Safety risks is a daily undertaking and 2017/18 saw Council for the first time achieve Corporate WHS objectives in all of our target areas. Significant reductions were achieved in the number, frequency and duration of lost time accidents and workers compensation claims.

There was one reportable incident notified to the Regulator during the reporting period, which was resolved to the satisfaction of the Regulator.

Council has a proactive approach to WHS and continues to seek out every opportunity, improve our systems and processes to reduce the risk of injury to staff and others in the workplace.

Some of the key WHS programs undertaken during the reporting period include:

- A number of electric power tools were replaced with battery tools to reduce the risk of electrical hazards
- Adhoc shelving in numerous storage areas was replaced with proper load rated shelving

- The Depot forklift was replaced with a new all-terrain forklift with improved functions to enhance safety & usability for the operator
- A defibrillator was purchased for the Community Nursery, bringing to a total of 9 now in various locations
- Stairs & a proper aluminum walkway was installed on the roof of the Administration building to provide safe access to plant for tradespeople
- A bulk oil storage system was installed in the Depot Workshop, removing a manual handling issue with 205lt drums
- An additional loading ramp was installed at the Depot Store to improve external loading and improve internal storage
- Organized on site Stroke Check assessments for staff
- Run annual skin cancer check program for Operational staff
- Run annual Fluvax program for staff
- Return to work training for Managers & Supervisors conducted
- WHS for Managers & Supervisors Training conducted
- Implementation of Fitness Passport Program
- Scoping of a new electronic WHS Management system – Vault

Risk Management

Council is committed to implementing an effective risk management strategy that will benefit the community and improve the efficiency and safety of our operations. Risk management creates value for a local government and its community by effectively managing enterprise risks to pursue opportunities for improvement while minimising adverse impacts.

It is an integral part of good management practice and an essential element of sound corporate governance. We have undertaken a number of key risk management activities during the reporting period;

- Underwent Insurance Risk profiling program that

resulted in two additional covers being taken out

- Underwent a Risk & Maturity Audit Assessment to identify gaps in our Risk management processes
- Participated in a scenario exercise to test our Business Continuity Planning
- Undertook internal Control Assessment audits with all Business Units to validate existing controls are still effective & identify new risks & controls
- Participated in an Inland Water Ways Risk Assessment program with Rural Life Saving re Mermaids Pool & Potholes Reserve

Claims by type during the reporting period:

Professional Indemnity	Public Liability	Property	Motor Vehicle
0	25	0	17

Audit, Risk and Improvement Committee

Effective corporate governance arrangements are essential to the performance, integrity and transparency of our Council.

During this reporting period Council commenced an expression of interest for an external member of the ARIC. The process was completed in June 2018 with a new member selected for a four (4) year period commencing in the next reporting period.

The ARIC adopted its 4 year Strategic Internal Audit Plan in 2016. The purpose of developing an Audit Plan is to have a program of rolling audits completed by an independent auditor; designed to add value and improve organisational operations.

During the reporting period the ARIC monitored the progress in relation to the implementation of the Strategic

Internal Audit Plan and examined a number of Council's operations.

These included:

- Capital Works including the Special Rate Variation
- Quarterly Budget Reviews
- Growth Updates
- Continuous Improvement Program
- Post Project Review – Broughton Pass
- Section 149 Certificates
- Development Control

The ARIC provides a high level of independent assurance of identified high risk activities of Council's operations.

Government Information – Public Access Act (GIPA)

The objective of the GIPA Act is to maintain and advance a system of responsible and representative democratic Government that is open, accountable, fair and effective.

Statistical Information

Wollondilly Shire Council received a total of 17 GIPAA applications for the year ending 30 June 2018. This included withdrawn applications but not invalid applications.

Documents held by Council

In keeping with the intent of the GIPA Act, Council is committed to the proactive release of government information it holds, to the public. A wide range of government information in both hard copy and electronic format in respect of functions undertaken by Council is listed in the Wollondilly Information Guide 2018 which is available on Council's website.

Proactive Release Program

Section 7(3) of the GIPA Act requires Council to undertake a review of its proactive release program at intervals of not more than 12 months.

The proactive release program identifies the kinds of government information Council holds that in the public interest can be made publicly available without imposing unreasonable additional costs on council resources. A review of the information council proactively releases was carried out in 2017/18.

The results of this review are outlined below:

Popular Links

Topical information the public have identified as commonly used such as – M9 Orbital; DA Tracker; Council Meetings LIVE; Transport Capital Works Programme; Pay My Rates; Wollondilly Library

Featured Programs

5 Ways to Wellbeing; Bringing the Magic of Books to Picton Library; Save Our Koalas; Annual Garden Competition; Wollondilly's Summer Beach Bus; Stonequarry Creek Clean Up

What's On – Local Events

Creative Traders Markets; Steam Train Rides; Appin Koala Picnic Day & Village Fair; Local Reflections of Warragamba Art Competition; Connecting Wollondilly Expo; NBN Community Information Session; Stars in the Garden; Illuminate Wollondilly 2018

What we're advocating for

Wilton New Town: Public Transport; Local Jobs; Health Care Precinct; Protection of Koala's; Infrastructure

GIPA Act Schedule 2

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
Media	0	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0	0
Private Sector Businesses	2	0	0	2	0	0	0	1	5
Not for Profit organisations or community groups	0	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	1	0	1	0	0	0	2	4
Members of the public (other)	6	1	2	3	0	2	0	3	17
Total	8	2	2	6	0	2	0	6	26

*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 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
Personal Information	1	0	0	0	0	0	0	1	2
Access applications (other the personal information applications)	7	2	2	6	0	2	0	5	24
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0
Total	8	2	2	6	0	2	0	6	26

**A 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). The total number of decisions in Table B should be the same as Table A.

Table C: Invalid Applications

Reason for Invalidity	Number of Applications
Application does not comply with formal requirements (section 41 of the Act)	\$10,056,863
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Total number of invalid applications received	0

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

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	1
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

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

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

	Number of occasions when application not successful
Responsible and effective government	1
Law enforcement and security	1
Individual rights, judicial processes and natural justice	3
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness

	Number of Applications
Decided within the statutory timeframe (20 days plus any extensions)	16
Decided after 35 days (by agreement with applicant)	2
Not decided within time (deemed refusal)	0
Total	18

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

	Decision Varied	Decision Upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	2	1	3
Internal review following recommendation under section 93 of Act	1	1	2
Review by NCAT	0	0	0
Total	3	2	5

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

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

	Number of applicants for review
Applications by access applicants	3
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Table I: Applications transferred to out agencies

	Number of applicants for review
Agency – Initiated Transfers	0
Applicant – Initiated Transfers)	0

Privacy and Personal Information Protection

The Privacy and Personal Information Protection (PPIP) Act requires New South Wales public sector agencies and their staff to protect personal information. The Act describes how this protection should happen, and includes having a Privacy Management Plan.

Council's Privacy Management Plan outlines how private information is handled and how to deal with public requests.

There was 1 internal notification of a breach of privacy during the reporting period.

Public Interest Disclosures Act

The Public Interest Disclosures Act 1994 (PID Act) sets up a scheme for people who work in the NSW public sector (e.g. in a council or Councillors) to come forward with important information.

All Australian government agencies, Commonwealth companies and public authorities have responsibilities under the Act.

These include establishing effective and clearly articulated internal procedures for facilitating and responding to public interest disclosures. Council meets this obligation through its Internal Reporting Policy and Internal Reporting Procedure.

Council has a Corporate Governance Toolkit on its intranet which holds information and resources for Staff and Nominated Disclosure Officers on how to make an Internal Report; how to investigate reports and tools to manage Public Interest Disclosures.

Councils Internal reporting process is included in our staff induction program. An awareness PowerPoint is distributed periodically to all staff across the organisation for their information.

The following table details categories and numbers of Public Interest Disclosures for this reporting period:

Category of PID's	Made by public officials performing their day to day functions	Under a statutory or other legal obligation	All other PID's
Number of Public Officials who made PIDs to Council	2	1	0
Number of PIDs received by Council in total	2	1	0

The number of public interest disclosures received by the council in total and the number of public interest disclosures received by the council relating to each of the following:

Corrupt Conduct	0	1	0
Maladministration	0	0	0
Serious and substantial waste of public money or local government money (as appropriate)	2	0	0
Government information contraventions	0	0	0
The number of public interest disclosures (received since 1 January 2012) that have been finalised by the council	0	3	0



**ANNUAL FINANCIAL
STATEMENTS**

4

**S
E
C
T
I
O
N**



ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2018

Wollondilly Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018



Wollondilly Shire Council

General Purpose Financial Statements for the year ended 30 June 2018

Contents	Page
1. Understanding Council's Financial Statements	2
2. Statement by Councillors and Management	3
3. Primary Financial Statements:	
– Income Statement	4
– Statement of Comprehensive Income	5
– Statement of Financial Position	6
– Statement of Changes in Equity	7
– Statement of Cash Flows	8
4. Notes to the Financial Statements	9
5. Independent Auditor's Reports:	
– On the Financial Statements (Sect 417 [2])	67
– On the Conduct of the Audit (Sect 417 [3])	70

Overview

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

62-64 Menangle Street
Picton NSW 2571

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.wollondilly.nsw.gov.au.

Wollondilly Shire Council

General Purpose Financial Statements for the year ended 30 June 2018

Understanding Council's financial statements

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.

More information

A review of Council's financial performance and position for the 17/18 financial year can be found at Note 22 of the financial statements.

Wollondilly Shire 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 15 October 2018.


Cr J Hannan
Mayor
15 October 2018


Cr B Briggs
Councillor
15 October 2018


L Johnson
General Manager
15 October 2018


A Christie
Responsible Accounting Officer
15 October 2018

Wollondilly Shire Council

Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Income from continuing operations				
Revenue:				
39,568	Rates and annual charges	3a	40,447	36,428
5,717	User charges and fees	3b	5,840	5,487
1,892	Interest and investment revenue	3c	1,788	1,697
701	Other revenues	3d	1,747	1,940
7,554	Grants and contributions provided for operating purposes	3e,f	7,515	10,539
6,122	Grants and contributions provided for capital purposes	3e,f	14,357	9,255
Other income:				
–	Net gains from the disposal of assets	5	271	26
61,554	Total income from continuing operations		71,965	65,372
Expenses from continuing operations				
22,642	Employee benefits and on-costs	4a	20,796	20,433
883	Borrowing costs	4b	6,762	1,706
15,153	Materials and contracts	4c	19,603	16,170
12,528	Depreciation and amortisation	4d	20,611	12,581
5,416	Other expenses	4e	4,806	4,719
56,622	Total expenses from continuing operations		72,578	55,609
4,932	Operating result from continuing operations		(613)	9,763
4,932	Net operating result for the year		(613)	9,763
(1,190)	Net operating result for the year before grants and contributions provided for capital purposes		(14,970)	508

Wollondilly Shire Council

Statement of Comprehensive Income
for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Net operating result for the year (as per Income Statement)		(613)	9,763
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9	27,674	–
Total items which will not be reclassified subsequently to the operating result		27,674	–
Amounts that will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the year		27,674	–
Total comprehensive income for the year		27,061	9,763

Wollondilly Shire Council

Statement of Financial Position
as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	6a	6,229	3,302
Investments	6b	37,250	32,250
Receivables	7	8,176	4,093
Inventories	8	2,000	2,185
Other	8	199	246
Total current assets		53,854	42,076
Non-current assets			
Investments	6b	16,547	22,154
Infrastructure, property, plant and equipment	9	465,389	439,706
Total non-current assets		481,936	461,860
TOTAL ASSETS		535,790	503,936
LIABILITIES			
Current liabilities			
Payables	10	7,130	6,255
Income received in advance	10	211	204
Borrowings	10	1,668	1,559
Provisions	11	6,164	6,400
Total current liabilities		15,173	14,418
Non-current liabilities			
Borrowings	10	9,528	11,196
Provisions	11	19,561	13,855
Total non-current liabilities		29,089	25,051
TOTAL LIABILITIES		44,262	39,469
Net assets		491,528	464,467
EQUITY			
Accumulated surplus		323,257	323,870
Revaluation reserves		168,271	140,597
Total equity		491,528	464,467

Wollondilly Shire Council

Statement of Changes in Equity
for the year ended 30 June 2018

\$ '000	Notes	2018		2017		Total equity
		Accumulated surplus	IPP&E revaluation reserve	Accumulated surplus	IPP&E revaluation reserve	
Opening balance		323,870	140,597	314,107	140,597	454,704
Net operating result for the year		(613)	-	9,763	-	9,763
Other comprehensive income		-	27,674	-	-	-
- Gain (loss) on revaluation of IPP&E	9	-	27,674	-	-	-
Other comprehensive income		(613)	27,674	9,763	-	9,763
Total comprehensive income (c&d)		(613)	27,674	9,763	-	9,763
Equity – balance at end of the reporting period		323,257	168,271	323,870	140,597	464,467

This statement should be read in conjunction with the accompanying notes.

page 7

Wollondilly Shire Council

Statement of Cash Flows
for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Cash flows from operating activities				
Receipts:				
39,410		Rates and annual charges	40,328	36,652
5,520		User charges and fees	5,060	5,181
1,617		Investment and interest revenue received	1,775	1,675
13,316		Grants and contributions	20,530	19,288
-		Bonds, deposits and retention amounts received	219	-
697		Other	2,428	4,712
Payments:				
(22,155)		Employee benefits and on-costs	(21,106)	(21,085)
(15,123)		Materials and contracts	(20,967)	(17,969)
(886)		Borrowing costs	(6,060)	(923)
-		Bonds, deposits and retention amounts refunded	-	(93)
(5,416)		Other	(1,484)	(3,740)
16,980		Net cash provided (or used in) operating activities	20,723	23,698
		13b		
Cash flows from investing activities				
Receipts:				
-		Sale of investment securities	34,807	29,780
-		Sale of infrastructure, property, plant and equipment	278	42
Payments:				
-		Purchase of investment securities	(34,200)	(37,500)
(17,068)		Purchase of infrastructure, property, plant and equipment	(17,122)	(13,430)
(17,068)		Net cash provided (or used in) investing activities	(16,237)	(21,108)
Cash flows from financing activities				
Receipts:				
1,000		Proceeds from borrowings and advances	-	-
120		Proceeds from finance leases	-	-
Payments:				
(1,631)		Repayment of borrowings and advances	(1,559)	(1,815)
(19)		Repayment of finance lease liabilities	-	-
(530)		Net cash flow provided (used in) financing activities	(1,559)	(1,815)
(618)		Net increase/(decrease) in cash and cash equivalents	2,927	775
1,843		Plus: cash and cash equivalents – beginning of year	3,302	2,527
1,225		Cash and cash equivalents – end of the year	6,229	3,302
		13a		
Additional Information:				
		plus: Investments on hand – end of year	53,797	54,404
		6b		
		Total cash, cash equivalents and investments	60,026	57,706

This statement should be read in conjunction with the accompanying notes.

page 8

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Basis of preparation	10
2(a)	Council functions/activities – financial information	13
2(b)	Council functions/activities – component descriptions	14
3	Income from continuing operations	15
4	Expenses from continuing operations	21
5	Gains or losses from the disposal of assets	25
6(a)	Cash and cash equivalent assets	25
6(b)	Investments	26
6(c)	Restricted cash, cash equivalents and investments – details	27
7	Receivables	28
8	Inventories and other assets	29
9	Infrastructure, property, plant and equipment	31
10	Payables and borrowings	34
11	Provisions	36
12	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	39
13	Statement of cash flows – additional information	40
14	Commitments for expenditure	41
15	Contingencies and other liabilities/assets not recognised	42
16	Financial risk management	46
17	Material budget variations	50
18	Fair value measurement	52
19	Related party transactions	57
20	Statement of developer contributions	59
21(a)	Statement of performance measures – consolidated results	62
	Additional council disclosures (unaudited)	
21(b)	Statement of performance measures – consolidated results (graphs)	63
22	Financial review	65
23	Council information and contact details	66

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 15 October 2018.

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these 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 19 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 17 – 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

Wollondilly Shire 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 infrastructure, property, plant and equipment – refer Note 9,
- (ii) estimated tip remediation provisions – refer Note 11,
- (iii) employee benefit provisions – refer Note 11.

Significant judgements in applying the Council's accounting policies

- (iv) 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.

Due to their immaterial value and nature, Council's Management Committees have been excluded from this consolidation.

(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.

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

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.

Wollondilly Shire Council

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

Note 1. Basis of preparation (continued)

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.

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.

Council does not expect the introduction of this standard 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.

Wollondilly Shire 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
Sustainable and Balanced Growth	8,865	8,046	8,336	8,207	529	(161)	–	–	1,219	1,229
Management & Provision of Infrastructure	13,424	10,164	30,514	28,066	(17,090)	(17,902)	3,743	2,610	443,909	432,389
Caring for the Environment	9,455	8,857	23,618	9,735	(14,163)	(878)	213	378	9,532	4,597
Looking after the Community	1,084	1,216	4,176	4,151	(3,092)	(2,935)	544	587	1,977	1,885
Efficient and Effective Council	1,176	1,133	5,934	5,450	(4,758)	(4,317)	–	–	79,153	63,836
General Purpose	37,961	35,956	–	–	37,961	35,956	4,010	5,619	–	–
Total functions and activities	71,965	65,372	72,578	55,609	(613)	9,763	8,510	9,194	535,790	503,936

page 13

Wollondilly Shire 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:

Sustainable and Balanced Growth

Outcomes/Objectives:

1. A built environment that supports liveable communities, respects the character, setting and heritage of our towns and villages and retains the vision of Rural Living.
2. A unique environment and rural landscape balanced with managed growth that is consistent with Council's position on Growth and vision of Rural Living.
3. A strong local economy providing employment and other opportunities.
4. Expansion of employment and other opportunities based on the Shire's natural assets, strong agricultural base and tourism potential.
5. A strong and viable agricultural sector supported by the protection and preservation of agricultural assets and resources.

Management & Provision of Infrastructure

Outcomes/Objectives:

1. Infrastructure that is safe, accessible and fit for purpose.
2. Infrastructure that is sustainably maintained.
3. Infrastructure that delivers upon the expectations and needs of our growing community.

Caring for the Environment

Outcomes/Objectives:

1. An environment that is valued, preserved and protected, with new planning and development proposals supporting these values.
2. A community that is engaged with and cares about their environment.

Looking after the Community

Outcomes/Objectives:

1. Access to a range of activities, services and facilities.
2. Communities that are engaged, cohesive, included, and have a sense of belonging.
3. Communities that are healthy, happy and feel safe.

Efficient and Effective Council

Outcomes/Objectives:

1. Government, community and business talking and working together.
2. A Council that demonstrates good business management and ethical conduct.
3. A Council that is viewed by the community as transparent, accountable and responsive to their concerns.

Wollondilly Shire Council

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

Note 3. Income from continuing operations

\$ '000	2018	2017
(a) Rates and annual charges		
Ordinary rates		
Residential	28,865	25,785
Farmland	932	839
Mining	1,468	1,340
Business	1,524	1,312
Less: pensioner rebates (mandatory)	(327)	(336)
Less: pensioner rebates (Council policy)	(374)	(384)
Total ordinary rates	32,088	28,556
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	8,438	7,977
Stormwater management services	324	309
Waste management services (non-domestic)	163	148
Section 611 charges	13	13
Less: pensioner rebates (Council policy)	(579)	(575)
Total annual charges	8,359	7,872
TOTAL RATES AND ANNUAL CHARGES	40,447	36,428

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.

Wollondilly Shire Council

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

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(b) User charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Animal registration fees	206	60
Planning and building regulation	1,934	1,786
Rezoning fees	50	153
Section 149 certificates (EPA Act)	154	149
Section 603 certificates	83	82
Septic tank fees	171	212
Other	158	147
Total fees and charges – statutory/regulatory	2,756	2,589
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Cemeteries	109	97
Children services	456	449
Contract works	21	35
Development management	254	170
Leaseback fees – Council vehicles	298	281
Leisure centre	–	23
Plan checking fees	398	418
Restoration charges	55	46
Royalties	192	309
Waste disposal tipping fees	1,143	887
Other	158	183
Total fees and charges – other	3,084	2,898
TOTAL USER CHARGES AND FEES	5,840	5,487

Accounting policy for user charges and fees

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

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(c) Interest and investment revenue (including losses)		
Interest		
– Overdue rates and annual charges (incl. special purpose rates)	201	207
– Cash and investments	1,587	1,490
TOTAL INTEREST AND INVESTMENT REVENUE	1,788	1,697
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	201	207
General Council cash and investments	842	822
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	500	430
Domestic waste management operations	187	178
Restricted investments/funds – internal:		
Internally restricted assets	58	60
Total interest and investment revenue recognised	1,788	1,697
Accounting policy for interest and investment revenue		
Interest income is recognised using the effective interest rate at the date that interest is earned.		
(d) Other revenues		
Rental income – other council properties	609	567
Fines	311	358
Legal fees recovery – rates and charges (extra charges)	231	148
Legal fees recovery – other	60	56
Commissions and agency fees	36	34
Diesel rebate	33	33
Insurance claim recoveries	65	419
Insurance premium rebate	211	111
Reimbursements	99	117
Other	92	97
TOTAL OTHER REVENUE	1,747	1,940

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.

Wollondilly Shire 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
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance	1,856	3,541	–	–
Payment in advance – future year allocation				
Financial assistance	1,910	1,826	–	–
Other				
Pensioners' rates subsidies – general component	244	252	–	–
Total general purpose	4,010	5,619	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Domestic waste management	77	84	–	–
Bushfire and emergency services	320	320	–	–
Child care	207	198	–	–
Community services	201	254	–	–
Environmental management	136	294	–	–
Library	136	134	–	–
LIRS subsidy	205	240	–	–
Recreation and culture	11	–	–	–
Street lighting	84	82	–	–
Transport (roads to recovery)	–	–	1,230	1,963
Transport (other roads and bridges funding)	13	–	1,880	5
Other	–	1	–	–
Total specific purpose	1,390	1,607	3,110	1,968
Total grants	5,400	7,226	3,110	1,968
Grant revenue is attributable to:				
– Commonwealth funding	3,961	5,523	3,110	1,963
– State funding	1,434	1,688	–	5
– Other funding	5	15	–	–
	5,400	7,226	3,110	1,968

Wollondilly Shire 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
(f) Contributions				
Developer contributions: (s7.4 & s7.11 – EP&A Act, s64 of the LGA):				
Cash contributions				
S 7.4 – contributions using planning agreements	–	–	328	743
S 7.11 – contributions towards amenities/services	–	–	5,260	3,626
S 7.12 – fixed development consent levies	–	–	186	139
Total developer contributions – cash	–	–	5,774	4,508
Other contributions:				
Cash contributions				
Bushfire services	122	308	1,233	240
Community services	9	189	–	–
Dedications – subdivisions (other than by s7.11)	–	–	1,315	1,061
Environmental management	49	654	–	–
Kerb and gutter	–	–	922	30
Recreation and culture	–	7	360	89
Roads and bridges	–	–	968	830
RMS contributions (regional roads, block grant)	1,935	2,155	675	529
Total other contributions – cash	2,115	3,313	5,473	2,779
Total contributions	2,115	3,313	11,247	7,287
TOTAL GRANTS AND CONTRIBUTIONS	7,515	10,539	14,357	9,255

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 above.

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.

Wollondilly Shire Council

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

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	2,950	1,007
Add: operating grants recognised in the current period but not yet spent	163	346
Add: operating grants received for the provision of goods and services in a future period	1,910	1,826
Less: operating grants recognised in a previous reporting period now spent	(2,128)	(229)
Unexpended and held as restricted assets (operating grants)	2,895	2,950
Capital grants		
Unexpended at the close of the previous reporting period	168	265
Add: capital grants recognised in the current period but not yet spent	57	147
Less: capital grants recognised in a previous reporting period now spent	(6)	(244)
Unexpended and held as restricted assets (capital grants)	219	168
Contributions		
Unexpended at the close of the previous reporting period	21,001	17,681
Add: contributions recognised in the current period but not yet spent	6,701	5,415
Less: contributions recognised in a previous reporting period now spent	(971)	(2,095)
Unexpended and held as restricted assets (contributions)	26,731	21,001

Wollondilly Shire Council

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

Note 4. Expenses from continuing operations

\$ '000	Notes	2018	2017
(a) Employee benefits and on-costs			
Salaries and wages		19,999	19,139
Employee leave entitlements (ELE)		571	7
Superannuation		2,005	1,957
Workers' compensation insurance		414	436
Fringe benefit tax (FBT)		64	132
Training costs (other than salaries and wages)		185	195
Employment advertising		149	128
Other		30	17
Total employee costs		23,417	22,011
Less: capitalised costs		(2,621)	(1,578)
TOTAL EMPLOYEE COSTS EXPENSED		20,796	20,433
Number of 'full-time equivalent' employees (FTE) at year end		241	233

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 15 for more information.

(b) Borrowing costs	2018	2017
(i) Interest bearing liability costs		
Interest on loans	810	913
Total interest bearing liability costs expensed	810	913
(ii) Other borrowing costs		
Discount adjustments relating to movements in provisions (other than ELE)		
– Remediation liabilities	11 5,952	793
Total other borrowing costs	5,952	793
TOTAL BORROWING COSTS EXPENSED	6,762	1,706

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.

Wollondilly Shire Council

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

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(c) Materials and contracts		
Raw materials and consumables	9,759	6,269
Contractor and consultancy costs		
– Environmental services	913	1,008
– General maintenance	4,570	2,299
– Leisure centre management	203	172
– Planning and development consultants	169	166
– Planning and development contractors/labour hire	896	774
– Road maintenance and construction	7,251	6,735
– Street and gutter cleaning contract	243	195
– Waste contractors	6,360	6,386
– Other	1,257	1,037
Auditors remuneration ⁽²⁾	123	102
Legal expenses:		
– Legal expenses: planning and development	467	790
– Legal expenses: other	387	358
Operating leases:		
– Operating lease rentals: minimum lease payments ⁽¹⁾	829	816
Total materials and contracts	33,427	27,107
Less: capitalised costs	(13,824)	(10,937)
TOTAL MATERIALS AND CONTRACTS	19,603	16,170

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:

Computers	295	309
Motor vehicles	534	507
	829	816

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	49	44
Total Auditor-General remuneration	49	44

Non NSW Auditor-General audit firms:

- Audit and other assurance services		
Internal audit services external provider	74	58
Total remuneration of non NSW Auditor-General audit firms	74	58

Total Auditor remuneration

123	102
------------	------------

Wollondilly Shire Council

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

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
(d) Depreciation, amortisation and impairment			
Depreciation and amortisation			
Plant and equipment		391	462
Office equipment		15	24
Furniture and fittings		55	58
Land improvements (depreciable)		53	50
Infrastructure:			
– Buildings – non-specialised		844	722
– Buildings – specialised		1,029	1,009
– Roads		6,063	5,986
– Bridges		727	724
– Footpaths		330	324
– Other road assets		2,164	2,145
– Stormwater drainage		458	457
– Swimming pools		75	75
– Other open space/recreational assets		529	508
Other assets		24	37
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	9 & 11	7,854	–
TOTAL DEPRECIATION AND AMORTISATION COSTS		20,611	12,581

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 9 for IPPE assets.

Impairment of non-financial assets

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.

Impairment of financial assets

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Wollondilly Shire Council

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

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(e) Other expenses		
Advertising	170	152
Agency charges	68	64
Bad and doubtful debts	36	13
Bank charges	52	48
Computer software charges	483	390
Contributions/levies to other levels of government		
– Department of planning levy	52	51
– Emergency services levy (includes FRNSW, SES, and RFS levies)	645	639
– Section 88 waste and environment levy	455	364
Councillor expenses – mayoral fee	46	35
Councillor expenses – councillors' fees	185	162
Councillors' expenses (incl. mayor) – other (excluding fees above)	22	29
Donations, contributions and assistance to other organisations (Section 356)	237	146
Election expenses	144	249
Electricity and heating	243	241
Insurance	612	569
Photocopier charges	102	105
Postage	185	191
Street lighting	467	527
Telephone and communications	148	138
Valuation fees	104	110
Vehicle registration / insurance	74	93
Water charges	180	127
Other	302	283
Total other expenses	5,012	4,726
Less: capitalised costs	(206)	(7)
TOTAL OTHER EXPENSES	4,806	4,719

Accounting policy for other expenses

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

Wollondilly Shire 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
Plant and equipment	9		
Proceeds from disposal – plant and equipment		278	42
Less: carrying amount of plant and equipment assets sold/written off		(7)	(16)
Net gain/(loss) on disposal		271	26
Financial assets ⁽¹⁾	6		
Proceeds from disposal/redemptions/maturities – financial assets		34,807	29,780
Less: carrying amount of financial assets sold/redeemed/matured		(34,807)	(29,780)
Net gain/(loss) on disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		271	26

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

Cash and cash equivalents			
Cash on hand and at bank		6,229	3,302
Total cash and cash equivalents		6,229	3,302

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.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 6(b). Investments

\$ '000	2018 Current	2018 Non-current	2017 Current	2017 Non-current
Investments				
'Held to maturity'	37,250	16,547	32,250	22,154
Total investments	37,250	16,547	32,250	22,154
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	43,479	16,547	35,552	22,154
Held to maturity investments				
Long term deposits	35,000	1,000	30,250	6,000
NCD's, FRN's (with maturities > 3 months)	2,250	13,950	-	14,500
Mortgage backed securities	-	1,597	-	1,654
Other long term financial assets	-	-	2,000	-
Total	37,250	16,547	32,250	22,154

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.

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 amortised cost.

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.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Wollondilly Shire 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		2017	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	43,479	16,547	35,552	22,154
attributable to:				
External restrictions (refer below)	22,596	16,547	9,983	22,154
Internal restrictions (refer below)	18,864	–	20,388	–
Unrestricted	2,019	–	5,181	–
	<u>43,479</u>	<u>16,547</u>	<u>35,552</u>	<u>22,154</u>

\$ '000	2018	2017
---------	------	------

Details of restrictions

External restrictions – other

Developer contributions – general	25,956	20,233
Specific purpose unexpended grants	3,114	3,118
Domestic waste management	8,627	7,347
Stormwater management	670	671
Other contributions	776	768

External restrictions – other

Total external restrictions	<u>39,143</u>	<u>32,137</u>
------------------------------------	---------------	---------------

Internal restrictions

Employees leave entitlement	2,732	2,439
Animal management	19	19
Effluent disposal	191	214
Election	200	79
Growth management strategy	560	1,371
Information technology	123	49
Infrastructure and asset maintenance	6,856	8,416
Legal claims	21	347
Organisational development	718	527
Plant and vehicle replacement	1,821	1,320
Property	2,359	1,984
Recreation	421	473
Risk management	557	521
Roads	312	304
Sportsgrounds	674	914
Swimming pool	513	542
Tourism and economic development	254	347
Work in progress	533	522

Total internal restrictions	<u>18,864</u>	<u>20,388</u>
------------------------------------	---------------	---------------

TOTAL RESTRICTIONS	<u>58,007</u>	<u>52,525</u>
---------------------------	---------------	---------------

Wollondilly Shire 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
Purpose				
Rates and annual charges	1,614	–	1,495	–
Interest and extra charges	567	–	534	–
User charges and fees	1,827	–	825	–
Accrued revenues				
– Interest on investments	495	–	515	–
– Other income accruals	2,625	–	236	–
Government grants and subsidies	382	–	287	–
Net GST receivable	298	–	212	–
Other debtors	412	–	–	–
Total	<u>8,220</u>	<u>–</u>	<u>4,104</u>	<u>–</u>

Less: provision for impairment

User charges and fees	(44)	–	(11)	–
Total provision for impairment – receivables	<u>(44)</u>	<u>–</u>	<u>(11)</u>	<u>–</u>

TOTAL NET RECEIVABLES

	<u>8,176</u>	<u>–</u>	<u>4,093</u>	<u>–</u>
--	--------------	----------	--------------	----------

Externally restricted receivables

Domestic waste management	605	–	584	–
Stormwater management	24	–	23	–

Total external restrictions	<u>629</u>	<u>–</u>	<u>607</u>	<u>–</u>
------------------------------------	------------	----------	------------	----------

Unrestricted receivables	<u>7,547</u>	<u>–</u>	<u>3,486</u>	<u>–</u>
---------------------------------	--------------	----------	--------------	----------

TOTAL NET RECEIVABLES	<u>8,176</u>	<u>–</u>	<u>4,093</u>	<u>–</u>
------------------------------	--------------	----------	--------------	----------

Movement in provision for impairment of receivables

	2018	2017
Balance at the beginning of the year	11	23
+ new provisions recognised during the year	36	11
– amounts already provided for and written off this year	(3)	(23)
Balance at the end of the year	<u>44</u>	<u>11</u>

Accounting policy for receivables

Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not according to the 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 Note 7 - "Receivables" 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.

Wollondilly Shire Council

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

Note 7. Receivables (continued)

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.

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 uncollectible 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
(a) Inventories				
(i) Inventories at cost				
Real estate for resale (refer below)	–	–	195	–
Stores and materials	1,946	–	1,942	–
Trading stock	6	–	2	–
Total inventories at cost	1,952	–	2,139	–
(ii) Inventories at net realisable value (NRV)				
Trading stock	48	–	46	–
Total inventories at net realisable value (NRV)	48	–	46	–
TOTAL INVENTORIES	2,000	–	2,185	–
(b) Other assets				
Prepayments	199	–	246	–
TOTAL OTHER ASSETS	199	–	246	–
Externally restricted assets				
RFS stores and materials	1,803	–	1,808	–
Unrestricted assets	396	–	623	–
TOTAL INVENTORIES AND OTHER ASSETS	2,199	–	2,431	–

Wollondilly Shire Council

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

Note 8. Inventories and other assets (continued)

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
(i) Other disclosures				
(a) Details for real estate development				
Residential	–	–	195	–
Total real estate for resale	–	–	195	–
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	–	–	195	–
Total real estate for resale	–	–	195	–
Movements:				
Real estate assets at beginning of the year	195	–	195	–
– Transfers in from (out to) Note 9	(195)	–	–	–
Total real estate for resale	–	–	195	–

(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
Real estate for resale	–	195
	–	195

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.

Wollondilly Shire Council

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

Note 9. 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	Tfrs from/(to) real estate assets (Note 8)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	653	–	653	3,800	13	–	–	(305)	(4)	–	–	4,157	–	4,157
Plant and equipment	13,397	11,780	1,617	–	718	(7)	(391)	–	–	–	–	13,050	11,113	1,937
Office equipment	3,939	3,791	148	–	17	–	(15)	–	–	–	–	3,956	3,806	150
Furniture and fittings	1,132	615	517	–	–	–	(55)	–	–	–	–	1,133	669	464
Land:														
– Operational land	13,315	–	13,315	–	–	–	–	–	–	172	9,657	23,144	–	23,144
– Community land	50,342	–	50,342	–	–	–	–	–	–	–	–	50,342	–	50,342
Land improvements – depreciable	2,510	376	2,134	–	–	–	(53)	–	–	–	–	2,510	429	2,081
Infrastructure:														
– Buildings – non-specialised	28,978	15,861	13,117	287	–	–	(844)	–	–	23	3,988	33,228	16,657	16,571
– Buildings – specialised	48,609	22,856	25,753	1,367	–	–	(1,029)	176	–	–	1,291	59,054	31,496	27,558
– Roads	227,237	109,402	117,835	7,471	399	–	(6,063)	–	–	–	–	235,108	115,465	119,643
– Bridges	63,590	27,636	35,954	585	–	–	(727)	–	–	–	–	64,176	28,362	35,814
– Footpaths	15,003	3,592	11,411	576	101	–	(330)	–	–	–	–	15,680	3,922	11,758
– Other road assets	77,500	27,096	50,404	1,475	439	–	(2,164)	–	–	–	–	79,414	29,260	50,154
– Bulk earthworks (non-depreciable)	44,331	–	44,331	–	42	–	–	–	–	–	–	44,373	–	44,373
– Stormwater drainage	54,006	12,378	41,628	247	565	–	(458)	–	–	–	–	54,818	12,836	41,982
– Swimming pools	3,000	1,275	1,725	22	–	–	(75)	–	–	–	–	3,022	1,350	1,672
– Other open space/recreational assets	32,936	4,560	28,376	268	27	–	(529)	129	–	–	–	33,359	5,088	28,271
Other assets:														
– Library books	1,025	1,025	–	–	–	–	–	–	–	–	–	1,025	1,025	–
– Other	763	317	446	–	–	–	(24)	–	12	–	–	763	329	434
Reinstatement, rehabilitation and restoration assets (refer Note 11):														
– Tip assets	8,054	8,054	–	–	–	–	(7,854)	–	–	–	12,738	20,792	15,908	4,884
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	690,320	250,614	439,706	16,098	2,321	(7)	(20,611)	–	8	195	27,674	743,104	277,715	465,389

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

Wollondilly Shire Council

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

Note 9. Infrastructure, property, plant and equipment (con (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, net of their residual values, over their estimated useful lives as follows:

Plant and Equipment		Infrastructure (cont...)	
- Vehicles	5 to 8 years	- Swimming pools	50 years
- Heavy plant/road making equip.	5 to 8 years	- Other open space/recreational assets	
- Other plant and equipment	5 to 15 years	Playground equipment	5-15 years
		Tennis courts	
		o Concrete	50 years
Office equipment		o Synthetic	10 years
- Computer equipment	5 years	Outdoor furniture	10 years
- Other office equipment	5 to 10 years	Shelters	20 years
		Sporting equip (goal posts, etc)	20-30 years
Furniture and fittings	10 to 20 years	Floodlighting	10 years
		BBQ's	20 years
Buildings		- Traffic facilities	
- Buildings: masonry	50 to 100 years	LATM devices, traffic islands	70 years
- Buildings: other	20 to 40 years	Steel guard rails	20 years
		Roadside fencing	20 years
Infrastructure		- Line marking	5 years
- Sealed surfacings		- Signs	10 years
Asphalt	25 years	- Roadside furniture	10-20 years
Flush Seal	15 years		
- Sealed pavement structure	80 years	Stormwater drainage	
- Kerb and gutter	70 years	- Culverts	
- Paved footpaths		Major	100 years
Concrete	50 years	Steel	50 years
Asphalt seal	20 years	- Pipes	150 years
Gravel	10 years	- Pits	70 years
- Unsealed pavement structure	10 years	- Structures including headwalls	70 years
- Bulk earthworks	Infinite	- Detention basins	100 years
- Concrete bridges	100 years		

Wollondilly Shire Council

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

Note 9. Infrastructure, property, plant and equipment (continued)

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

Land under roads

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

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

Data in relation to land under roads acquired after 1 July 2008 has been collected, but is not recognised in these accounts because of the lack of a valid valuation methodology. Council will review the recognition of land under roads when the valuation methodology has been determined by the industry. In the meantime, Council will continue collecting the necessary physical data to undertake the valuation.

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".

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to recognise rural fire service assets including land, buildings, plant and vehicles.

Wollondilly Shire Council

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

Note 10. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Payables				
Goods and services	4,973	–	2,756	–
Accrued expenses:				
– Borrowings	151	–	64	–
– Other expenditure accruals	1,017	–	2,479	–
Security bonds, deposits and retentions	683	–	464	–
Other	306	–	492	–
Total payables	7,130	–	6,255	–
Income received in advance				
Payments received in advance	211	–	204	–
Total income received in advance	211	–	204	–
Borrowings				
Loans – secured ¹	1,668	9,528	1,559	11,196
Total borrowings	1,668	9,528	1,559	11,196
TOTAL PAYABLES AND BORROWINGS	9,009	9,528	8,018	11,196

(a) Payables and borrowings relating to restricted assets

There are no restricted assets (external or internal) applicable to the above payables and borrowings

(b) 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	12,755	(1,559)	–	–	–	11,196
TOTAL	12,755	(1,559)	–	–	–	11,196

¹ Loans are secured over the general rating income of Council
Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 16.

Wollondilly Shire Council

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

Note 10. Payables and borrowings (continued)

\$ '000	2018	2017
(c) Financing arrangements		
(i) Unrestricted access was available at balance date to the following lines of credit:		
Bank overdraft facilities ⁽¹⁾	300	300
Credit cards/purchase cards	100	100
Total financing arrangements	400	400
Drawn facilities as at balance date:		
– Credit cards/purchase cards	96	82
Total drawn financing arrangements	96	82
Undrawn facilities as at balance date:		
– Bank overdraft facilities	300	300
– Credit cards/purchase cards	4	18
Total undrawn financing arrangements	304	318

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

Accounting policy for payables and borrowings**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.

Wollondilly Shire Council

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

Note 11. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits:				
Annual leave	1,614	–	1,585	–
Sick leave	188	–	187	–
Long service leave	4,043	139	4,172	148
Time in lieu	66	–	158	–
Sub-total – aggregate employee benefits	5,911	139	6,102	148
Asset remediation/restoration:				
Asset remediation/restoration (future works)	253	19,422	298	13,707
Sub-total – asset remediation/restoration	253	19,422	298	13,707
TOTAL PROVISIONS	6,164	19,561	6,400	13,855

\$ '000	2018	2017
---------	------	------

(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	4,456	4,558
	4,456	4,558

Wollondilly Shire Council

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

Note 11. Provisions (continued)

\$ '000	ELE provisions					Total
	Annual leave	Sick leave	Long service leave	Time in lieu		
(b) Description of and movements in provisions						
2018						
At beginning of year	1,585	187	4,320	158		6,250
Additional provisions	1,206	5	201	49		1,461
Amounts used (payments)	(1,177)	(4)	(420)	(141)		(1,742)
Remeasurement effects	–	–	81	–		81
Total ELE provisions at end of year	1,614	188	4,182	66		6,050

2017	ELE provisions					Total
	Annual leave	Sick leave	Long service leave	Time in lieu		
At beginning of year	1,621	193	4,523	172		6,509
Additional provisions	1,157	7	357	72		1,593
Amounts used (payments)	(1,193)	(13)	(224)	(86)		(1,516)
Remeasurement effects	–	–	(336)	–		(336)
Total ELE provisions at end of year	1,585	187	4,320	158		6,250

2018	Other provisions	
	Asset remediation	Total
At beginning of year	14,005	14,005
Changes to provision:		
– Revised costs	5,336	5,336
Amounts used (payments)	(281)	(281)
Unwinding of discount	615	615
Total other provisions at end of year	19,675	19,675

2017	Other provisions	
	Asset remediation	Total
At beginning of year	13,213	13,213
Changes to provision:		
Additional provisions	793	793
Amounts used (payments)	(1)	(1)
Total other provisions at end of year	14,005	14,005

Wollondilly Shire Council

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

Note 11. Provisions (continued)

Nature and purpose of non-employee benefit provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

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.

Wollondilly Shire Council

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

Note 11. Provisions (continued)

Provisions for close-down and restoration, and environmental clean-up costs – land fill sites

Restoration

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

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

Rehabilitation

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

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

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

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

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

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

Note 12. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

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.

Wollondilly Shire Council

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

Note 13. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	6,229	3,302
Balance as per the Statement of Cash Flows		6,229	3,302
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		(613)	9,763
Adjust for non-cash items:			
Depreciation and amortisation		20,611	12,581
Net losses/(gains) on disposal of assets		(271)	(26)
Non-cash capital grants and contributions		(1,310)	(1,148)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
Unwinding of discount rates on reinstatement provisions		615	793
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(4,116)	468
Increase/(decrease) in provision for doubtful debts		33	(12)
Decrease/(increase) in inventories		(10)	(97)
Decrease/(increase) in other assets		47	(103)
Increase/(decrease) in payables		2,217	988
Increase/(decrease) in accrued interest payable		87	(10)
Increase/(decrease) in other accrued expenses payable		(1,462)	695
Increase/(decrease) in other liabilities		40	66
Increase/(decrease) in employee leave entitlements		(200)	(259)
Increase/(decrease) in other provisions		5,055	(1)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		20,723	23,698
(c) Non-cash investing and financing activities			
Bushfire grants		(5)	87
Dedicated Infrastructure Assets		1,315	1,061
Total non-cash investing and financing activities		1,310	1,148

Wollondilly Shire Council

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

Note 14. Commitments for expenditure

\$ '000	2018	2017
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	9	845
Recreation	44	1,012
Major road and bridge works	615	2,218
Tip remediation	–	96
Storm Water Drainage	4	–
Total commitments	672	4,171
These expenditures are payable as follows:		
Within the next year	672	4,171
Total payable	672	4,171
Sources for funding of capital commitments:		
Unrestricted general funds	456	3,601
Section 7.11 and 64 funds/reserves	15	–
Unexpended grants	190	–
Internally restricted reserves	11	570
Total sources of funding	672	4,171
Details of capital commitments		
1. Buildings: \$9k - Administration building (\$7k); Old Picton Post Office (\$1k); Sportsground Public Toilets (\$1K)		
2. Recreation: \$44k - Wilton Sportsground (\$8k); Warragamba Civic Park Inclusive Playground (\$36k)		
3. Major Road & Bridge Works: \$615k - Fourteenth St Warragamba (\$274k); Douglas Park Drive (\$72k); Mayfarm Rd (\$81k); Abelia St Tahmoor Kerb & Gutter (\$72); Finns Rd Menangle (\$53k); Cedar Creek Bridge (\$55k); Picton Traffic Study (\$7k); Remembrance Drive Menangle (\$1k)		
4. Stormwater Drainage - Dunmead Street Tahmoor (\$4k)		
(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	1,000	378
Later than one year and not later than 5 years	1,153	433
Total non-cancellable operating lease commitments	2,153	811
b. Non-cancellable operating leases include the following assets:		
Motor Vehicles and IT Equipment		
Contingent rentals may be payable depending on the condition of items or usage during the lease term.		
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.		

Wollondilly Shire Council

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

Note 15. 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 any 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 purposes 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.

Wollondilly Shire Council

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

Note 15. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(i) Defined benefit superannuation contribution plans (continued)

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.

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 \$512,925.49

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 \$422,517.64

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.

Wollondilly Shire Council

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

Note 15. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):**1. Guarantees (continued)****(i) Defined benefit superannuation contribution plans (continued)**

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

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program, however any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation and once all the relevant information has been received by the Funds Actuary, the 2018 triennial review will be completed around December 2018.

Council's additional lump sum contribution is around 1.2% 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.

(ii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

Wollondilly Shire Council

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

Note 15. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):**2. Other liabilities****(i) Third party claims**

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

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

(ii) Developer Contribution Plans

Council levies section 7.11 and 7.12 contributions upon various development across the Council area through the required contributions plans.

As part of these plans, Council has received funds for which it will be required to expend the monies in accordance with those plans.

As well, these plans indicate 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 those plans.

(iii) Legal Expenses

Council is currently defending its position before the Land & Environment Court in relation to a planning matter. As the outcome of this matter is currently unknown, no liability has been recognised in these financial statements. Council's current costs to date in relation to this dispute are \$472K.

Wollondilly Shire Council

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

Note 16. 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
Financial assets				
Cash and cash equivalents	6,229	3,302	6,229	4,678
Investments				
– 'Held to maturity'	53,797	54,404	53,860	54,441
Receivables	8,176	4,093	8,176	4,093
Total financial assets	68,202	61,799	68,265	63,212
Financial liabilities				
Payables	7,130	6,255	7,130	6,255
Loans/advances	11,196	12,755	11,196	12,755
Total financial liabilities	18,326	19,010	18,326	19,010

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **'at fair value through profit and loss'** or (ii) **'available-for-sale'** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Wollondilly Shire Council

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

Note 16. 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 only purchasing investments with high credit ratings or capital guarantees.

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.

2018	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
Possible impact of a 1% movement in interest rates	596	596	(596)	(596)
2017				
Possible impact of a 1% movement in interest rates	544	544	(544)	(544)

Wollondilly Shire Council

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

Note 16. 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 reported to Council monthly 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
(i) Ageing of receivables – %				
Current (not yet overdue)	0%	86%	83%	88%
Overdue	100%	14%	17%	12%
	100%	100%	100%	100%
(ii) Ageing of receivables – value			2018	2017
Rates and annual charges				
Current			–	1,243
< 1 year overdue			1,104	252
1 – 2 years overdue			253	–
2 – 5 years overdue			257	–
			1,614	1,495
Other receivables				
Current			5,744	2,304
0 – 30 days overdue			756	190
31 – 60 days overdue			22	25
61 – 90 days overdue			8	3
> 91 days overdue			76	87
			6,606	2,609

Wollondilly Shire Council

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

Note 16. 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 on a 4-year renewal basis. 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		
2018							
Trade/other payables		683	6,447	–	–	7,130	7,130
Loans and advances	6.80%	–	2,389	8,247	3,607	14,243	11,196
Total financial liabilities		683	8,836	8,247	3,607	21,373	18,326
2017							
Trade/other payables		464	5,791	–	–	6,255	6,255
Loans and advances	6.75%	–	2,378	8,725	5,514	16,617	12,755
Total financial liabilities		464	8,169	8,725	5,514	22,872	19,010

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 19 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*	
REVENUES				
Other revenues	701	1,747	1,046	149% F
Other revenue exceeded the original budget primarily due to Council receiving payment of an insurance claim for damage to Council property; the reimbursement of legal expenses; an insurance premium rebate as a result of Council's good claims history; increased property rental income and additional sponsorship income in relation to community events conducted by Council.				
Capital grants and contributions	6,122	14,357	8,235	135% F
A higher than anticipated amount of Developer Contributions were received due to the accelerated level of development in the Shire. Council also received a final contribution from Roads & Maritime Services (RMS) towards the reconstruction of the Broughton Pass bridge and embankment. Council also received additional Federal Black Spot funding for roads and some funding from the Rural Fire Service towards the construction of Bargo Fire Station. Additional contributions were also received towards the construction of an all-abilities playground in Warragamba and a contribution from the Mines Subsidence Board towards kerb and guttering restoration.				
Net gains from disposal of assets	–	271	271	0% F
Council does not budget for any gains or losses from asset sales, however, during the year Council traded-in several plant and vehicle items resulting in a net profit on disposal.				

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 Variance*	
EXPENSES				
Borrowing costs	883	6,762	(5,879)	(666%) U
Borrowing costs exceeded budget due to the non-cash entry required to recognise the unwinding of a present value discount in relation to the revised cost to remediate Councils land fill/effluent pond sites.				
Materials and contracts	15,153	19,603	(4,450)	(29%) U
The increased road and building maintenance program has resulted in the use of more materials, contractors and external plant & equipment hire. There has also been an additional need for tree maintenance contractors to remove dead and dangerous trees. Other increases relate to internet charges, external printings, cleaning contractors and minor equipment costs. Labour hire costs for planning and development was expected to be reduced in 2018, but a continued need was identified due to the large number development related matters to be assessed and staff vacancies. Legal expenses were also higher than originally budgeted due to some large development and compliance related legal expenses that were not known at the time the original budget was developed. Vehicle running costs were below budget due to lease and maintenance costs being lower than expected. Mowing costs were also lower due to dry weather conditions.				
Depreciation and amortisation	12,528	20,611	(8,083)	(65%) U
Additional depreciation of almost \$8 million is due to the recent revaluation of the cost to remediate Council's land fill and effluent pond sites. All but one of the sites have reached the end of their useful lives, therefore it was necessary to fully depreciate the increased values in the current year. Bargo Waste Depot is the only land fill site still operating and has been estimated to have 5 years useful life remaining, therefore its increased value is being depreciated evenly over this period.				
Other expenses	5,416	4,806	610	11% F
The favourable result is due primarily to savings in expected insurance premiums, lower electricity costs & street lighting charges as the original budget was based on industry predictions of significant increases in these areas. There was also a reduction in the cost of various licence fees.				
Budget variations relating to Council's Cash Flow Statement include:				
Cash flows from operating activities	16,980	20,723	3,743	22.0% F
The increase in cash flows from operating activities was due mainly to additional developer contribution and grant funding received during the year. A portion of the 2019 Financial Assistance grant was paid to Council in 2018 and Council received more grants and contributions towards road maintenance than was originally expected. There was also an increase in reimbursements received (including the reimbursement of legal costs). Outgoings for utility costs, insurance premiums and other expenses were lower than expected as the original budget was based on industry predictions of significant increases in both insurance and utility costs. The actual increase during the year was less than originally budgeted.				
Cash flows from financing activities	(530)	(1,559)	(1,029)	194.2% U
Council's original budget included the intention to take out a \$1,000,000 loan to fund some road and building renewals. Alternate funding options were subsequently utilised, removing the need for the loan borrowings. Some plant acquisitions were also originally intended to be funded through a Finance Lease however when sourcing quotes, operating leases proved to be a more suitable funding option.				

Wollondilly Shire Council

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

Note 18. 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

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	Date of latest valuation	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					
Infrastructure, property, plant and equipment					
Work in progress	30/06/18	–	4,157	–	4,157
Plant and equipment		–	–	1,937	1,937
Office equipment	30/16/16	–	–	150	150
Furniture and fittings	30/06/16	–	–	463	463
Operational land	30/06/18	–	–	23,144	23,144
Community land	30/06/16	–	–	50,342	50,342
Land improvements – depreciable		–	–	2,081	2,081
Buildings	30/06/18	–	–	44,129	44,129
Swimming pools and other recreational assets	30/06/16	–	–	29,943	29,943
Road infrastructure	30/06/15	–	–	261,742	261,742
Stormwater drainage	30/06/15	–	–	41,982	41,982
Other assets		–	–	410	410
Total infrastructure, property, plant and equipment		–	4,157	456,323	460,480

Wollondilly Shire Council

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

Note 18. 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	Date of latest valuation	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					
Infrastructure, property, plant and equipment					
Work in progress	30/06/17	–	653	–	653
Plant and equipment		–	–	1,617	1,617
Office equipment	30/06/16	–	–	148	148
Furniture and fittings	30/06/16	–	–	517	517
Operational land	30/06/13	–	–	13,315	13,315
Community land	30/06/16	–	–	50,342	50,342
Land improvements – depreciable		–	–	2,134	2,134
Buildings	30/06/13	–	–	38,870	38,870
Swimming pools and other recreational assets	30/06/16	–	–	30,101	30,101
Road infrastructure	30/06/15	–	–	259,935	259,935
Stormwater drainage	30/06/15	–	–	41,628	41,628
Other assets		–	–	446	446
Total infrastructure, property, plant and equipment		–	653	439,053	439,706

Wollondilly Shire Council

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

Note 18. Fair value measurement (continued)

(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.

(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:

Work in Progress

Work in Progress is disclosed at cost in the notes. Separate valuation of these assets is not deemed necessary due to the small period of time that has elapsed between the incurring of the expenditure and the reported valuation in the financial statements. There has been no change to the valuation techniques during the reporting period.

Plant & Equipment, Office Equipment and Furniture & Fittings

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

The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the gross replacement cost of similar assets and by taking account of the pattern of consumption, the remaining useful life and residual value are able to be estimated. There has been no change to the valuation process during the reporting period.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The valuation of Council's operational land was undertaken at 30 June 2018 by Scott Fullarton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registration No. VAL2144. Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price. Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

Community Land

Valuations of all Council's Community Land and Council managed land were based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3. There has been no change to the valuation process during the reporting period.

Wollondilly Shire Council

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

Note 18. Fair value measurement (continued)

Land Improvements - depreciable

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

Council carries fair value of land improvements using Level 3 valuation inputs. Such valuations are undertaken by Council Staff or by an external valuer depending upon the asset.

The unobservable Level 3 inputs used include as estimated pattern of consumption, residual value, asset condition and useful life. There has been no change to the valuation techniques during the reporting period.

Buildings – Non Specialised and Specialised

Council's buildings were valued utilising the cost approach by Scott Fullarton Valuations Pty Ltd in June 2018. The approach estimated the replacement cost of each building and componentising of significant parts with different useful lives and taking into account a range of factors. The unit rates could be supported by market evidence (Level 2 inputs), other inputs (such as estimates of residual value, useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued using Level 3 inputs. There has been no change to the valuation techniques during the reporting period.

Swimming Pools & Other Open Space/Recreational Assets

Council's Swimming Pools & Other Open Space/Recreational Assets were valued using the cost approach. Council carries fair value of these assets using Level 3 inputs. Such valuations are undertaken by Council Staff or by an external valuer depending upon the structure.

The unobservable Level 3 inputs used include as estimated pattern of consumption, residual value, asset condition and useful life. There has been no change to the valuation techniques during the reporting period.

Road Infrastructure

This asset class includes roads, bridges, car parks, kerb and gutter, traffic facilities, footpaths and bulk earthworks undertaken in the course of construction. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were based primarily on unit rates determined in collaboration with sixteen neighbouring Councils. Other inputs (such as estimated pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Wollondilly Shire Council

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

Note 18. Fair value measurement (continued)

Other Assets

Council's Other Assets were valued using the cost approach. Council carries fair value of Other Assets using Level 3 inputs. Such valuations are undertaken by Council Staff or by an external valuer depending upon the asset. The unobservable Level 3 inputs used include estimated patterns of consumption, residual value, asset condition and useful life. There has been no change to the valuation techniques during the reporting period.

Tip Assets

Council is obligated to restore/rehabilitate closed former landfill sites at Warragamba, Picton, Appin and Wilton and the closed Bargo Effluent Ponds. Council will also eventually be required to remediate the existing active landfill site at Bargo. It has been recognised that there will be significant costs associated with the closure and remediation or post closure management of these sites. Remediation of the sites to meet the requirements of the stringent standards and guidelines will involve a wide range of activities including preparation of a Landfill Closure and Management Plans, as well as environmental assessments with appropriate remediation works. In some instances this remediation may involve extensive re-profiling or shaping works, final capping of the landfill waste and site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure.

The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. The values have been revised during the period based on unit rates determined from recent rehabilitation costs relating to the Warragamba rehabilitation project.

(4) Fair value measurements using significant unobservable inputs (level 3)

a. Changes in level 3 fair values

There were no fair value measurement movements during the reporting period. Other movements such as purchases, disposals and depreciation have been reported in Note 9.

b. Information relating to the transfers into and out of the level 3 fair value hierarchy

Prior to 2017/18, council recorded \$175,919 of work in progress for the new Bargo RFS Station, \$23,865 for the Antill Park Golf Course Fire Safety Upgrade and \$105,595 for a range of other open space/recreational projects. The work was completed in 2017/18 and therefore the work in progress amount was capitalised. The capitalisation had the effect of moving the work in progress (level 2) to the Buildings and Other Open Space/Recreational Asset categories (level 3).

(5) Highest and best use

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

Note 19. Related party transactions

\$ '000

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:

	2018	2017
Compensation:		
Short-term benefits	1,125	1,064
Post-employment benefits	72	86
Total	1,197	1,150

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Related party transactions (continued)

b. Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction	Value of transactions during year		Outstanding balance (incl. loans and commitments) Actual \$	Terms and conditions	Provisions for doubtful debts outstanding		Doubtful debts expense recognised Actual \$
	Actual \$	Actual \$			Actual \$	Actual \$	
2018							
Purchase of grocery items on account at local store owned by a Councillor	32,642	–	–	30-day terms on invoices	–	–	–
Advertsing with a business owned by the spouse of a Councillor	21,280	–	–	30-day terms on invoices	–	–	–
2017							
Purchase of grocery items on account at local store owned by a Councillor	34,262	–	–	30-day terms on invoices	–	–	–
Final payment for street sweeping services under Contract with Councillor. Contract terminated at end of 2015/16 financial year	7,383	–	–	15-day terms on invoices	–	–	–
Advertsing with a business owned by the spouse of a Councillor	32,221	–	–	30-day terms on invoices	–	–	–

page 58

Financial Statements 2018

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. 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					
Traffic facilities	4,066	1,373	–	111	(67)	383	5,866	383
Open space	5,304	2,887	–	124	(427)	–	7,888	–
Community facilities	3,324	985	–	85	–	–	4,394	–
Bushfire protection	29	12	–	1	–	–	42	–
Animal management	–	1	–	–	–	–	1	–
Other	7	2	–	–	–	–	9	–
S7.11 contributions – under a plan	12,730	5,260	–	321	(494)	383	18,200	383
S7.12 levies – under a plan	373	186	–	9	–	–	568	–
Total S7.11 and S7.12 revenue under plans	13,103	5,446	–	330	(494)	383	18,768	383
S7.4 planning agreements	7,130	328	–	170	(57)	(383)	7,188	(383)
Total contributions	20,233	5,774	–	500	(551)	–	25,956	–

Wollondilly Shire Council

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

Note 20. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - 2005

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					
Traffic facilities	4,066	1,373	-	111	(67)	383	5,866	383
Open space	5,304	2,887	-	124	(427)	-	7,888	-
Community facilities	3,324	985	-	85	-	-	4,394	-
Bushfire protection	29	12	-	1	-	-	42	-
Animal management	-	1	-	-	-	-	1	-
Other	7	2	-	-	-	-	9	-
Total	12,730	5,260	-	321	(494)	383	18,200	383

S7.12 LEVIES – UNDER A PLAN

CONTRIBUTION PLAN - 2005

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					
Other	373	186	-	9	-	-	568	-
Total	373	186	-	9	-	-	568	-

page 60

Wollondilly Shire Council

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

Note 20. Statement of developer contributions (continued)

\$ '000

S7.4 PLANNING AGREEMENTS

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	-	208	-	-	-	-	208	-
Traffic facilities	2,733	120	-	59	-	(383)	2,529	(383)
Open space	2,471	-	-	63	-	-	2,534	-
Community facilities	1,773	-	-	44	(57)	-	1,760	-
Bushfire protection	118	-	-	3	-	-	121	-
Animal management	20	-	-	-	-	-	20	-
Tree planting	14	-	-	1	-	-	15	-
Total	7,129	328	-	170	(57)	(383)	7,187	(383)

Wollondilly Shire Council

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

Note 21(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods 2017	2016	Benchmark
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	(15,241)	-26.58%	0.86%	-11.65%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	57,337				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	49,822	69.49%	69.71%	60.26%	> 60.00%
Total continuing operating revenue ⁽¹⁾	71,694				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	28,826	2.69x	2.99x	3.36x	> 1.5x
Current liabilities less specific purpose liabilities ^(3,4)	10,717				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	12,132	1.46x	4.19x	2.34x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	8,321				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	2,181	5.08%	5.20%	6.49%	< 10% regional & rural
Rates, annual and extra charges collectible	42,908				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	42,229	9.90 mths	10.4 mths	8.6 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	4,265				

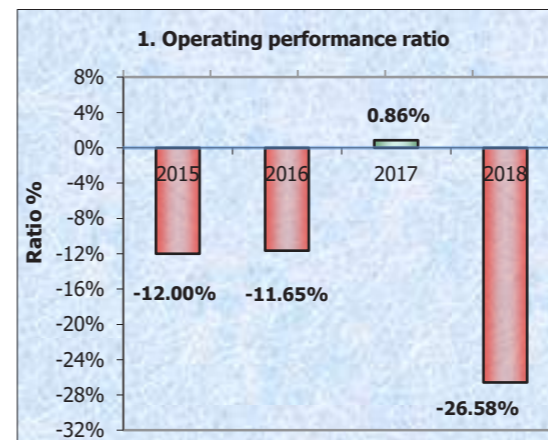
Notes

- ⁽¹⁾ 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.
- ⁽²⁾ Refer Notes 6-8 inclusive.
Also excludes any real estate and land for resale not expected to be sold in the next 12 months.
- ⁽³⁾ Refer to Notes 10 and 11.
- ⁽⁴⁾ Refer to Note 11(a) – excludes all provisions not expected to be paid in the next 12 months (incl. ELE).

Wollondilly Shire Council

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

Note 21(b). Statement of performance measures – consolidated results (graphs)



Benchmark: ——— Minimum >=0.00%

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of operating performance ratio

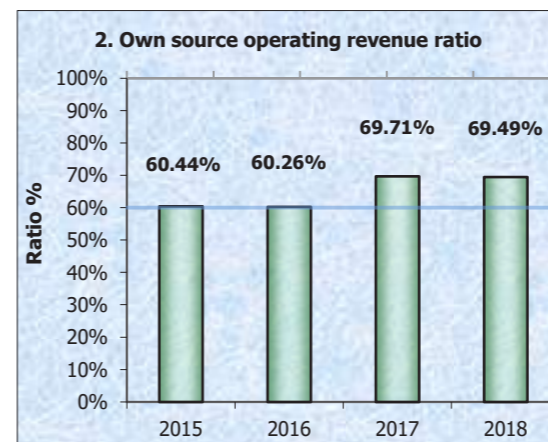
This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2017/18 result

2017/18 ratio -26.58%

Council's net operating position was significantly affected in 2017/18 by some large non-cash adjustments in relation to the \$8 million increase in depreciation arising from the reassessment of the cost to remediate Council's landfill and effluent pond sites and a \$5.1 million increase in borrowing costs due to the unwinding of a present value discount relating to the revised cost to remediate these sites.

Ratio achieves benchmark
Ratio is outside benchmark



Benchmark: ——— Minimum >=60.00%

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of own source operating revenue ratio

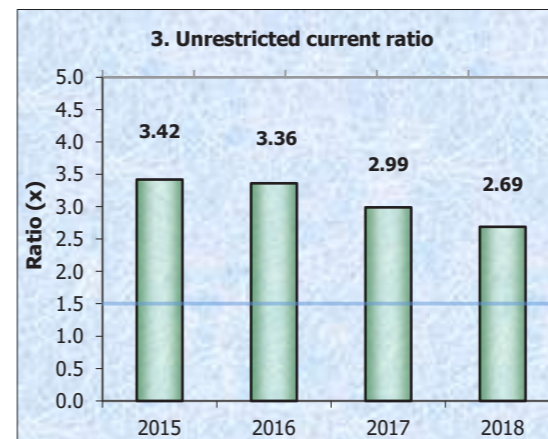
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2017/18 result

2017/18 ratio 69.49%

Council is comfortably exceeding this minimum benchmark for this ratio, indicating an acceptably low degree of reliance on external funding.

Ratio achieves benchmark
Ratio is outside benchmark



Benchmark: ——— Minimum >=1.50

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2017/18 result

2017/18 ratio 2.69x

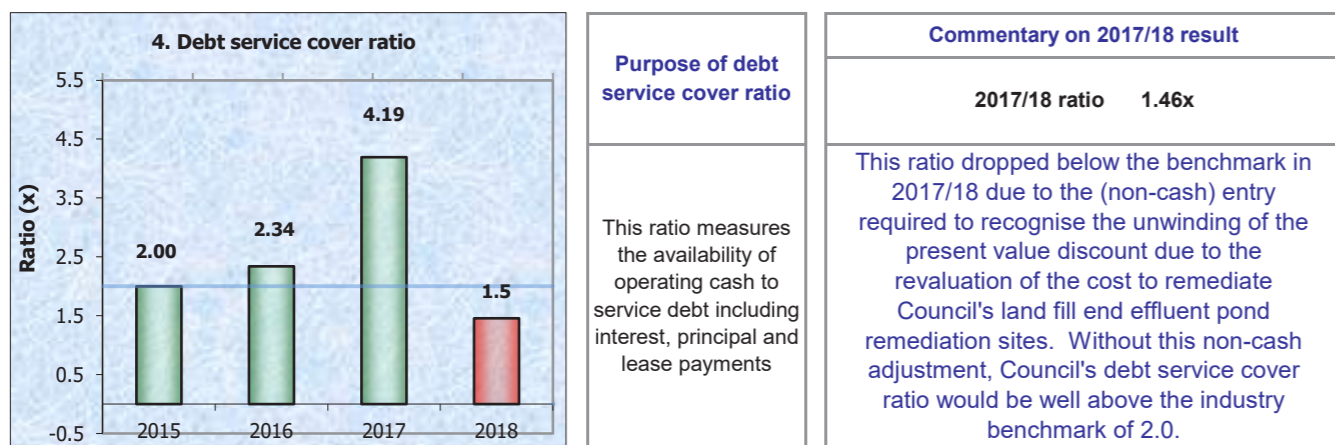
Council's unrestricted current ratio has continued to remain well above the target ratio of 1.5:1. This indicates that Council has the ability to easily meet all of its short term obligations.

Ratio achieves benchmark
Ratio is outside benchmark

Wollondilly Shire Council

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

Note 21(b). Statement of performance measures – consolidated results (graphs)



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

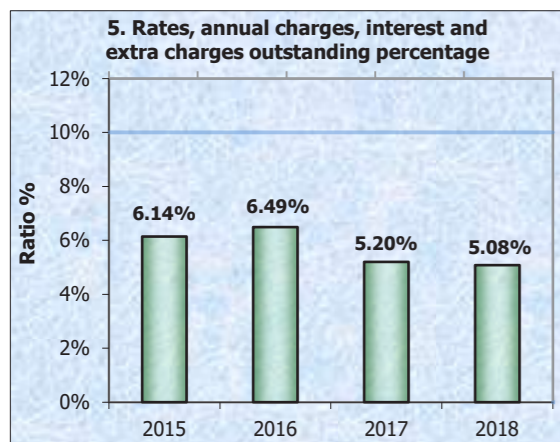
Commentary on 2017/18 result

2017/18 ratio 1.46x

This ratio dropped below the benchmark in 2017/18 due to the (non-cash) entry required to recognise the unwinding of the present value discount due to the revaluation of the cost to remediate Council's land fill end effluent pond remediation sites. Without this non-cash adjustment, Council's debt service cover ratio would be well above the industry benchmark of 2.0.

Benchmark: Minimum >=2.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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

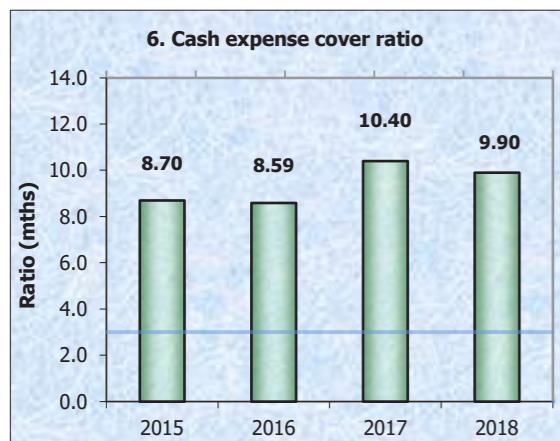
Commentary on 2017/18 result

2017/18 ratio 5.08%

This ratio has been trending downwards over recent years as a result of improved debt recovery procedures. Eventhough the industry benchmark for Rural Councils is 10%, Wollondilly has set itself a target to achieve a ratio of less than 5% in line with the benchmark for metropolitan Councils.

Benchmark: Maximum <10.00%
Source for Benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2017/18 result

2017/18 ratio 9.90 mths

Council's short term financial position is very sound, as evidenced by this ratio being more than 3 times above the minimum benchmark. This indicates that Council has the ability to easily meet all of its short term obligations.

Benchmark: Minimum >=3.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
Ratio is outside benchmark

Wollondilly Shire Council

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

Note 22. Financial review

\$ '000

Key financial figures of Council over the past 5 years

Financial performance figures	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014
Inflows:					
Rates and annual charges revenue	40,447	36,428	32,724	29,321	28,059
User charges revenue	5,840	5,487	5,069	5,322	4,645
Interest and investment revenue (losses)	1,788	1,697	1,730	1,793	1,802
Grants income – operating and capital	8,510	9,194	7,640	7,218	4,354
Total income from continuing operations	71,965	65,372	68,188	63,018	47,595
Sale proceeds from IPP&E	278	42	107	121	348
New loan borrowings and advances	-	-	-	-	9,000
Outflows:					
Employee benefits and on-cost expenses	20,796	20,433	20,609	19,412	17,688
Borrowing costs	6,762	1,706	1,789	1,961	1,702
Materials and contracts expenses	19,603	16,170	14,841	15,190	14,982
Total expenses from continuing operations	72,578	55,609	54,304	55,546	49,631
Total cash purchases of IPP&E	17,122	13,430	11,165	9,267	10,714
Total loan repayments (incl. finance leases)	1,559	1,815	2,024	1,725	1,134
Operating surplus/(deficit) (excl. capital income)	(14,970)	508	(5,559)	(9,657)	(7,149)

Financial position figures	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014
Current assets	53,854	42,076	41,057	40,379	38,102
Current liabilities	15,173	14,418	13,165	11,319	11,245
Net current assets	38,681	27,658	27,892	29,060	26,857
Cash and investments – unrestricted	2,019	5,181	2,205	1,148	2,044
Cash and investments – internal restrictions	18,864	20,388	21,190	20,076	18,383
Cash and investments – total	60,026	57,706	49,211	44,698	43,168
Total borrowings outstanding (Loans, advances and finance leases)	11,196	12,755	14,570	16,594	18,319
Total value of IPP&E (excl. land and earthwork)	625,245	582,332	568,915	528,072	465,656
Total accumulated depreciation	277,715	250,614	238,835	228,020	173,232
Indicative remaining useful life (as a % of GBV)	56%	57%	58%	57%	63%

Source: published audited financial statements of Council (current year and prior year)

Wollondilly Shire Council

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

Note 23. Council information and contact details

Principal place of business:62-64 Menangle Street
Picton NSW 2571**Contact details****Mailing address:**PO Box 21
Picton NSW 2571**Telephone:** (02) 4677 1100**Facsimile:** (02) 4677 2339**Internet:** www.wollondilly.nsw.gov.au**Email:** council@wollondilly.nsw.gov.au**Officers****GENERAL MANAGER**

L Johnson

RESPONSIBLE ACCOUNTING OFFICER

A Christie

PUBLIC OFFICER

John Sproule

AUDITORS

Audit Office of New South Wales

Elected members (as at the date these statements were authorised for issue - 15/10/18)**MAYOR**

Cr J Hannan

COUNCILLORS

Cr M Deeth (Deputy Mayor)

Cr M Banasik

Cr B Briggs

Cr M Gould

Cr R Khan

Cr S Landow

Cr N Lowry

Cr M Smith

Other information**ABN:** 93 723 245 808**INDEPENDENT AUDITOR'S REPORT****Report on the general purpose financial report****Wollondilly Shire Council**

To the Councillors of the Wollondilly Shire Council

Opinion

I have audited the accompanying financial report of Wollondilly Shire 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. 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 17 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.



Lawrissa Chan
Director

15 October 2018
SYDNEY

Cr Judith Hannan
Mayor
Wollondilly Shire Council
Frank McKay Building
62-64 Menangle Street
PICTON NSW 2571

Contact: Lawrissa Chan
Phone no: 02 9275 7255
Our ref: D1821299/1810

15 October 2018

Dear Cr Hannan

**Report on the Conduct of the Audit
for the year ended 30 June 2018
Wollondilly Shire Council**

I have audited the general purpose financial statements of the Wollondilly Shire 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

	2018 \$m	2017 \$m	Variance %
Rates and annual charges revenue	40.4	36.4	↑ 11.0
Grants and contributions revenue	21.9	19.8	↑ 10.6
Operating result for the year	(0.6)	9.8	↓ 106.1
Net operating result before capital amounts	(15)	0.5	↓ 3100

The following comments are made in respect of Council's operating result for the year:

- The Council's operating result for the year was a loss of \$0.6 million (\$9.8 million surplus for the year ended 30 June 2017). This is mainly attributable to:
 - \$8 million increase in depreciation expense as a result of the reassessment of the cost to remediate Council's landfill and effluent pond sites
 - \$5.1 million increase in borrowing costs due to the unwinding of a present value discount in relation to the revised cost to remediate Councils land fill/effluent pond sites
 - \$3.4 million increase in materials and contracts due to an increased road and building maintenance program.

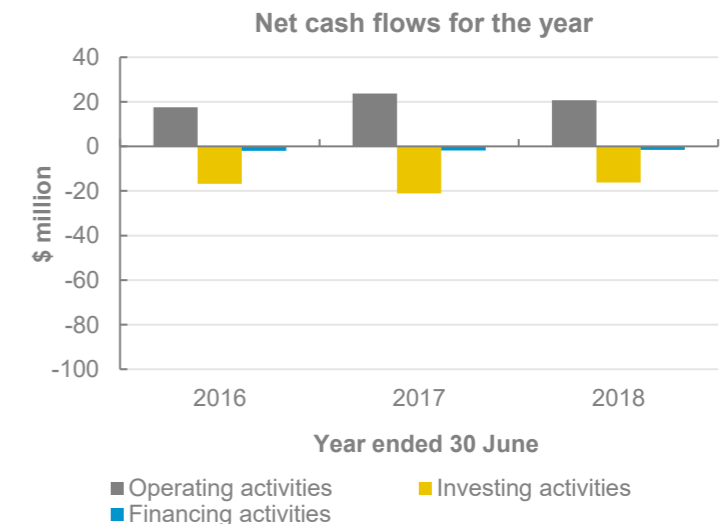
This was partially offset by an increase in rates and annual charges of \$4 million, due to the special rate variation increment of 10.8%.

- The Council's net operating result before capital grants and contributions was a loss of \$14.9 million (\$0.5 million surplus for the year ended 30 June 2017). The decrease of \$15.4 million was mainly due to the re-assessment of costs to remediate Council's landfill and effluent pond sites and the associated depreciation expense as outlined above.
- The Council's rates and annual charges revenue was \$40.4 million (\$36.4 million for the year ended 30 June 2017). The increase of \$4 million is due to the Special Rate Variation.
- The Council's grants and contributions revenue was \$21.9 million (\$19.8 million for the year ended 30 June 2017). The increase of \$2.1 million is attributable to:
 - higher developer contributions received from the accelerated level of development in the Shire
 - the final contribution from the Roads & Maritime Services (RMS) towards the reconstruction of the Broughton Pass bridge and the embankment.

This was partially offset by lower financial assistance grants received in the 2017-18 financial year compared to 2016-17, which was driven by the timing of receipt of grant income in both years.

STATEMENT OF CASH FLOWS

- Council has generated consistent cash flows in the past 3 years.
- Council's cash and cash equivalents balance at 30 June 2018 is \$6.2 million compared to \$3.3 million in 2017.
- The net increase in cash and cash equivalents of \$2.9 million can be attributed to the increase in receipts from the sale of investment securities
- Council maintains borrowing facilities requiring annual repayments of \$1.6 million to \$2.0 million each year.



FINANCIAL POSITION

Cash and Investments

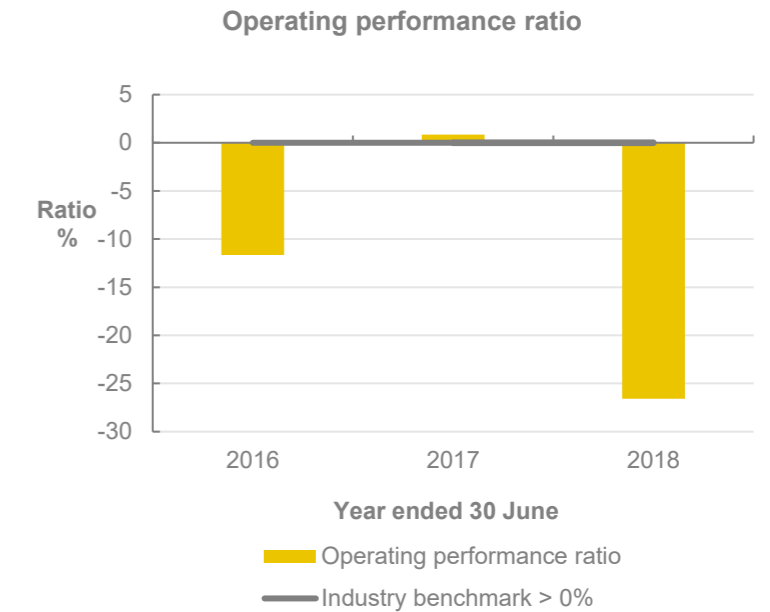
Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	39.1	32.1	<ul style="list-style-type: none"> Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$7 million in externally restricted cash is due to the increase in developer contributions received from the accelerated level of development in the Shire. Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. Internally restricted cash remains steady. The Council's unrestricted cash balance has decreased by \$3.2 million due to the decline in the net operating result before capital amounts.
Internal restrictions	18.9	20.4	
Unrestricted	2.0	5.2	
Cash and investments	60.0	57.7	

PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 20a 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 of -26.58% is below the industry benchmark of zero per cent.
- Council's operating results declined due to:
 - \$8 million increase in depreciation expense as a result of the reassessment of the cost to remediate Council's landfill and effluent pond sites
 - \$5.1 million increase in borrowing costs due to the unwinding of a present value discount in relation to the revised cost to remediate Council's land fill/effluent pond sites
 - \$3.4 million increase in materials and contracts due to an increased road and building maintenance program

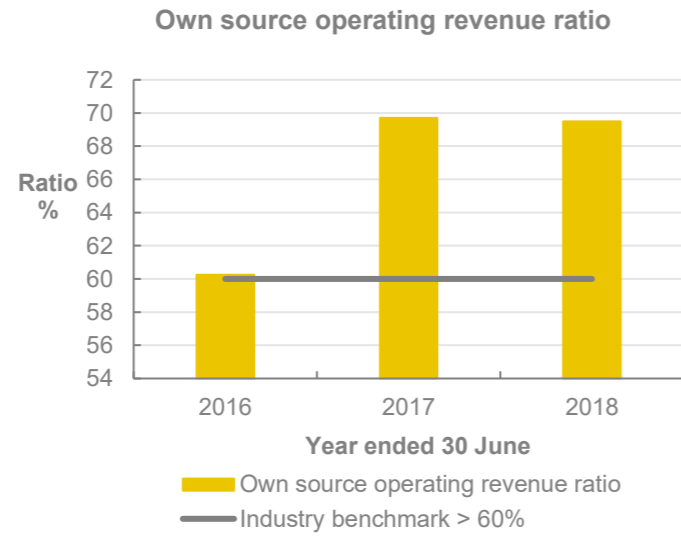


The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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

Own source operating revenue ratio

- Council's own source operating revenue ratio of 69.49% is above the industry benchmark of 60%.
- Council has consistently met the benchmark of 60 per cent in recent years due to the increase in rate and annual charges arising from the special rate variation.

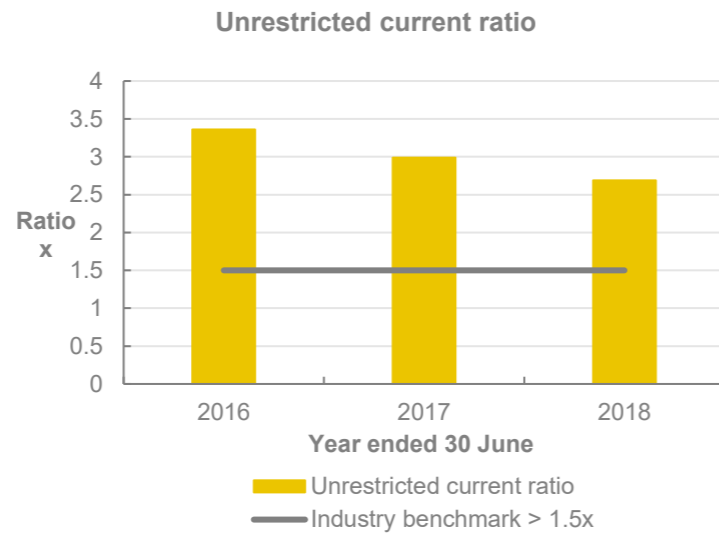
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

- Council's liquidity ratio of 2.69x is greater than the industry benchmark of greater than 1.5x. This indicates that the Council has sufficient liquidity to meet its current liabilities when they fall due.
- The recent decrease in the ratio is due to significant growth management areas within the Wollondilly local government area and corresponding developer contributions which continue to drive the growth of external restrictions on cash and investments.

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 1.5x.



Debt service cover ratio

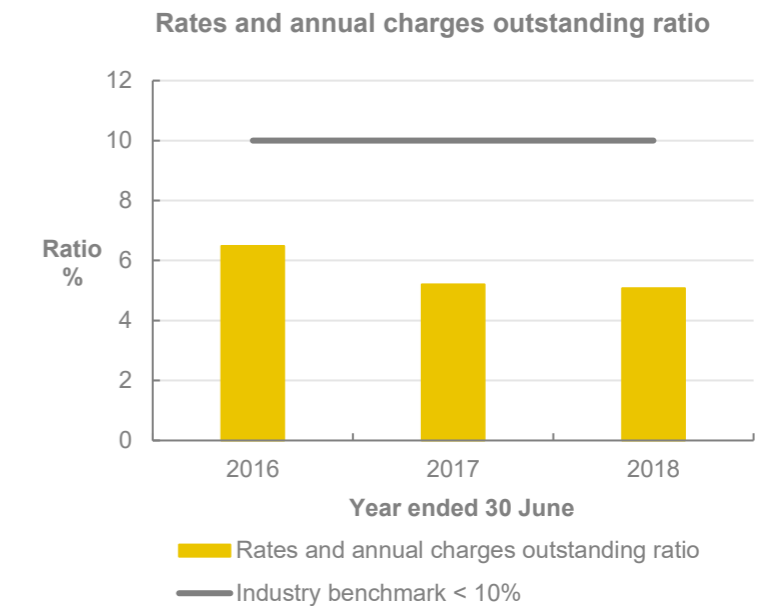
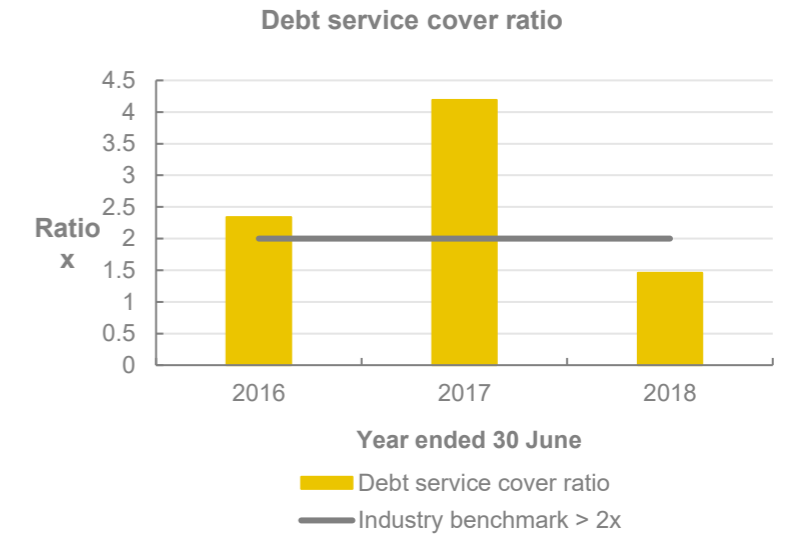
- Council's debt service cover ratio of 1.46x is below the industry benchmark of greater than 1.5x.
- The decline in the debt cover ratio was driven by \$5.1 million increase in borrowing costs due to the unwinding of a present value discount in relation to the revised cost to remediate Councils land fill/effluent pond sites. This was re-assessed in the current year for the first time since 2008.
- Council needs to monitor liquidity levels to ensure it can meet its current liabilities when they fall due.

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

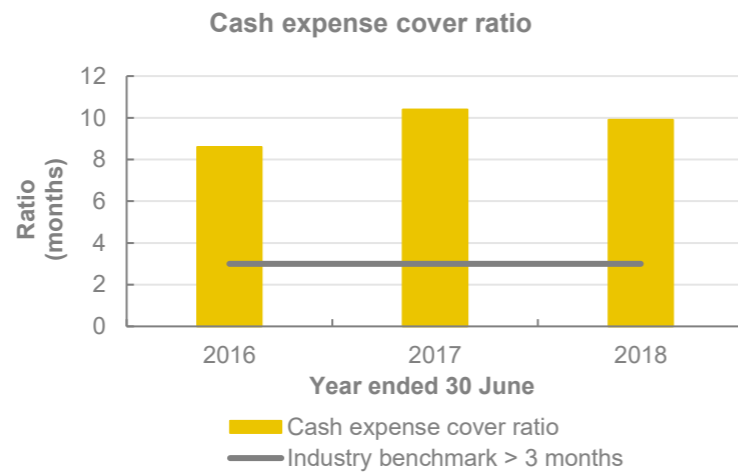
- Council's rates and annual charges outstanding ratio of 5.08% meets the industry benchmark of less than 10%.
- Council's improved result has been primarily driven by:
 - improved debt recovery procedures
 - favourable economic conditions in the local government area affecting the agricultural, construction, industrial and mining industries.

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 10 per cent for regional and rural councils.



Cash expense cover ratio

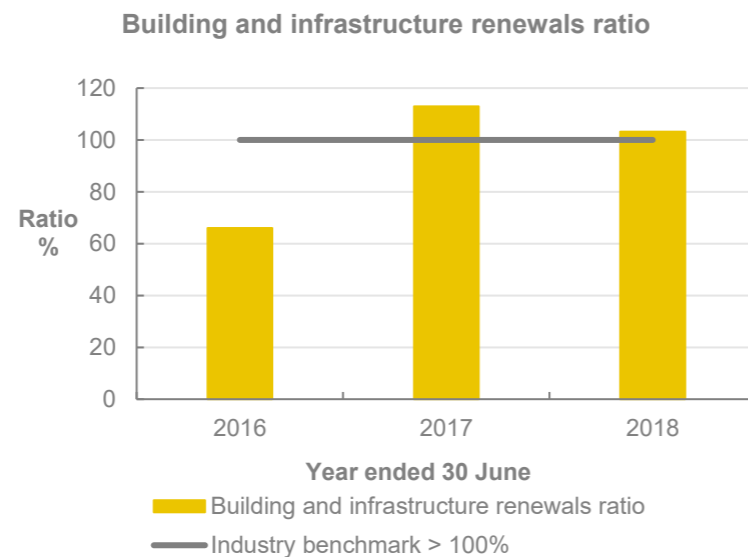
- Council's cash expense cover ratio was 9.9 months, which is above the industry benchmark of greater than 3 months.
- This indicates that Council had the capacity to cover 9.9 months of cash expenditure without additional cash inflows at 30 June 2018.
- The decrease in the cash expense ratio of 0.5 month is due to the level of term deposits which decreased by \$600k in 2018 compared to 2017.



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.

Building and infrastructure renewals ratio (unaudited)

- Council has met the benchmark of 100 per cent in 2018, this was driven by the following:
- Additional investment in infrastructure renewals totalling \$12.3 million compared to \$11.9 million in 2016-17.



The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.

This ratio is sourced from council's Special Schedule 7 which has not been audited.

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 15.

AASB 124 'Related Party Disclosures'

Effective for annual reporting periods beginning on or after 1 July 2016

AASB 2015-6 extended the scope of AASB 124 to include not-for-profit public-sector entities. As a result, Council's financial statements disclosed the:

- compensation paid to their key management personnel
- nature of their related party relationships
- amount and nature of their related party transactions, outstanding balances and commitments and outstanding balances (including commitments).

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.

Lawrissa Chan
Director, Financial Audit Services

cc: Luke Johnson, Chief Executive Officer
Stephen Horne, Chair of the Audit, Risk and Improvement Committee
Tim Hurst, Chief Executive of the Office of Local Government

Wollondilly Shire Council

Special Schedules
for the year ended 30 June 2018

Contents		Page
Special Schedules ¹		
Special Schedule 1	Net Cost of Services	2
Special Schedule 2	Permissible income for general rates	4
Special Schedule 2	Independent Auditors Report	5
Special Schedule 7	Report on Infrastructure Assets	8

¹ Special Schedules are not audited (with the exception of Special Schedule 2).

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.

Wollondilly Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2018



Wollondilly Shire Council

Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2018

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	1,098	–	–	(1,098)
Administration	5,505	2,135	–	(3,370)
Public order and safety				
Fire service levy, fire protection, emergency services	2,876	462	1,233	(1,181)
Beach control	–	–	–	–
Enforcement of local government regulations	1,872	74	–	(1,798)
Animal control	41	205	–	164
Other	–	–	–	–
Total public order and safety	4,789	741	1,233	(2,815)
Health	3	280	–	277
Environment				
Noxious plants and insect/vermin control	–	1	–	1
Other environmental protection	1,562	1,574	–	12
Solid waste management	21,722	7,879	–	(13,843)
Street cleaning	243	–	–	(243)
Drainage	–	–	–	–
Stormwater management	249	286	–	37
Total environment	23,776	9,740	–	(14,036)
Community services and education				
Administration and education	2,032	277	–	(1,755)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	–	–	–	–
Children's services	830	659	–	(171)
Total community services and education	2,862	936	–	(1,926)
Housing and community amenities				
Public cemeteries	63	112	–	49
Public conveniences	–	–	–	–
Street lighting	467	84	–	(383)
Town planning	4,703	1,706	5,774	2,777
Other community amenities	207	171	–	(36)
Total housing and community amenities	5,440	2,073	5,774	2,407
Water supplies	–	–	–	–
Sewerage services	–	–	–	–

Wollondilly Shire Council

Special Schedule 1 – Net Cost of Services (continued)

for the year ended 30 June 2018

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	1,314	148	–	(1,166)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	3,239	182	–	(3,057)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	–	–	–	–
Sporting grounds and venues	453	42	–	(411)
Swimming pools	463	–	–	(463)
Parks and gardens (lakes)	29	15	–	(14)
Other sport and recreation	4,215	–	1,315	(2,900)
Total recreation and culture	9,713	387	1,315	(8,011)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	1,479	623	–	(856)
Other mining, manufacturing and construction	–	–	–	–
Total mining, manufacturing and const.	1,479	623	–	(856)
Transport and communication				
Urban roads (UR) – local	16,368	3,066	6,035	(7,267)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	–	–	–	–
Sealed rural roads (SRR) – regional	–	–	–	–
Unsealed rural roads (URR) – local	–	–	–	–
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	–	–	–	–
Footpaths	–	–	–	–
Aerodromes	–	–	–	–
Other transport and communication	–	–	–	–
Total transport and communication	16,368	3,066	6,035	(7,267)
Economic affairs				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	1,545	428	–	(1,117)
Total economic affairs	1,545	428	–	(1,117)
Totals – functions	72,578	20,409	14,357	(37,812)
General purpose revenues ⁽¹⁾		37,199		37,199
Share of interests – joint ventures and associates using the equity method	–	–		–
NET OPERATING RESULT ⁽²⁾	72,578	57,608	14,357	(613)

(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

Wollondilly Shire Council

Special Schedule 2 – Permissible income for general rates
for the year ended 30 June 2019

\$'000		Calculation 2018/19	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	32,556	29,159
Plus or minus adjustments ⁽²⁾	b	462	230
Notional general income	c = (a + b)	33,018	29,389
Permissible income calculation			
Special variation percentage ⁽³⁾	d	10.80%	10.80%
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)	3,566	3,174
Or plus rate peg amount	i = c x e	–	–
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	36,583	32,563
Plus (or minus) last year's carry forward total	l	2	–
Less valuation objections claimed in the previous year	m	–	(5)
Sub-total	n = (l + m)	2	(5)
Total permissible income	o = k + n	36,585	32,558
Less notional general income yield	p	36,576	32,556
Catch-up or (excess) result	q = o – p	9	2
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	–	–
Less unused catch-up ⁽⁵⁾	s	–	–
Carry forward to next year	t = q + r – s	9	2

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****Wollondilly Shire Council**

To the Councillors of Wollondilly Shire Council

Opinion

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Wollondilly Shire 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 notes and explanations in Special Schedule 2 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule 2 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 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. 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.



Lawrissa Chan
Director

15 October 2018
SYDNEY

Wollondilly Shire 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 ^a	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	5,183	5,183	3,829	6,497	44,197	92,416	1%	5%	30%	64%	0%
	Sub-total	5,183	5,183	3,829	6,497	44,129	92,416	1.0%	5.0%	30.0%	64.0%	0.0%
Roads	Sealed roads	33,133	33,133	5,794	11,831	117,761	232,155	31%	23%	37%	7%	2%
	Unsealed roads	242	242	384	228	1,882	2,953	0%	10%	68%	17%	5%
	Bridges	1,364	1,364	820	1,310	35,814	64,716	8%	33%	54%	2%	3%
	Footpaths	473	473	342	645	11,758	15,680	10%	27%	57%	6%	0%
	Other road assets	3,384	3,384	2,505	3,764	50,154	79,413	21%	50%	27%	2%	0%
	Bulk earthworks	–	–	–	480	44,373	44,373					
Sub-total	38,596	38,596	9,845	18,258	261,742	439,290	21.7%	27.1%	34.9%	4.7%	11.6%	

page 8

Wollondilly Shire Council

Special Schedules 2018

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 ^a	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	1,087	1,087	473	341	41,982	54,818	25%	59%	11%	5%	0%
	Sub-total	1,087	1,087	473	341	41,982	54,818	25.0%	59.0%	11.0%	5.0%	0.0%
Open space/recreational assets	Swimming pools	–	–	60	293	1,672	3,022	86%	14%	0%	0%	0%
	Other	264	264	885	3,169	28,271	33,359	7%	68%	20%	4%	1%
	Sub-total	264	264	945	3,462	29,943	36,381	13.6%	63.5%	18.3%	3.7%	0.9%
TOTAL – ALL ASSETS		45,130	45,130	15,092	28,558	377,796	622,905	18.5%	28.7%	31.1%	13.5%	8.3%

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

Wollondilly Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Prior periods 2017	2016	Benchmark
Infrastructure asset performance indicators * consolidated					
1. Buildings and infrastructure renewals ratio ⁽¹⁾					
Asset renewals ⁽²⁾	12,603	103.14%	113.12%	66.26%	>= 100%
Depreciation, amortisation and impairment	12,219				
2. Infrastructure backlog ratio ⁽¹⁾					
Estimated cost to bring assets to a satisfactory standard	45,130	11.88%	15.28%	16.16%	< 2.00%
Net carrying amount of infrastructure assets	379,877				
3. Asset maintenance ratio					
Actual asset maintenance	28,558	189.23%	123.95%	91.62%	> 100%
Required asset maintenance	15,092				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	45,130	7.25%	8.38%	9.03%	
Gross replacement cost	622,905				

Notes

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

⁽¹⁾ Excludes Work In Progress (WIP)

⁽²⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Wollondilly Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2018

Indicator	2018 Ratio	2017 Ratio	2016 Ratio	2015 Ratio	Benchmark	Purpose of asset renewals ratio	Commentary on 2017/18 result
1. Buildings and infrastructure renewals ratio	103.14%	113.1%	66.3%	74.0%	Minimum >=100.00%	To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	Historically, infrastructure renewals were insufficiently funded, resulting in a large infrastructure backlog. This issue has been addressed with the current special rate variation sought for the purpose of renewing Council's infrastructure assets, with the benchmark having been exceeded over the past two reporting periods.
2. Infrastructure backlog ratio	11.88%	15.3%	16.2%	15.9%	Maximum <2.00%	This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	This ratio is currently not meeting the required benchmark due to many years of insufficient funding for asset maintenance and renewal. To address this issue, Council successfully applied for a special rate variation in 2015/16 - the effects of which are now starting to be seen with the ratio beginning to fall.
3. Asset maintenance ratio	189.23%	124.0%	91.6%	57.0%	Minimum >100.00%	Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.	Council is now seeing the effects of the special rate variation that has gradually compounded over the past few years to the point where Council is now regularly providing sufficient resource towards the maintenance of its assets.
4. Cost to bring assets to agreed service level	7.25%	8.4%	9.0%	8.7%		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.	Similar to the Infrastructure Backlog ratio, this ratio has historically been too high due to years of insufficient funding for asset maintenance and renewal. The effects of the recent special rate variation are now starting to be seen with the ratio beginning to fall. Future projections indicate this ratio will continue to fall each year.



www.wollondilly.nsw.gov.au

PO Box 21, Picton NSW 2571 Australia | [E council@wollondilly.nsw.gov.au](mailto:E_council@wollondilly.nsw.gov.au) | **P** 02 4677 1100