

Annual Report

Wollongong City Council 2008 | 2009

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Our City

Wollongong enjoys a rich sense of community and cultural heritage, with a deep respect for the tradition of others'. Regular celebrations of diverse customs add to the vibrant tapestry of community life and provide another dimension to our increasingly sophisticated city.

Wollongong originated from the Aboriginal word woolyungah, meaning five islands, and was originally the home of the Wadi Wadi people. The primary city of the Illawarra region, Wollongong enjoys a magnificent natural environment ranging from rainforests to spectacular sea cliffs and pristine beaches. Known in past decades for its heavy manufacturing base, the city's key industry sectors now include retail, tourism, health, property, business services, and education.

SNAPSHOT OF THE WOLLONGONG LOCAL GOVERNMENT AREA

	Wollongong now*	Wollongong in 1996	Did you know.....
Population	In 2008, Wollongong LGA had an estimated 198,324 residents.	In 1996, 177,009 people resided in the Wollongong LGA.	Our population grew rapidly during the 1960s and 1970s, rising from about 91,000 in 1954 to 165,000 in 1976 (81%). Population growth has since slowed to 4% over the past 10 years.
Age	21% of our residents are aged between 35-49 years.	21% of our residents were aged between 35-49 years in 1996.	The average age is 37 years. Although our age structure hasn't changed significantly since 1996, an increase in people 64 years and over is evident.
Birthplace	22% of our population were born overseas.	25% of our population were born overseas in 1996.	English is the most common spoken language in Wollongong, but more than 70 languages are spoken by our residents.
Family/Housing	45% of families are couples with child(ren).	49% of families were couples with child(ren) in 1996.	Home ownership has decreased with 36% of residence owning their home in 2006 compared to 44% in 1996.
Qualifications	21% of residents hold formal qualifications.	16% of residents held formal qualifications in 1996.	An additional 7,369 residents held a Bachelor or higher degree in 2006 than in 1996. 10,169 fewer people had no qualifications.
Employment	Employment over the past 10 years has increased slightly, with around 76,500 (92%) people now employed.	In 1996, 69,581 people were employed (89%).	68% of residents work within the local government area. The manufacturing, health, retail and education sectors employ more workers than any other industry.

* Data compiled from the 2006 Australian Bureau of Statistics Census data.

Source: Australian Bureau of Statistics Census data for 1996, 1991, 2001, 2006; Australian Bureau of Statistics Estimated Residential Population data.

For more information on our population visit www.wollongong.nsw.gov.au and go to Community/ City Demographics – click on Community Profile.

Administrators' Message

As Wollongong City Council's Administrators, we are pleased to present Council's 2008-09 Annual Report.

The Annual Report provides you with information on what Council has done in the past year. The report includes progress on major projects, outlines Council's financial performance and provides an overview of Council's focus for the next twelve months.

In the 2008-09 financial year, Council embarked on a major push to redress a backlog of infrastructure maintenance and increase the amount of resources dedicated to repairing, maintaining and renewing Wollongong's roads, footpaths, cycle ways, parks and community infrastructure.

Council spent a record \$73 million last year to enhance the infrastructure renewal program and complete a number of major projects for the community such as the Thirroul Library and Community Centre.

Last financial year, one of the most important tasks Council undertook was to progress the draft Wollongong Local Environmental Plan 2009 (LEP). The LEP is now with the Department of Planning for gazettal. When finalised, the plan will provide the city with up-to-date planning controls to regulate future development.

The first stage of the long awaited West Dapto urban release area is also with the NSW Government for gazettal. This release will provide for significant new development for the Illawarra, unlocking much needed residential and employment lands.

In the wake of recommendations handed down by the Independent Commission Against Corruption in 2008, one of Council's main priorities in the past twelve months has been ensuring transparency and good governance.

Over the last year an Independent Hearing and Assessment Panel was established, a Professional Conduct Coordinator recruited, governance structures overhauled and a number of internal policies and processes updated, including Council's Code of Conduct.

Through a new Consultation Policy and eight Neighbourhood Forums, Council has consulted with the community on a range of projects and strategies. This included concept designs for the North Beach Bathers Pavilion, Town Hall refurbishment, the future of the Crown Street Mall and the Inner City Parking Strategy.

Much progress has been made in the last financial year, and while there are still many challenges to overcome, we are confident Council is moving forward.

**Gabrielle Kibble AO,
Dr Colin Gellatly AO and
Robert McGregor AM**

General Manager's Message

It has been a challenging year globally, and here in Wollongong we have spent the last twelve months heavily focused on addressing our own finances and getting on top of our ageing infrastructure.

I appreciated the support of the community in the 2008-09 financial year as Council worked hard to reduce operating costs, provide more efficient services and spend more money to repair and renew our infrastructure.

Last year we achieved a savings target of \$6.7 million which we were able to channel into infrastructure. There is no doubt you saw the results of our record investment in community assets through improvements and repairs to the city's roads, drains, buildings, cycle ways, footpaths, sports fields and playground equipment.

We were very fortunate this year to attract the support of the State and Federal Government through a number of grants. Thanks to their assistance, we made great progress on important renewal and upgrade projects such as the Blue Mile and Town Hall.

Into the new financial year, Council will continue its back to basics focus to address maintenance and renewal of the city's core infrastructure.

There will be more progress on infrastructure renewal throughout the city, and on major projects like the Blue Mile, the Crown Street Mall refurbishment and the Inner City Parking Strategy. You will also see the results of our hard work updating Wollongong's planning instruments and progress on the city's major land release at West Dapto.

As General Manager I look forward to working closely with the community and keeping you informed of Council's progress over the next twelve months as I maintain my commitment to leading a responsible and transparent organisation.

David Farmer

Our Role as a Council

Wollongong City Council's statutory role is to:

- provide appropriate services and facilities for the community.
- exercise community leadership.
- manage, develop, protect, restore, enhance and conserve the environment.
- have regard to the long term and cumulative effects of its decisions.
- be a custodian and trustee of public assets and to effectively account for and manage the assets for which it is responsible.
- raise funds for local purposes.
- keep the community informed about its activities.
- exercise its regulatory functions consistently and without bias.
- be a responsible employer.

Council's priority to fulfil its role is reflected through its planning process and documents, and the wide variety of services and facilities provided to the community. This annual report outlines our key operations and principal activities undertaken during 2008-09.

Our Organisational Structure (section 428 (2) (g))

COUNCIL

On Tuesday 4 March 2008, Gabrielle Kibble AO, Dr Colin Gellatly AO and Robert McGregor AM were appointed as the Administrators of Wollongong City Council. The Administrators will carry out this function until local government elections are held in 2012. They are not employees or officers of the Council. The role of the Administrators is to make decisions about the running of Wollongong City Council. The Administrators will hold Council meetings and ensure the General Manager and Council officers carry out decisions made at these meetings.

Gabrielle Kibble AO - is a former head of the Department of Planning, Director of Sydney Olympic Park Authority and Chair of the NSW Heritage Council.

Wollongong City Council Committees: Corporate Governance Committee

Dr Colin Gellatly AO - is the former head of NSW Premier's and Cabinet. He is currently Chair of the Redfern Waterloo Authority, Chair of Pillar Corporation (Wollongong based superannuation administration), and a member of the State Water Board. Dr Gellatly AO is a member of the Council of the University of New England and a member of the UNE Foundation.

Wollongong City Council Committees: Audit Committee and Corporate Governance Committee

Robert McGregor AM - is the former CEO of NSW Health, the Chief Secretary's Department, the NSW Ambulance Service and the NSW Department of Industrial Relations.

Wollongong City Council Committees: Audit Committee and Corporate Governance Committee

Contact Details

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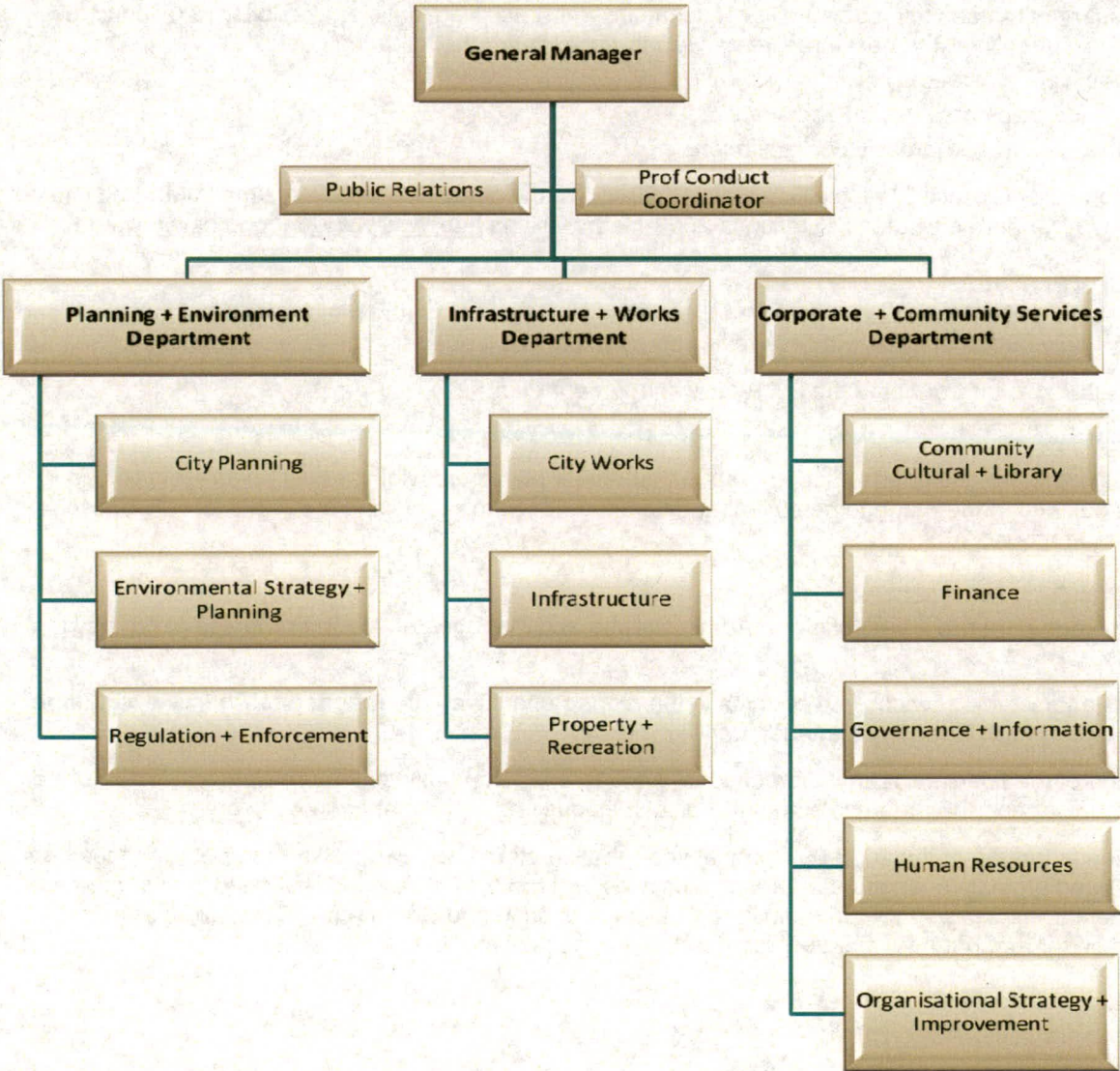
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Mail: The Administrators. Wollongong City Council. Locked Bag 8821, Wollongong NSW 2500.

SENIOR MANAGEMENT STRUCTURE as at 30 June 2009

Our senior management structure is made up of the General Manager, and three directors (Planning + Environment, Infrastructure + Works, and Corporate + Community Services) who oversee policy, strategy direction and overall management of the organisation.



Planning and Reporting Process

STRATEGIC DIRECTIONS

Council's Strategic Directions 2009-12 sets out the context in which Council will plan and deliver services over the next three years. These directions will guide the delivery of services and facilities, and the allocation of necessary resources and community consultation; whilst allowing sufficient flexibility to respond to emerging issues. Over the next three years we will work toward the following goals:

- An attractive and liveable city,
- Viable and sustainable assets and services,
- An innovative and progressive organisation.

Wollongong City Council Strategic Directions 2009-12 was adopted by Council in June 2009. You can obtain a full copy of Council's Strategic Directions 2009-12, by visiting <http://www.wollongong.nsw.gov.au>

MANAGEMENT PLAN

Our management plan is a three year plan that identifies the services and major projects Council will carry out. It is a fully budgeted plan, which is reviewed annually and placed on public exhibition.

In June 2008, Council adopted the 2009-12 Management Plan.

BUSINESS PLAN

Business plans are designed to support the management plan by providing detail on the services and projects outlined in the management plan, and contribute towards achieving the goals identified in the Strategic Directions 2009-12.

REPORTING OUR PROGRESS

Monthly reports are produced to inform Administrators and management on the progress of our day to day business.

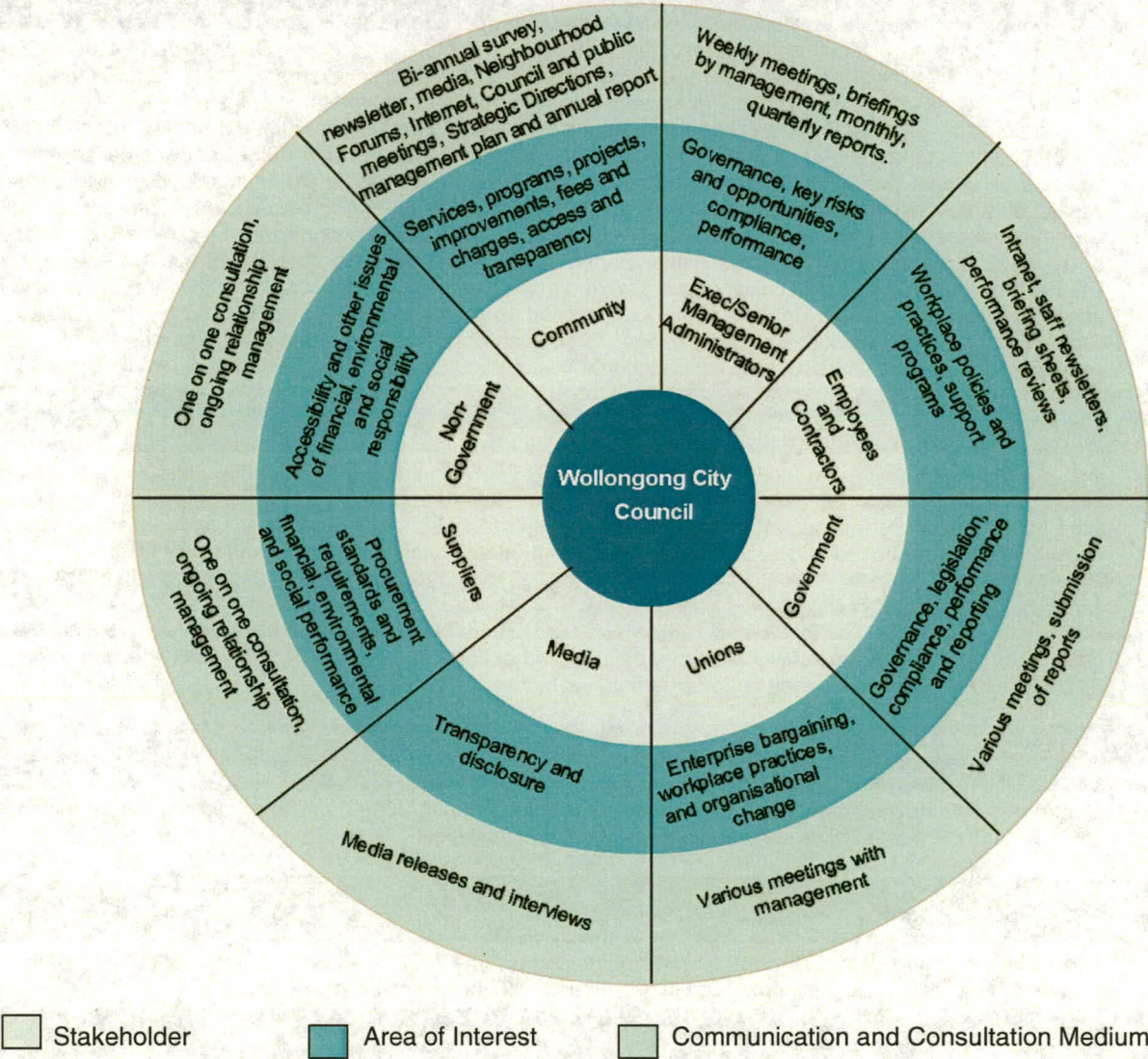
Progress against the services and projects in the management plan are reported to Council every three months through the Quarterly Management Plan Review.

At the end of the financial year, we produce an annual report that outlines the principal activities carried out during the year and the progress of major projects, as outlined in the management plan.

During the latter half of the 2008-09 financial year, the structure under which we report our management plan activities and projects changed. As a result, activities and projects have been realigned with our three departments: Planning + Environment, Infrastructure + Works, and Corporate + Community Services. Information throughout this report is presented under the new structure.

Internal and External Stakeholders

Engagement with internal and external stakeholders is an essential element in Wollongong City Council's operations. The diagram below illustrates our internal and key external stakeholders, their areas of interest and the way in which Council engages with them.



Corporate Governance

Wollongong City Council places significant importance on corporate governance. It is viewed as an essential part of our business, with several key documents and policies put in place to ensure good corporate governance. These include:

- Code of Conduct
- Disclosure of Personal Interest
- Gifts and Benefits Register

Members of the public and Council staff are encouraged to report unethical conduct, including the referral of matters to the Professional Conduct Coordinator and network of protected disclosure officers.

We also have a Corporate Governance Committee that meets four times per year and is comprised of the three Council Administrators and three independent members. The responsibilities and functions of the committee are related to financial monitoring, planning and performance monitoring, risk management and ethical conduct. During the year the committee considered a range of key corporate activities, including:

- enterprise-wide risk management,
- legislative compliance,
- key performance monitoring,
- corporate governance trends and statistics, and
- Council's financial strategy for 2009-2025.

Our Performance as at 30 June 2009

☒ Result not achieved, taking action ☐ Satisfactory result, progress monitored ☒ Result achieved

OPERATING RESULT PRE CAPITAL

Explanation: This indicator measures the long term financial viability of Council. In broad terms a deficit from operations indicates that Council is not earning sufficient revenue to fund its ongoing operations (services).

Target: \$(4.1M)
Original budget

Result: ☒

Council recorded an actual deficit (pre capital) of \$(10.4)M, compared to an Original Budget deficit (pre capital) of \$(4.1)M resulting in an unfavourable variance of \$(6.3)M. Major elements contributing to this result include increased depreciation (\$10.7)M, downward revaluation of investment holdings reflecting the financial market volatility (\$2.1)M, decline in development income (\$1.2)M and increased legal and statutory charges (\$1.8)M. These unfavourable variance were offset by early receipt of grants \$6.8M and increased internal charges to capital projects to better reflect the capital cost of works, \$2.8M. A more detailed analysis of variations is provided in Attachment A, Note 16 of the Financial Statements. Increased depreciation expenditure is primarily a result of a change in accounting requirements that has led to significant variation in the valuation of assets and measurement of depreciation. During 2008-09 and after the adoption of the 2008-09 Budget, Council's operational land and buildings were valued at market price (fair value). While the increased value of assets improved Council's Balance Sheet, it also led to increased depreciation charges in the Income Statement. Other assets such as roads, bridges, stormwater and swimming pools will be valued in the same way over the next few years and it is estimated that this will add \$23.5M to future depreciation expense.

CAPITAL EXPENDITURE

Explanation: This indicator measures capital expenditure year to date compared to budget year to date.

Target: \$66.5M

Result: ☒

Actual capital expenditure at the end of June 2009 is \$73.6M, against a budget of \$66.5M. Over expenditure of \$7.1M is attributed to works brought forward from the 2009-10 capital program. These projects were in the area of road reconstruction, footpaths, parks and sports fields. A review has commenced to identify opportunities for improved budget and project management and financial systems and processes.

CASH + INVESTMENTS LESS EXTERNAL RESTRICTED ASSETS

Explanation: This indicator measures the amount of cash and investments held by Council, minus any cash received for a specific purpose.

Target: \$12.6M

Result: ☒

Cash + investment less externally restricted cash at end of June 2009 was \$14.2M, which was comprised of \$48.5M cash + investments reduced by externally restricted cash of \$34.3M.

DEVELOPMENT APPLICATION TURNAROUND – LESS THAN \$1M

Explanation: This indicator measures the net median time taken to determine development applications valued at less than \$1M.

Target: 40 days

Result: ☒

A total of 1,647 development applications were determined during 2008-09. The median turnaround time as at 30 June 2009 was 30 days, a favourable result against the target.

STAFF TURNOVER

Explanation: The measure identifies the staff turnover rate as a percentage (12 months rolling average).

Result: ☒

The 12 month rolling average for staff turnover at the end of June 2009 was 8.6%. Council's staff turnover rate is considerably lower than the average Local Government staff turnover rates of 10-15%.

SICK LEAVE

Explanation: This indicator measures the average number of sick days taken per employee, on a rolling 12 month basis.

Target: 7.0 days

Result: ☒

The 12 month rolling average for staff sick leave at the end of June 2009 was 7.2 days, slightly above the target of 7.0 days. Nonetheless it compares favourably to the current public sector average of 10.8 days per annum. Sick leave was primarily due to flu related illnesses and the impact of the recommendations of NSW Health in relation to management of flu symptoms.

LOST TIME INJURY FREQUENCY RATE (LTIFR)

Explanation: This indicator measures the number of lost time injuries for every one million hours worked by employees.

Target: 22 days

Result: ☒

As at 30 June 2009, the LTIFR was 20.6 days, a favourable result when compared to the target. Injuries during 2008-09 were primarily due to sprains and strains. Council continues to focus on reducing the potential for injury and illness through the application of risk management and early intervention strategies for injury management.

CUSTOMER ENQUIRIES CLOSED WITHIN 5 DAYS

Explanation: This indicator measures the number of complaints and compliments received and the percentage of customer requests closed within five days by the Customer Relations Unit which forms part of the Customer Service Unit. Note: Collection of data for this measure commenced in March 2009.

Target: 95%

Result: ☒

Council received a total of 47 compliments, and 150 complaints from March to June 2009. As at the end of June, closure of customer requests was within the target of 95%. Improvements have been implemented to improve the coordination, documentation and management of customer requests.

CORRESPONDENCE MET RESPONSE TARGET

Explanation: This indicator measures correspondence responded to within the nominated timeframe (10 working days) shown as a percentage of the total number of correspondence requiring a response.

Target: 85%

Result: ☒

As at the end of June 2009, 85% of correspondence was completed on time.

Principal Activities (section 428 (2) (b))

The following information provides highlights of Council's principal activities and major projects undertaken during 2008-09 as outlined in the Management Plan 2008-12. Key projects for the coming years are also identified. The principal activities and projects are structured around our three departments, namely:

- Planning + Environment
- Infrastructure + Works
- Corporate + Community Services

PLANNING + ENVIRONMENT

Financial Performance

	Expenditure \$M	Revenue \$M
Planned	17.71	9.63
Actual	16.67	8.52

This table shows the amount we spent (expenditure) and the amount we earned (revenue) in delivering our services, actions and projects within Planning + Environment.

SNAPSHOT OF SERVICES/OPERATIONS

- Planned for the future needs of the community through the development of local environmental plans, development control plans and other planning policies.
- Assessed and determined 1,647 development applications.
- Protected and restored approximately 1,080 hectares of natural areas (including bushland, escarpment, foreshore, watercourse and wetland).
- Coordinated the Bushcare program, where 152 volunteers contributed 28,749 hours of restoration to 50 Bushcare sites.
- Coordinated the Rise and Shine Campaign, where 108 community groups collected around 30 tonnes of rubbish during Spring Clean Up.
- Coordinated Clean Up Australia activities, with 1,100 people participating. Around 20.5 tonnes of rubbish was collected.
- Educated 14,835 people through waste and environmental programs and activities.
- Inspected 876 'primary' food shops. Council now classified as Category B under the Food Regulation Partnership Agreement between the NSW Government and Local Government.
- Distributed \$25,250 of the Wollongong Local Heritage Grant to seven owners of heritage items.

2008-09 HIGHLIGHTS

** Additional highlights are included in the State of Environment section of this report (page 16).*

Independent Hearing and Assessment Panel (IHAP)

In May 2008 Council resolved to establish an Independent Hearing and Assessment Panel (IHAP) to provide increased transparency in the development application assessment process. It also provides an independent forum for stakeholders (applicants and objectors) to submit and discuss issues relating to significant and controversial development proposals.

Meetings are held monthly, with the first one held in October 2008. Thirty nine applications have been reported to IHAP, which represents 3% of all development applications determined during this period.

Draft Local Environmental Plan (LEP) 2009

The draft city-wide Local Environmental Plan (Wollongong LEP 2009) was placed on public exhibition from December 2008 to April 2009. A total of 1,423 submissions were received. Council considered the submissions at its meetings in May, June and July 2009. A revised draft plan has been submitted to the Department of Planning for gazettal.

West Dapto Release Area

Following public exhibition of the draft West Dapto LEP for stages 1 and 2, Council endorsed a revised draft plan in December 2008. The draft plan has been submitted to the Department of Planning for gazettal.

West Dapto Transport Link

A review of the precinct planning for the West Dapto Urban Release Area concluded that the Fowlers Road Bridge was not required to service the initial stages of West Dapto as improvements to Bong Bong Road and West Dapto Road would provide sufficient access to the new development areas.

Planning for improving road access to Horsley and the development areas of West Dapto has commenced and will continue in 2009-10, with \$550,000 budgeted to design a widening of the Bong Bong Road level crossing and improve connections to the Princes Highway. The 2009-10 program will include the formulation of an initial access strategy to provide deliverable and affordable improvements for the residents of Horsley as well as supporting the initial development areas.

Clearing of Outstanding Development Applications

During 2008-09 Council directed additional resources to reduce the number of outstanding undetermined development applications. As a result, the number of undetermined development applications has fallen from a peak of around 600 to the current level of less than 400. This reduction has occurred despite a significant number of new applications lodged with Council during the year (1,625).

Animal Shelter

Council successfully finalised the contract arrangements for housing impounded companion animals. The Deed of Agreement was signed in June 2009, with all companion animals now housed and cared for at the RSPCA's new Unanderra facility.

Sustainable Illawarra Project

The regional Sustainable Illawarra project continues to provide a focus for community involvement on sustainability issues.

Three major events were held during 2008-09 including the E-Waste Day where over 350 cars dropped off unwanted electrical items; the Mangerton Romp, where over 300 local residents learnt how to encourage biodiversity in their backyards; and a Clothes Swap event at Thirroul Community Centre which attracted over 300 participants with over 1,000 garments being swapped, and 3.5 tonnes of waste being diverted from landfill.

Waste and Environmental Education

In order to centralize and improve Council's environmental education activities, waste education activities from Glengarry Cottage were transferred to the Botanic Garden Discovery Centre in December 2008. The facilities at the Discovery Centre have been modified with the introduction of a three bay compost bin, two worm farms and the provision of an area for a permaculture garden.

The Discovery Centre ran three successful Holiday Programs along with a range of other programs throughout the year with a customer satisfaction rating of 95%.

During National Compost week in May 2009 the waste education team ran a series of public displays at shopping centres across the LGA to highlight the benefits of composting and answer questions from the public. The displays were followed up with a series of basic and advanced composting workshops.

Water Sensitive Urban Design (WSUD) and Sustainability at JJ Kelly Park

The WSUD and Sustainability at JJ Kelly Park project continued during 2008-09 with the riparian restoration, and water and energy savings components of the project completed. Over 95% of the infrastructure for the supply, storage and application of the recycled water for irrigation has been installed and the system will be commissioned in late 2009.

Litter Boom at Fairy Creek

The Fairy Creek Litter Boom project was jointly funded by Wollongong City Council and the Department of Environment, Climate Change and Water (Coastal Estuary Management Program). The litter boom is designed to trap floating gross pollutants without interfering with the passage of fish and other aquatic life. Installation was completed in early 2008-09 and continues to perform well, with visible reductions in gross pollutants entering Fairy Creek Lagoon.

LOOKING AHEAD TO 2009-12

Some of the major projects that will shape our city over the next three years (2009-12) include:

- Finalising the Wollongong Local Environmental Plan 2009.
- Finalising the Consolidated Development Control Plan.
- Finalising Stages 1 and 2 of the West Dapto Release Area.
- Finalising the Climate Change Risk Assessment Project and Coastal Processes Study.
- Reviewing and implementing the Water and Energy Savings action plans.
- Implementing key actions from the Illawarra Escarpment Strategic Management Plan.
- Commencing preparation of village and town centre plans.

INFRASTRUCTURE + WORKS

Financial Performance

	Expenditure \$M	Revenue \$M
Planned	114.82	52.65
Actual	123.90	57.19

This table shows the amount we spent (expenditure) and the amount we earned (revenue) in delivering our services, actions and projects within Infrastructure + Works.

SNAPSHOT OF SERVICES/OPERATIONS

- Managed Council assets including:
 - over 600 buildings
 - 80km of cycle ways
 - 330km of foot paths/ walkways
 - 880km of local roads
 - 630km of stormwater pipes.
- Cleaned 102 public toilet sites each week, majority cleaned daily.
- Emptied 563 public bins citywide, most bins inspected and emptied daily.
- Removed 36 tonnes of dumped rubbish each week.
- Operated 3 large and 1 small street sweeping machines that collected around 130 tonnes of rubbish each week.
- Maintained 1,531 hectares of open space for sports and recreation.
- Maintained 427 parks covering 521 hectares.
- Mowed 610 hectares of recreation areas.
- Managed 9 swimming pools (including 3 heated and 2 solar heated).
- Managed 9 tidal rock pools.
- Provided professional lifeguard service across 17 beaches.
- Delivered the Surf Sense program to 7,000 school students and 1,000 international students.
- Operated 3 tourist parks.
- Maintained 5 cemeteries.
- Managed 370 commercial, community and sporting leases and licenses; and 620 permanent car park space licenses.

2008-09 HIGHLIGHTS

** Additional highlights are included in the State of Environment section of this report (page 16).*

Blue Mile

Council completed reconstruction of the Brighton Lawn Seawall prior to December 2008 which included a new promenade, playground, lighting, park furniture and landscaping. Following the busy summer period Council commenced Stage 2 of the works to renew and improve the shareway at Brighton Lawn (Belmore Basin) with additional park furniture, landscaping and seating.

In conjunction with these works, Council installed traffic signals at the intersection of Cliff Road and Harbour Street and a chicane near Osborne Park to further improve pedestrian safety in this highly used area.

Inner City Parking Strategy

Following consultation with the community, Council adopted the Inner City Parking Strategy. The strategy includes the provision of an additional 1,700 long stay parking spaces; introduction of charges to Council's casual parking facilities, and parking meters on 850 of the 1,440 on-street parking spaces; increasing the number of free 15 minute parking spaces; and improvements to pedestrian, bicycle and public transport facilities in the city centre to reduce car dependency.

As part of the strategy, the Market Street Car Park was developed, and the car park in Rawson Street was repurchased and upgraded.

Crown Street Mall

Following extensive investigations and community consultation, Council adopted the refurbish option of 'Renovation of the Crown Street Mall', as detailed by the Government Architect's Office, including the opening of Keira Street Transit Mall and the staged implementation of the refurbishment works.

Wollongong Town Hall

During 2008-09, Council commenced the plan and design phase for the refurbishment of the Town Hall.

North Wollongong Bathers Pavilion

Concept designs for the North Wollongong Bathers Pavilion, including refurbished amenities, lifeguard facilities and café/kiosk, were placed on public exhibition. A development application is currently under assessment.

Southern Gateway Centre

Construction of the Southern Gateway Centre was substantially completed by June 2009.

Grants

In 2008-09 several major grants were sought including \$5.1M from the Federal Regional and Local Community Infrastructure program.

Illawarra Performing Arts Centre

The Bruce Gordon Theatre underwent refurbishment works including the provision of disabled access and viewing areas, and refurbished amenities.

Parks and Recreation

A number of playgrounds were completed throughout the year including one at Port Kembla and the introduction of an All Abilities playground at the Botanic Garden.

Additional projects undertaken include improvements to the duck pond at the Botanic Garden and replacement of park furniture across the city.

Footpaths and Cycle Ways

Construction of new shared footpaths/cycle ways were undertaken during 2008-09 between Thirroul and Austinmer; George Harley Drive, North Wollongong; and Masters Road, Corrimal.

Road Resurfacing Program

A record number of local roads were resurfaced during 2008-09 to improve road safety and protect the underlying pavements.

Major Projects

During 2008-09 Wollongong City Council's Infrastructure + Works Department undertook a record number of capital works construction projects worth \$57.4M. Some of the major projects undertaken include:

Project Location	Work Description	Value \$
Stormwater and Floodplain Management		
5 Anama St, Fairy Meadow	Voluntary purchase for flood risk mitigation	777,603
7 Anama St, Fairy Meadow	Voluntary purchase for flood risk mitigation	782,171
Bennet Lane, Helensburgh	Construct new stormwater drainage infrastructure	207,508
Dymock St, Balgownie	Construct new stormwater drainage infrastructure	471,384
Buildings		
Administration Building	New customer service centre	1,500,383
Administration Building	Commenced replacement of cooling towers	244,076
Administration Building	Continue energy savings plan implementation	283,092
Bulli Tops Buildings	Construct new water supply and filtration plant	318,711
Bulli Tourist Park	Construct new demountable kiosk building	346,504
Corrimal Tourist Park	Install 13 new cabins	1,429,812
Illawarra Performing Arts Centre	Refurbish Bruce Gordon Theatre and amenities	487,080
Illawarra Performing Arts Centre	Provide disabled access to Bruce Gordon Theatre	353,802
Southern Gateway	Construct new Southern Gateway building	6,878,800
Thirroul Library and Community Centre	Construct new Thirroul Library and Community Centre	6,333,153
Wollongong Town Hall	Design for refurbishment	309,324
Wombarra amenities	Construct amenities building	351,948
Parks and Recreation		
Botanic Garden	Install new playground	488,615
Brighton Lawn, Wollongong Harbour	Replace playground	317,767
Guest Park, Fairy Meadow	Replace playground	131,966
Citywide	Replace park furniture	360,000
Botanic Garden	Improvement works to duck pond	254,315
Roads and Bridges		
Cordeaux Rd, Cordeaux Heights	Construct replacement road bridge	1,230,179
Lakeside Drive, Koonawarra	Install cathodic protection to concrete bridge	278,802
Cambridge St, Berkeley	Replace kerb, gutter and pavement	331,592
Greta St, Woonona	Replace kerb, gutter and pavement	311,964

Project Location	Work Description	Value \$
Footpaths and Cycle Ways		
Crown St, near Wollongong Hospital	Reconstruct footpath/cycle way	505,465
Thirroul CBD	Reconstruct footpath	798,086
Belmore Basin/Brighton Lawn	Reconstruct footpath/cycle way	316,478
Brighton Beach/ Belmore Basin	Construct seawall and boardwalk	2,005,858
Osbourne St, Dapto	Construct footpath, kerb and guttering	233,601
Thirroul/Austinmer shared cycle way	Construct footpath/cycle way	412,699
Thirroul Commercial Centre	Reconstruct footpath	321,996
George Hanley Dr, North Wollongong	Construct footpath/cycle way	234,744
Car Parks		
Rawson St, Wollongong	Purchase car park property	6,100,000
Market St, Wollongong	Reconstruct car park	367,052
Road Re-Surfacing		
Bridge St, Coniston	Reseal road	240,775
Avondale Rd, Penrose	Reseal road	242,548
Flagstaff Rd, Lake Heights	Reseal road	387,135
Pioneer Rd, Fairy Meadow	Reseal road	318,561
Shellharbour Rd, Port Kembla	Reseal road	328,720
Cabbage Tree Lane, Mt Ousley	Reseal road	347,051
Cowper St, Port Kembla	Reseal road	286,748
Keira St, Wollongong	Reseal road	200,093
Parkes St, Helensburgh	Reseal road	476,145

LOOKING AHEAD TO 2009-12

Some of the major projects that will shape our city over the next three years (2009-12) include:

- Providing disability access at Continental Pool, Wollongong.
- Improving Civic Plaza, Wollongong.
- Replacing concourse and refurbishing Bellambi Rock Pool.
- Refurbishing Wollongong Town Hall.
- Revitalising Crown Street Mall.
- Developing a detailed design of North Beach Bathing Pavilion refurbishment.
- Investigating and designing Keira Street Transit Mall.
- Refurbishing and upgrading Dapto Square to improve public safety.
- Completing footpath upgrades in Thirroul CBD.
- Installing sport field lighting at: Rex Jackson Park, Helensburgh; Hollymount Park, Woonona; Darcy Wentworth Park, Warrawong; Reed Park, Dapto.
- Continuing to progress with the Blue Mile project through the replacement and upgrading of the shareway at Belmore Basin/Brighton Lawn and construction of Stage 1, Cliff Road East Promenade, Belmore Basin to Georges Place.

Corporate + Community Services

Financial Performance

	Expenditure \$M	Revenue \$M
Planned	48.47	125.28
Actual	50.85	127.95

This table shows the amount we spent (expenditure) and the amount we earned (revenue) in delivering our services, actions and projects within Corporate + Community Services.

SNAPSHOT OF SERVICES/OPERATIONS

- Operated 8 libraries and 1 mobile library, including:
 - 1,420,606 loans
 - 872,290 visits
 - 55,483 new items added to the collection
 - 13,158 people participated in programs/events.
- Provided 36 community centres, including function and meeting rooms, auditoriums and halls, 27 of which are licensed to community organisations.
- Provided programs and activities to 21,769 young people.
- Provided 80,867 individual Community Transport trips to Aged, Disabled and Transport Disadvantaged people.
- Addressed 792 reports of graffiti on Council, private and commercial premises, through the Graffiti Hotline.
- Provided 523 instances of direct service and 175 hours of training to management committees and staff in not-for-profit organisations through Volunteering Illawarra.
- Coordinated Australia Day celebrations, with around 60,000 people in attendance.
- Funded and organised the 2008 Viva La Gong festival, with around 14,500 people in attendance.
- Provided \$82,086 in sponsorship to 28 community events.
- Distributed the Cultural Grant, worth \$30,000, amongst 15 projects.
- Funded a regional art gallery, visited by approximately 45,000 patrons.
- Supported 1,105 staff and service delivery through the provision of financial, human resource and information management and planning.

2008-09 HIGHLIGHTS

Financial Sustainability

Through a series of programs and processes including budget review, service reviews and staff reductions the operational savings target of \$6.7M was achieved. These savings were made available for additional capital renewal works to assist in meeting the current shortfall in required funding.

During 2008-09, the organisation continued to undergo significant change with a focus on improving how we do business, how resources are allocated and what results are expected from services.

Customer Service

During 2008-09, a Customer Service Unit (CSU) was established to improve customer service and provide a consistent level of service to all customers. A number of milestones were achieved throughout the year including:

- selection and training of CSU staff;
- endorsement of a Customer Service Framework, which included the Customer Service Charter and Customer Service Policies;
- design of the Customer Service Centre and commencement construction;
- development of the Customer Relationship Management System, which assists with the management of customer requests;
- establishment of a knowledge base which is an extensive source of information for CSU staff; and
- commencement of handling incoming calls centrally by the Customer Service Team in March 2009.

Reforms of Governance

During the year we revised a number of major governance policies and procedures, including the Code of Conduct, Conflicts of Interest, Confidential Information, Protected Disclosures [Whistleblowers], Gifts and Benefits, Technology Acceptable Usage and Customer Complaint Handling policies. These policies have been communicated to all staff and compulsory training sessions attended.

Community Engagement

Council endorsed a new community consultation policy that outlines a range of activities aimed at encouraging community input. One important component of the policy was the establishment of eight Neighbourhood Forums across the Wollongong Local Government Area. These neighbourhood forums are independent community groups who have been working with Council to discuss local issues. Council officers attend each meeting and listen to and record relevant local government actions requested by residents.

Thirroul Library and Community Centre

Thirroul Library and Community Centre opened its doors for operation in June 2009, with a successful community open day held to celebrate the new \$10.5M centre. In the first week of operation the centre loaned 6,467 library items from its collection of 40,000 items and received bookings of over 23,000 people to utilise the various community rooms during the first six months of operations.

Dapto Ribbonwood Centre

During the year the centre underwent some capital improvement works including a new children's playground area to cater for the growing demand for playgroups and a new courtyard area adjacent to Heininger Hall. The design and stage one of air conditioning works was also undertaken within the Heininger Hall.

Men's Shed

The Men's Shed program provides day respite care in a 'workshop' environment for men aged over 65 and men with a disability. A number of projects were completed in 2008-09, including building possum boxes for WIRES; desks for the children's school at the Wollongong Hospital; storage boxes for ParaMeadows School; and donations of toys to the Giving Tree and The Samaritans Purse for underprivileged children.

Sponsorship of Community Events

In accordance with Council's Financial Assistance Policy, (Sponsorship of Community Events) Council provides organisers of community events the opportunity for sponsorship. Submissions were assessed against criteria and a total of \$82,086 was allocated for 28 events including Spring Into Corrimal, Dapto Street Fair, Thirroul Seaside Festival, NSW Junior Touch Championships, and Christmas Carols in five locations throughout the city.

Victorian Bush Fire Appeal

A donation of \$33,206 was made by Council to assist individuals, businesses and communities affected by the Victorian Bush Fires. This was raised through staff payroll deductions of \$16,603 over a four week period which was then matched dollar for dollar from Council.

Australia Day Celebrations

Council worked throughout the year with community organisations and emergency agencies to produce one of the largest Australia Day celebrations held in the City of Wollongong with approx 60,000 visitors. Although anti-social issues arose in the evening, appropriate procedures were put into place with contracted security and police to minimise the impact on the majority of the community attending the celebrations. Record numbers used the free park and ride service, minimising traffic congestion within the CBD area.

LOOKING AHEAD TO 2009-12

Some of the major projects that will shape our city over the next three years (2009-12) include:

- Implementing the Governance Health Check.
- Reviewing Council's financial strategy.
- Conducting an annual service review program.
- Developing a long term plan for community, recreation and library facilities in the southern suburbs, northern suburbs and city centre areas.
- Implementing the new Human Resources Strategy.

Local Government Act Requirements

Wollongong City Council 2008-09 Annual Report was produced to comply with the Local Government Act 1993 (section 428) and the Local Government (General) Regulation 2005 (clauses 132, 217 and 224). The following information is a requirement under the Act to include in a council's annual report.

State of the Wollongong Environment

(section 428 (2) (c) clause 218 – 226))

The information below highlights the main activities undertaken during 2008-09 in relation to land, air, water, biodiversity, waste, noise and heritage both Aboriginal and non-Aboriginal. Additional highlights are also addressed within the Principal Activities section of this report.

For a comprehensive report on the state of the Wollongong environment, refer to Wollongong City Council State of Environment Report 2008-09 (available on Council's website).

LAND

The Wollongong Local Government Area (LGA) covers 71,400ha in a narrow coastal strip stretching from Helensburgh in the north, to Windang in the south.

Urban development is concentrated between the Tasman Sea and the Illawarra Escarpment. The proportion of urban land increases toward the southern half of the LGA. There is limited development and/or development potential in the northern suburbs.

Highlights of 2008-09

- Council was successful in obtaining a \$75,000 grant from the NSW Coastal Management program for preparation of the coastal zone study.
- Council commenced a review of the Generic Plan of Management for community land.
- A draft Plan of Management for Stanwell Park Reserve and Bald Hill was developed and exhibited from March to May 2009.
- To assist in the development of a Fairy Creek Floodplain Management Plan, hydraulic modelling was refined to improve the accuracy of flood level predictions for existing conditions. Flood mitigation options were also developed, including consideration of preliminary flood damage assessments and the effects of climate change on flood levels.
- A draft Mullet Creek Floodplain Management Plan has been prepared, and it has considered the effects of climate change.
- The Collins Creek Floodplain Management Plan flood study is continued. A draft flood study has been completed and will be placed on public exhibition during 2009-10. A survey to obtain relevant property information for the flood damages assessment is also being carried out.
- Under the Voluntary Purchase Scheme in accordance with floodplain management plans, three properties were purchased during 2008-09: 5 Anama Street, Fairy Meadow; 7 Anama Street, Fairy Meadow; and 2 Princes Highway, Figtree. In addition, three other properties are in the process of being purchased: 4 Anama Street, Fairy Meadow; 4/9 Anama Street, Fairy Meadow; and 133 Pioneer Road, Towradgi.
- The coastal zone in Wollongong forms a significant component of the land within the LGA and is subject to a range of pressures. The hazards arising from climate change are likely to exacerbate the situation. Council is undertaking a number of projects to improve land use planning and protection of this area, including:
 - Restoration works at the Waniora Point headland in Bulli to address erosion issues that are threatening the integrity of a known midden. This includes slope stabilization and revegetation of bare headland slopes.
 - A coastal zone study with the objective of identifying coastal processes and their associated hazards (including those derived from climate change and predicted sea level rise) and delineating the extent of the coastline affected over various planning periods. This study will inform the development of a coastal zone management plan which will be undertaken in 2010-11.

AIR

Air quality across Wollongong is highly variable. In recent years the air quality standards have been within acceptable standards at regional monitoring stations. The variability in air quality is primarily related to domestic and industrial emissions in conjunction with prevailing weather conditions.

During 2008-09, Council received 59 air pollution complaints related to residential, commercial or industrial premises.

Highlights of 2008-09

- *Sustainable Illawarra* is a joint sustainability program involving Wollongong, Kiama and Shellharbour councils working together with support from the NSW Government's Environmental Trust. A key part of the project is *Sustainability Begins at Home*, an innovative community education program that empowers residents with the skills and knowledge to live more sustainably at home. Two rounds of the Super Challenge program were launched during 2008-09, involving 150 households being supported to achieve their own sustainability goals. To assist residents purchase sustainable products and reduce greenhouse gas emissions, Sustainable Illawarra has partnered with 10 local businesses to offer special discounts on products such as solar hot water systems and energy efficient lights.
- During 2008-09, Council received a \$50,000 grant from the Federal Department of Climate Change, through its Local Adaptation Pathways Program, to prepare a Climate Change Adaptation Strategy and Action Plan. Council conducted climate change risk planning workshops and developed an adaptation plan to address the potential risks generated by climate change.
- The Department of Environment, Climate Change and Water (DECCW) has an ongoing pollution reduction program to improve air quality due to discharges from scheduled industrial premises such as the Port Kembla steelworks and the Corrimall and Coalcliff coke works. Pollution reduction programs (PRPs) are the main method used by DECCW to ensure reductions in air pollution. One air related PRP was negotiated with a scheduled industry during 2008-09.

WATER

Water quality in streams, coastal lagoons and wetlands in the Wollongong LGA require improvement because generally it does not meet the guidelines for the protection of aquatic ecosystems and primary and secondary recreation. The main pressures on water quality include sewerage overflows, urban runoff, on-site sewage management systems, rural runoff, industrial point source discharges, and illegal dumping and litter.

During 2008-09, Council received a total of 63 water pollution complaints from the community. These included complaints related to on-site sewage management systems and runoff from sediment and wastewater from residential premises.

Highlights of 2008-09

- Council was successful in obtaining grants valued at \$60,000 under the NSW Estuary Management program for a stormwater quality improvement device for Fairy Lagoon and North Beach and for a Lake Illawarra estuary management education project.
- Council has estuary management plans to cover all major estuaries under its management responsibility. A number of projects, identified in these plans were undertaken during 2008-09, including:
 - A foreshore pollutant audit of Towradgi and Fairy creeks. The purpose of this project is to obtain information on the quality of stormwater flows to these creeks and use this to formulate potential remediation options to improve water quality.
 - The installation of two stormwater quality improvement devices – one at Cawley Street to treat stormwater discharges via the Parker Road Arm into Towradgi Creek; and the other at Stuart Park to treat discharge into Fairy Lagoon. These devices will remove a large amount of litter and other pollutants that would otherwise end up in the waterways, compromising water quality and aesthetics of these popular coastal assets.
 - Improvements to the water quality and ecological habitat at Cabbage Tree Creek, Wollongong Innovation Campus. Works involved bank stabilisation, weed control and revegetation of the riparian corridor and improvements in fish passage and tidal exchange at the causeway along Puckey Avenue.
 - A review of estuary management plans to identify management actions that need to be revised or new actions that need to be developed in order to ensure that water quality improvement outcomes resulting from the implementation of these plans are sustained with climate change.
 - The development of locally relevant guidelines for nutrients, nitrogen and phosphorus. The new guidelines can be used to assess water quality in small estuaries which are intermittently connected to the ocean, of which there are at least 10 in the Wollongong LGA.
 - Bank stabilisation, weed control and revegetation at several locations along creeks across the LGA.
- A Water Steering Committee, comprised of divisional managers, and a Working Party with Business Unit managers and coordinators were formed to undertake a comprehensive review of Council's Water Savings Action plan. To date, Council has implemented 47% of the water savings actions identified in the existing plan.

- During 2008-09, five on-site sewage management systems were inspected and approved to operate.
- The Department of Environment, Climate Change and Water (DECCW) has an ongoing pollution reduction program to improve water quality targeted at scheduled industrial premises such as the Port Kembla steelworks and the Corrimal and Coalcliff coke works. Pollution reduction programs (PRPs) are the main method used by DECCW to ensure reductions in water pollution. In 2008-09, three water related PRPs were negotiated with scheduled industries.
- Extensive seagrass beds are present around Lake Illawarra. When seagrasses die they become detached and float to the surface and result in a build-up of wrack. In 2008-09, approximately 527 tonnes of wrack were removed from around Lake Illawarra. In addition, 340 tonnes of macro algae was removed from the lake.
- During 2008-09, the Beachwatch program continued to monitor bacterial water quality at 11 beaches in the Wollongong LGA.

BIODIVERSITY

Biodiversity is a term used to describe the variety of living things, including plants, animals and micro-organisms, the genetic material contained within these organisms, and the ecosystems in which they live. Biodiversity is adversely affected by the spread of urban development as it disturbs natural areas and leads to increased pollution of air, land and water from human activities. Approximately 7.8 percent of the Wollongong LGA is zoned for conservation.

The Wollongong LGA has many rare flora and fauna species. The area contains three threatened plant populations and 18 threatened plant communities listed under the Threatened Species Conservation Act and/or Environment Protection and Biodiversity Conservation Act. In addition, 30 threatened plant species and 79 threatened animal species have been recorded in the Wollongong LGA.

Highlights of 2008-09

- The Biodiversity component of the Illawarra Biodiversity and Local Food Strategy for Climate Change commenced in January 2009. An Illawarra Biodiversity reference group was formed to support the development of the Illawarra Biodiversity Strategy. The strategy is being developed through partnerships with Kiama, Shellharbour and Wollongong councils and broader stakeholder engagement. At the end of 2008-09 development of the strategy was on track, and is progressing to the next phase, identifying key biodiversity actions and priorities for the next five years for Illawarra councils.
- Wollongong Botanic Garden Nursery distributed 103,909 plants which contributed to the greening of the city through the Greenplan, Bushcare, FiReady and city landscape programs.
- During 2008-09, 61 contract sites underwent creek and riparian land restoration, bushland regeneration, dune restoration and revegetation works.
- Over \$350,000 was received in grants from external government agencies to allow restoration and protection of native habitat including endangered ecological communities, riparian sites and to support some of the Bushcare groups.
- Aerial spraying of Bitou Bush was undertaken at Perkins Beach, Windang and Puckey's Estate, Fairy Meadow.
- Council's Tree Management Order allows Council to make proper assessment of the environmental importance and viability of trees before they are pruned, removed or damaged in any way. During 2008-09, Council received 2,048 applications of which 90% were granted approval for either pruning or removal of vegetation. Clearing of vegetation without consent is an illegal activity and during 2008-09, 80 breaches of the Tree Management Order were investigated and 13 penalty infringement notices issued.
- As part of the celebration for the 2008 National Tree Day, 171 participants took part in Council's event at Greenhouse Park in Wollongong planting 1,000 new trees.
- Management of pest animals such as deer, rabbits and Indian Myna birds is an ongoing issue. Council coordinates a Pest Animal Advisory Group that has representatives from Council, Cumberland Livestock Health and Pest Authority, Department of Environment, Climate Change and Water, Sydney Catchment Authority, NSW Police, Game Council NSW, RSPCA and the Animal Welfare League. Council is currently preparing a Vertebrate Pest Animal Management Policy, which is anticipated to be exhibited early 2010. During 2008-09, rabbit control programs were undertaken at some sites across the LGA. A Pest Management Plan for deer and rabbits is being developed as part of the exhibition of the Vertebrate Pest Animal Management Policy.
- The Illawarra District Noxious Weeds Authority has continued to develop and implement an active noxious weed control program throughout the Wollongong LGA. Activities undertaken include: treatment of noxious weeds on Council, private land and road verges including Bitou Bush, Mysore Thorn, African Lovegrass, St Johns Wort, Lantana and Serrated Tussock; 167 property inspections; inspections of 28 nurseries and aquaria outlets; inspections of Macquarie Rivulet and Mullet Creek to ensure no new aquatic weed incursions had occurred; education activities including production of a 'Weeds of NSW South Coast' booklet; aerial spraying of Bitou Bush; and work with Probation and Parole community service workers two days a week to control Bitou Bush at Hill 60 and Cringila Park.

WASTE

Council is committed to reducing the amount of waste that goes to landfill. The domestic waste collection services consist of weekly garbage services, fortnightly recycling and green waste services and an annual household clean up. Residents have a price incentive to use small capacity garbage bins, with approximately 95% of households using the 80 litre or 120 litre garbage bins instead of the 240 litre bin.

During 2008-09, 37,802 tonnes of domestic waste went into landfill, a slight decrease from 2007-08. Approximately 2,123 tonnes of material were collected from the annual household clean up. The annual chemical CleanOut was conducted in October 2008 at Kembla Grange, where 8,557kg of material were collected from 233 residents. The majority of material collected was either water based paint (41%), oil based paint (17%) or oils (14%).

Highlights of 2008-09

- Council is responsible for domestic and commercial solid waste management, while DECCW regulates waste from scheduled industrial premises. Through environmental education programs and recycling initiatives, Council is aiming to encourage residents to adopt better waste management practices with a view to capturing more recyclables and decreasing the amount of organic waste being placed in residential bins. During 2008-09, 15,114 tonnes of waste were recycled, an increase of 5.3% compared to 2007-08.
- Mass clean up efforts in Wollongong were focussed around Clean Up Australia Day where 1,100 people collected over 20.5 tonnes of rubbish.
- The Corrective Services Community Partnership Program collected approximately 451 cubic metres of wind blown litter from Whytes Gully Tip.
- Through the efforts of people associated with the NSW Department of Probation and Parole Services the collection of rubbish from 'black spots' was targeted. Participants collected approximately 69.7 tones of litter during 2008-09.
- During 2008-09 Council investigated 473 abandoned vehicles.

NOISE

Council received a total of 566 noise complaints during 2008-09, with over three quarters of these concerning barking dogs. Although Council has ongoing education and management programs to address this issue, management of barking dogs is ultimately the responsibility of their owners. Other noise complaints related to the operation of tools, swimming pool pumps, air conditioning units and amplified sound equipment.

Highlights of 2008-09

- The Department of Environment, Climate Change and Water (DECCW) has an ongoing program to reduce noise from scheduled industrial premises. Pollution reduction programs (PRPs) are the main method used by DECCW to ensure reductions in noise. In 2008-09, five noise related PRPs were negotiated with scheduled industries.

HERITAGE

The cultural heritage of Wollongong is as rich and diverse as the community that created it. Council has primary responsibility for the management of heritage sites in Wollongong.

Any development on land, involving tree clearing or changes to the topography has the potential to destroy evidence of an archaeological site. Council requires the assessment of Aboriginal heritage as part of rezoning proposals and development applications where there is the likely potential for Aboriginal significance on the site. Aboriginal heritage is managed by the NSW Department of Environment, Climate Change and Water.

Development places pressure on European and contemporary heritage. Older housing has been regularly replaced by new housing. Additionally, government urban consolidation policies encourage medium and higher density housing in areas close to public transport connections. These areas are also the location of Wollongong's earliest settlement, which generally occurred around the railway stations.

Highlights of 2008-09

- 160 development applications were referred to Council's Heritage Officer. These referrals ensure that development does not have detrimental impacts on heritage items and that heritage matters are fully considered in assessing development applications.
- Council is in the process of revising its Local Environmental Plan. As part of this process, the heritage list and heritage clauses have been reviewed and updated. The draft Wollongong Local Environmental Plan 2009 was exhibited from December 2008 to April 2009. Seventy two submissions commenting on heritage issues were received. Council considered the issues raised in these submissions in July 2009 and the draft Local Environmental Plan is currently awaiting finalisation by the Department of Planning.

- Council is in the process of reviewing its Development Control Plans with a view to consolidating these into a single Development Control Plan to support the draft Local Environmental Plan 2009. The draft Wollongong Development Control Plan includes a revised Heritage chapter as well as a new chapter relating to the conservation of Aboriginal Heritage.
- The Wollongong Museums Libraries and Heritage Working Group, supported by Council together with Museums and Galleries NSW, developed a new website containing information about the Illawarra's diverse cultural heritage.
- The 'Aboriginal Heritage Study: Illawarra Escarpment' was completed during 2008. Australian Museum Business Services undertook the study on behalf of Council and worked with local Aboriginal groups to complete the study. The study provides insight into the Aboriginal heritage values of the Escarpment and ensures Aboriginal heritage is a strong consideration for future management of this important area.
- In regards to the Keeping Place at Sandon Point, as required under the Section 90 consent order, Council is committed to supporting the listed Aboriginal stakeholder groups, Stockland and the NSW Department of Environment, Climate Change and Water in achieving a conciliated outcome. The agreement is in regards to the form, location and plan of management for a Keeping Place.

Access and Equity (section 428 (2) (r) clause 217 (1) (d) (i))

Wollongong City Council's *Social Plan 2007-11* describes the local community, summarises the key issues facing this community, and formulates recommended strategies which Council and other agencies could implement in order to address identified needs. The Social Plan strategies are based on principles of access and equity and are linked to Council's Management Plan.

The *Social Plan 2007-11* comprises three volumes Volume 1 Target Group Plan; Volume 2 Issues Plan; and Volume 3 Demographic Profile.

Council monitors the progress of the Social Plan annually through its Annual Status Report. For the 2008-09 period more than 85% of strategies had commenced or been completed. The following information provides the achievements from the Social Plan for 2008-09. For a comprehensive report, refer to the Social Plan Annual Status Report available on Council's website www.wollongong.nsw.gov.au.

Aboriginal People

- Commenced work on the Garawanga D'harawal'o'ngun ('Our D'harawal dreaming') project. This project will roll out in schools and community venues to build respect and understanding of Aboriginal Culture through story and language.
- The Bellambi Surf Club community murals project was completed and successfully launched. This involved a partnership between Council, Bellambi Primary School and Wollongong Northern Aboriginal Community Group. Eight murals were painted onto boards that can be mounted on the walls of the Bellambi Surf Club.
- A total of \$4,900 was funded to five Aboriginal community groups through Council's NAIDOC week grants program. Five individual NAIDOC week events were held with over 150 people in attendance.
- The NAIDOC Week Family Fun Day event was planned and conducted collaboratively by Wollongong, Kiama and Shellharbour councils, with over 500 people attending.
- Council's Aboriginal Reference Group was re-instated with new Terms of Reference, which were developed in consultation with key Aboriginal Community stakeholders. Opportunities for membership application were advertised widely via culturally appropriate processes to ensure that a broad range of the Aboriginal Community had an opportunity to consider membership of the Aboriginal Reference Group.
- Council celebrated Reconciliation Week with local Aboriginal community groups and members.
- An Aboriginal Community Development Officer was appointed in May 2009.

Children

- Work continued on the Child Friendly Cities Initiative, including an internal audit of Council processes that contribute to the wellbeing of children, and a partnership with the Commission for Children and Young People.
- Following community consultation, a design for the Towradgi Park Playground was developed.
- The Transition to School picnic at MacCabe Park was held with over 300 families attending. The Grandparents picnic at the Botanic Garden, funded this year by Families NSW, was well attended with 135 grandparents and 85 grandchildren under the age of five years.
- The Wollongong Botanic Garden All Abilities Playground was officially opened in September 2008 and has proved extremely popular with children visiting the facility.

Information on access and equity for children is also addressed within the Services and Programs for Children section of this report (page 37).

Young People

- Council undertook consultation with young people and children in Warrawong, Port Kembla and Berkeley to gain their input into the design and location of a southern suburbs skate facility as part of the Child Friendly Cities initiative.
- A review of the Neighbourhood Youth Work program commenced to improve coordination of youth services across the city.
- The 'Social not anti-social' project, commenced with Council working with northern suburbs schools to develop programs to minimise the impact of binge drinking.
- To inform Council's planning and delivery of youth services a forum for young people was facilitated to gain an insight into local issues and solutions. Fifty young people were in attendance.
- 21,769 young people participated in activities at the Wollongong Youth Centre.

Women

- Through liaisons with external partners an integrated case management model was developed to assist victims of domestic violence in the southern suburbs.
- Chaired the Illawarra Domestic Violence Committee.
- To address women's health and wellbeing issues Council participated in interagency groups including the Families NSW and the Parenting Interagency.
- International Women's Day was celebrated at Wollongong Youth Centre through a performance, an art exhibition and launch of a film. This event showcased the talent of young women, with 115 people in attendance.

Men

- Council facilitated the Men's Shed program to reduce social isolation for older men.
- The Illawarra Koori Men's Bowls Day was funded as part of NAIDOC week celebrations.
- An integrated case management model to assist male victims of domestic violence in the southern suburbs was developed through liaising with external partners.

Older people

- A profile of residential aged care facilities in Wollongong Local Government Area was developed.
- Over 500 clients received service from the Taxi Voucher transport service.
- The Bus Voucher scheme was introduced and rolled out to eligible organisations.
- Mobile Library and Home Library services continue to provide services to nursing homes and other older people who are unable to access library facilities.

People with Disabilities

- Council's Access Reference Group was reinstated, with new Terms of Reference. Two meetings of the revitalised group were held. This group will provide information and advice to Council on matters related to people with a disability.
- A program of 30 events and activities was held throughout Wollongong to celebrate International Day of People with a Disability. Some of the activities included a hands-on surfing day at Thirroul beach attracting 200 people, art workshops at the City Gallery and a sailing day on Lake Illawarra.

People from Culturally and Linguistically Diverse Communities

- Council recorded 205 Interpreter Service bookings.
- Council supported the Migration Heritage Places of Significance Study, a Migration Heritage Project community initiative, designed to protect and promote the heritage of the city's diverse cultural groups.
- Newly arrived refugees attending school participated in a day of activities to introduce them to Wollongong Youth Centre as well as providing linkages to Youth Services. 62 young people attended activities.

Information on access and equity for people from Culturally and Linguistically Diverse Communities is also addressed within the Access and Services to People with Diverse Cultural and Linguistic Backgrounds section of this report (page 23).

All Communities

- Following public consultation with the community, Council adopted the Consultation Policy, Neighbourhood Forum Charter and Community Leaders' Meeting Charter to improve engagement with the community.
- Council's Volunteering Illawarra service partnered with University of Wollongong and Wollongong TAFE to improve capacity of non government organisations through volunteer training.
- Council began a transition of domestic waste education services from Glengarry Cottage to the existing Discovery Centre in the Botanic Garden. Accordingly workshops for all members of the community, regardless of language, religion, age, physical or mental capacity are being provided in collaboration with other environmental education activities at the Discovery Centre. Access to the centre is now also available via the free shuttle bus service.
- Work commenced on the three year \$1.1M Illawarra Food and Biodiversity grant project to develop a biodiversity strategy and provide support for a range of activities related to food equity, access and fairness for the region.

Access and Services to People with Diverse Linguistic and Cultural Backgrounds (section 428 (2) (j))

The following information provides details of programs to promote services and access for people with diverse cultural and linguistic backgrounds consistent with principles of multiculturalism.

WCC Multicultural Reference Group

The Multicultural Reference Group was re-established to provide information and advice to Council to ensure residents from culturally and linguistically diverse (CALD) backgrounds participate fully in community life. The group is comprised of 13 representatives from key stakeholder organisations and the community, who meet quarterly.

Language Aides

Language Aides provided 118 occasions of service during 2008-09, delivering basic interpreting services to Council customers who have difficulty communicating in English. Council currently has Language Aides in the following languages: Macedonian, Serbian, Italian, Greek, Polish, Turkish, and Spanish. Council delivered a workshop for Language Aides to enable them to explore and understand their role.

WCC Interpreter Service

Following a review of this service in 2008-09 Council, committed to continue to provide this service. The service employs local NAATI-qualified interpreters for 22 languages, who provide affordable and accessible onsite face-to-face interpreting for public, community and private sector agencies. There were 205 occasions of service during 2008-09.

Welcome to Wollongong International Student's Festival

Council together with Wollongong University, local organisations and student volunteers partnered on a civic reception and international student mini-festival project in February 2009.

Cultural Awareness Training (CAT)

Council undertakes regular Diversity Awareness Training sessions with internal Council staff. In 2008-2009 Council's new Customer Service Unit undertook training to gain an understanding of Council's roles and responsibilities for servicing diverse communities. Three Council staff training sessions were delivered, with approximately 15 staff at each session.

Living Library Project

This project is a new initiative using diversity awareness as a training tool. The Living Books represent a diverse range of groups: people from different culturally, linguistically and faith backgrounds, people living with a disability or mental illness, people from the gay and lesbian community, indigenous community members, older people and younger people. Currently there are approximately 35 Living Books on the panel. In 2008-09 the books and their stories were delivered to Dapto and Corrimal community libraries, Year 11 students from Holy Spirit College, Bellambi and as part of Senior's Week to the members of U3A (University of the Third Age). This initiative has gained widespread local interest as well as media interest. The Illawarra Mercury has committed to featuring Living Library Books in the 'Weekender' section of its Saturday edition, for twelve consecutive weeks.

Multicultural Youth Conference (June 2009)

In 2009 the Youth Services team ran a series of issue based workshops that were attended by approximately 250 young people from CALD backgrounds.

Migration Heritage Project Group (MHP)

Work continued with the community on the Migration Heritage Project, a community initiative designed to protect and promote the heritage of the city's diverse cultural groups. Council supported the Migration Heritage Places of Significance Study, conducted by the MHP in 2008-09.

Library Outreach Service to Ethno – Specific Day Cares

The Library Outreach Service together with Illawarra Ethnic Communities Council piloted a project to provide language specific books to three ethno-specific day care groups (Croatian, Greek and Arabic).

Certificate III HACC Course Target CALD Community

Council partnered with Wesley Vocational Institute to increase the number of local bi-lingual workers in the aged care and disability sectors. Fifteen people graduated with a Certificate III in Home and Community Care, which equips them to gain employment in this growth industry sector.

Bush Fire Hazard Reduction Activities (Section 428 (2) (i1))

Bush fire hazard reduction works is a high priority for Wollongong City Council both in terms of its statutory responsibilities and as a responsible land manager. In association with the Illawarra Bush Fire Management Committee and the Illawarra Bush Fire Management Plan, a coordinated program of bush fire hazard reduction works were undertaken during the year to reduce the threat of bush fires throughout the Wollongong Local Government Area (LGA).

A total of 373 Asset Protection Zones (APZ) exist within the LGA that required establishment and/or maintenance through various on-ground works including hand clearing, trittering, mowing/slashing or hazard reduction burns. These APZ's comprised a total of 409.8 hectares and serve to protect 5,142 assets within the LGA. The Rural Fire Service (RFS) conducted one programmed hazard reduction activity during 2008-09, treating approximately 10 hectares of land in the Mt Kembla area. Further prescribed burns were programmed but were not able to be undertaken due to unfavourable weather conditions.

Further hazard reductions have been planned for this season for areas around Helensburgh, Mt Kembla, Bulli, Bellambi Creek, Otford, Stanwell Tops, Garrawarra and Brokers Nose at Corrimal, totalling approximately 150 hectares.

A total of 17 complaints were received, investigated and completed during the year as well as the issuing of 29 hazard reduction certificates prior to the commencement of works. All of Council's hazard reduction works were recorded into the RFS web based BRIMS database which is a requirement of all land managers.

Council was successful in obtaining grant funding from the RFS for additional works at 32 APZ sites to the value of \$141,618. These works were completed during 2008-09.

Council's FiReady program which aims to support and encourage community ownership into the ongoing maintenance of APZ sites, recorded an average quarterly participation of 48 volunteers who contributed 119 hours per quarter over 10 sites.

Companion Animal Management (clause 217 (1) (f))

The Annual Pound Data Collection Forms and all data relating to dog attacks have been returned to the Department of Local Government for the 2008-09 period.

This year companion animal education included the reviewing and updating of information on Council's web site relating to companion animals. Education in relation to off-leash areas and general responsibilities whilst on public spaces also occurred during the dogs on beaches review. The review included a discussion paper placed on public exhibition as well as community education at five public kiosks and eight Neighbourhood Forums.

Council relies on the differential in registration rates between desexed and non desexed cats and dogs to encourage the community to de-sex their companion animals.

All registration income returned to Council from the Department of Local Government was expended into animal management. Council expenditure on companion animal management activities for the 2008-09 year totalled \$707,358.

To encourage alternatives to euthanasia Council commenced a contract for impounding services with the RSPCA. Under the terms of the contract the RSPCA becomes the owner of all companion animals not claimed within the legislated period. The RSPCA's reputation and network is seen as increasing the potential to re-home animals prior to euthanasia. Council has also encouraged animal welfare agencies such as DCH, Collie Rescue and Cat Rescue to obtain section 6(d) exemption under the regulation to assist them re-home animals within the local government area.

Council has commenced a Dogs on Beaches review which investigated the access and off-leash provisions for dogs. The current list of off-leash areas include:

- Figtree Oval, Figtree
- Coniston Beach, Wollongong
- Bellambi Beach, Bellambi
- Proud Park, Helensburgh
- Sharkeys Beach, Coledale
- Little Austinmer Beach, Austinmer
- McCauley's Beach, Thirroul
- Riley Park, Unanderra
- King George V Park, Port Kembla
- MM Beach, Port Kembla
- Perkins Beach, Windang
- Eleebana Reserve, Koonawarra

Condition of Public Works (Section 428 (2) (d))

June 2009 Evaluation

	Number of Records	Length (km)	Area (sq km)	Current Replacement Cost (CRC) (1) \$	Estimate Cost to Bring Asset to Satisfactory Standard (2) \$	Estimate of Annual Maintenance Expense to Keep Asset at Satisfactory Standard (3) \$	Estimate of Annual Renewal to Keep Asset at Satisfactory Standard (4) \$	Actual Maintenance Expenditure 2008/2009 (5) \$	Actual Capital Renewal Expenditure 2008/2009 (6) \$	Average Asset Condition (7)	% Below Satisfactory Standard	% Annual Maintenance Required
Buildings												
Buildings												
Administration Centre	1	-	-	70,840,000	4,097,083	2,833,600	2,358,534	554,191	777,262	2.2	8.9%	4.0%
Commercial	60	-	-	54,615,037	2,148,486	491,535	1,391,142	210,950	4,860	3.3	4.9%	0.9%
Non - Commercial	511	-	-	393,899,489	15,157,935	5,790,322	9,919,968	3,160,328	2,714,200	3.1	4.2%	1.5%
Tourist Park	122	-	-	14,386,873	560,050	259,251	583,777	249,921	209,825	2.3	3.9%	1.8%
Total - Buildings				533,741,399	21,963,554	9,374,709	14,253,420	4,175,391	3,706,147	3.0		
Stormwater												
Stormwater												
Headwalls etc	2,688	-	-	15,116,114	755,806	75,581	179,473	-	-	2.6	-	0.5%
Major Culvert	192	4	-	10,779,385	408,948	107,794	123,890	420	-	2.6	-	1.0%
Minor Culvert	815	25	-	41,823,510	1,463,823	209,118	437,551	-	-	2.8	-	0.5%
Pipes	22,983	609	-	347,995,005	17,399,750	1,739,975	4,085,007	927,717	292,801	2.6	-	0.5%
Pits	22,074	-	-	157,457,454	3,149,149	787,287	1,797,695	7,712	102,803	2.5	-	0.5%
Riparian Assets	826	-	-	45,668,518	934,900	456,685	716,674	100,562	86,598	2.1	-	1.0%
Total - Stormwater				618,839,986	24,112,376	3,376,439	7,340,289	1,036,410	482,202	2.5		
Transport												
Road Seal												
Sub-Arterial	250	67	722,169	12,499,029	1,999,845	312,476	221,590	785,315	1,380,360	3.9	16.0%	2.5%
Major Collector	686	135	1,334,000	27,244,286	4,359,086	681,107	708,445	1,099,139	4,213,872	3.8	16.0%	2.5%
Minor Collector	1,075	163	1,553,000	23,721,246	3,795,399	569,310	445,746	1,006,000	2,672,718	3.7	16.0%	2.4%
Major Local	1,152	188	1,585,897	24,470,387	3,915,262	587,289	452,498	1,229,989	1,976,193	3.9	16.0%	2.4%
Minor Local	2,105	351	2,608,000	40,217,483	6,434,797	925,002	903,050	1,796,859	2,968,395	3.7	16.0%	2.3%
Minor Cue	4	1	2,008	30,984	4,957	713	478	-	-	4.5	16.0%	2.3%
Subtotal - Road Seal				128,183,415	20,509,346	3,075,897	2,731,806	5,917,301	13,211,538	3.8		

	Number of Records	Length (km)	Area (sq km)	Current Replacement Cost (CRC) (1) \$	Estimate Cost to Bring Asset to Satisfactory Standard (2) \$	Estimate of Annual Maintenance Expense to Keep Asset at Satisfactory Standard (3) \$	Estimate of Annual Renewal to Keep Asset at Satisfactory Standard (4) \$	Actual Maintenance Expenditure 2008/2009 (5) \$	Actual Capital Renewal Expenditure 2008/2009 (6) \$	Average Asset Condition (7)	% Below Satisfactory Standard	% Annual Maintenance Required
Road Base												
Sub-arterial	250	67	722,170	21,278,357	3,404,537	-	275,757	-	-	3.8	16.0%	0.0%
Major Collector	686	135	1,334,188	38,918,274	6,226,924	-	436,580	3,794	-	3.1	16.0%	0.0%
Minor Collector	1,075	163	1,553,353	50,364,905	8,058,385	-	534,149	-	-	2.7	16.0%	0.0%
Major Local	1,152	188	1,585,897	81,356,500	13,017,040	-	854,812	-	-	2.7	16.0%	0.0%
Minor Local	2,105	351	2,607,951	84,448,879	13,511,821	-	1,082,969	-	-	2.9	16.0%	0.0%
Minor Cue	4	1	2,008	65,059	10,409	-	586	-	-	3.0	16.0%	0.0%
Unsealed Road	24	7	3,331	1,589,564	254,330	-	12,701	-	-	2.5	16.0%	0.0%
<i>Subtotal - Road Base</i>				278,021,538	44,483,446	-	3,197,554	3,794	-	2.9		
Road Sub-Base												
Sub-Arterial	154	48	481,956	67,131,624	10,741,060	-	559,430	-	-	2.9	16.0%	2.5%
Major Collector	686	135	1,334,188	107,308,735	17,169,398	-	1,203,775	-	-	3.1	16.0%	2.5%
Minor Collector	1,075	163	1,553,000	104,142,698	16,662,832	-	1,105,962	-	-	2.7	16.0%	2.4%
<i>Subtotal - Road Sub-Base</i>				278,583,057	44,573,289	-	2,869,167	-	-	2.9		
Car Parks												
Car Park Base	264	-	127,956	41,398,628	6,623,780	-	688,374	-	-	2.8	16.0%	0.0%
Car Park Seal	211	-	113,473	5,227,944	836,471	130,699	154,794	328,324	948,099	3.5	16.0%	2.5%
<i>Subtotal - Car Parks</i>				46,626,572	7,460,252	130,699	843,168	328,324	948,099	3.1		
Kerb and Gutter	9,885	1,475		329,317,085	26,345,367	724,498	2,761,453	484,772	863,207	2.4	8.0%	0.2%
<i>Subtotal - Kerb and Gutter</i>				329,317,085	26,345,367	724,498	2,761,453	484,772	863,207	2.4		
Footpaths	4,324	336	461,938	78,526,519	6,282,122	1,570,530	1,308,800	643,713	2,619,582	4.0	8.0%	2.0%
<i>Subtotal - Footpaths</i>				78,526,519	6,282,122	1,570,530	1,308,800	643,713	2,619,582	4.0		
Cycle Ways	184	86	217,637	25,049,222	2,003,938	250,492	678,486	473,520	274,627	2.9	8.0%	1.0%
<i>Subtotal - Cycle Ways</i>				25,049,222	2,003,938	250,492	678,486	473,520	274,627	2.9		
Guardrail	142	17	-	1,714,608	154,315	34,292	34,292	24,085	27,498	3.9	9.0%	2.0%
<i>Subtotal - Guardrail</i>				1,714,608	154,315	34,292	34,292	24,085	27,498	3.9		

	Number of Records	Length (km)	Area (sq km)	Current Replacement Cost (CRC) (1) \$	Estimate Cost to Bring Asset to Satisfactory Standard (2) \$	Estimate of Annual Maintenance Expense to Keep Asset at Satisfactory Standard (3) \$	Estimate of Annual Renewal to Keep Asset at Satisfactory Standard (4) \$	Actual Maintenance Expenditure 2008/2009 (5) \$	Actual Capital Renewal Expenditure 2008/2009 (6) \$	Average Asset Condition (7)	% Below Satisfactory Standard	% Annual Maintenance Required
Bridges												
Boardwalks	9	-	1,099	1,396,481	44,687	34,912	46,549	-	-	2.4	3.2%	2.5%
Pedestrian Bridges	73	1	2,308	3,943,651	157,746	39,437	77,052	23,839	61,338	2.8	4.0%	1.0%
Road Bridges	44	1	12,198	63,969,464	2,558,779	639,695	800,938	46,972	405,719	2.8	4.0%	1.0%
<i>Subtotal - Bridges</i>				69,309,596	2,761,212	714,043	924,539	70,811	467,057	2.8		
Jetties and Boatramps												
Boatrap	12	-	-	683,200	68,320	17,080	9,369	13,352	-	3.1	10.0%	2.5%
Jetty	9	1	468	579,962	57,996	14,499	19,332	5,203	29,171	2.3	10.0%	2.5%
<i>Subtotal – Jetties and Boatramps</i>				1,263,162	126,316	31,579	28,701	18,555	29,171	2.9		
Retaining Walls	207	11	17,668	11,130,886	556,544	55,654	278,272	-	39,360	3.0	5.0%	0.5%
<i>Subtotal – Retaining Walls</i>				11,130,886	556,544	55,654	278,272	-	39,360	3.0		
Traffic Facilities												
Blister	379	-	10,973	2,121,581	21,216	10,608	27,088	-	-	2.2	1.0%	0.5%
Median	504	183	-	10,961,497	109,615	54,807	142,891	75,610	-	2.6	1.0%	0.5%
Pedestrian Island	196	-	6,070	1,681,846	16,818	33,637	21,649	292	-	2.6	1.0%	2.0%
Raised Crossing	16	4	-	385,889	3,859	1,929	9,647	16,539	-	2.6	1.0%	0.5%
Roundabout	103	-	15,713	3,896,379	38,964	19,482	51,394	1,007	22,113	2.2	1.0%	0.5%
Speed Hump	137	-	5,272	1,575,312	15,753	7,877	39,608	-	-	2.3	1.0%	0.5%
<i>Subtotal – Traffic Facilities</i>				20,622,504	206,225	128,340	292,277	93,448	22,113	2.4		
Road Furniture												
Bollards	69	-	-	923,600	83,124	9,236	41,982	9,961	-	3.0	9.0%	1.0%
Bus Shelters	334	-	-	3,173,000	666,330	95,190	179,571	230,308	114,189	3.1	21.0%	3.0%
Road Fences	76	-	-	2,942,859	264,857	147,143	98,095	1,822	17,140	3.0	9.0%	5.0%
Signage	27,322	-	-	3,023,667	362,840	151,183	302,367	35,762	-	3.0	12.0%	5.0%
<i>Subtotal – Road Furniture</i>				10,063,126	1,377,151	402,752	622,015	277,854	131,329	3.1		
Total - Transport				1,278,411,29	156,839,52	7,118,776	16,570,53	8,336,176	18,633,58			
TOTAL				\$2,430,992,675	\$202,915,452	\$19,869,925	\$38,164,239	\$13,547,977	\$22,821,930			

CONDITION OF PUBLIC WORKS – NOTES TO TABLE

1. Current replacement cost (CRC) is the total of the cost of replacing each asset within each asset type. The CRC is the cost of replacing each asset at current construction cost/rates using the M.E.E.R.A. (Modern Engineering Equivalent Replacement Asset) principle. As such it does not generally allow for the enhancement of any replacement asset except to apply the MEERA principle which includes upgrading of assets to meet current day statutory requirements, eg. fire safety standards in a building.

2. 'Cost to bring up to satisfactory standard' refers to estimated cost to replace the nominated percentage of each asset type which is deemed to be below satisfactory standard. It is an estimate of the cost of replacing assets which could have been replaced in prior years but were not - sometimes referred to as 'backlog'. Satisfactory standard is generally defined as conditions 1 - 4 (see Asset Condition Definitions below). The nominated percentage of each asset type below satisfactory standard is detailed in the column labelled '% below satisfactory standard'. Cost to bring up to satisfactory standard for buildings excludes some buildings which are constructed on Council land but funded and operated by third parties/groups. In such cases Council makes no allowance for the cost of replacing or maintaining such buildings. Major variations in 'estimated cost to bring up to a satisfactory standard' to previous years (specifically in buildings) is generally due to the availability of more accurate data on asset inventory, condition and replacement cost, collected during 2008-09.

3. 'Estimate of annual maintenance expense to keep assets at satisfactory standard' is what should have been spent during the reporting period to maintain assets in a satisfactory standard and to ensure that the estimated remaining life of the asset is achieved. It is calculated by applying a nominated percentage for each asset type (detailed in the column labelled - % Annual Maintenance Required) to the total CRC of the asset type.

4. 'Estimate of annual renewal to keep assets at satisfactory standard' refers to the estimate of capital required during the reporting period to renew individual assets in each asset type which were due for replacement. This estimate is the annual replacement cost for those individual assets within each asset type which were expected to deteriorate below satisfactory standard during the reporting period and become due for replacement. The condition of such assets is such that it is no longer possible and/or economic to maintain them to a satisfactory standard. It is calculated by dividing the CRC of each asset by the estimated useful life of that asset. This is generally referred to as 'depreciation'.

5. 'Actual Maintenance Expenditure' is what was spent during the reporting period to maintain assets. It does not include operational costs (eg. energy or water supply, cleaning, administration staff) or capital replacement costs. For asset classes where actual maintenance exceeds required annual maintenance, this represents Council's efforts to reduce the number of assets which are below satisfactory standard eg. improvement of an asset's condition from Condition 5 to Condition 3 or 4.

6. 'Actual Capital Renewal Expenditure' is what was spent during the reporting period to renew existing assets. It does not include capital expenditure for constructing new assets ie. assets which did not previously exist. For asset classes (eg. road seals) where actual capital renewal expenditure exceeded the 'estimate of annual renewal' (see note 4), this represents Council's efforts to reduce the number of assets which fell below satisfactory standard in prior years but were not replaced.

7. 'Average Asset Condition'. In assessing the condition of public assets, Council has considered the existing condition and function of each asset. The results shown for the condition of assets within each category are an average. Therefore, significant numbers of assets in each category are above and below that average result. Council recognise that the ratings scale used (as outlined below) may be different from those used by other councils, but has been based on the rating scale in the International Infrastructure Management Manual.

Rating	Status	Definition
1	Excellent	91 -100% of asset life remaining. Asset is near new and in excellent condition and fit for current usage.
2	Good	61-90% of asset life remaining. Asset is in good condition and fit for current usage.
3	Fair	41-60% of asset life remaining. Asset is in fair condition and fit for current usage.
4	Adequate	11-40% of asset life remaining. Asset is in adequate condition and maintenance requirements are increasing to keep the asset fit for current usage.
5	Poor	0-10% of asset life remaining. Asset is in poor condition and due to be replaced. Significant maintenance required to keep the asset fit for current usage.

Contracts Awarded (section 428 (2) (h))

In accordance with Section 428(2)(h) of the Local Government Act 1993 the following is a list of contracts greater than \$150,000 awarded during the period 1 July 2008 to 30 June 2009 (whether as a result of tender or otherwise):

Tender No.	Name of Contractor	Contract Description	Contract Amount (Excluding GST) \$
T09-12	Malsave	Design and construct ramp at the Continental pools.	152,207
T09-04	Coleman Fencing	Supply and install security fence at Wollongong Cemetery.	190,150
T08-25	Timberline	Construct, supply, install and deliver a demountable building – kiosk.	229,904
T08-21	Scott Neilson	Wombarra ocean pool amenities.	280,230
T09-17	Affective Services	Bellambi Pool reconstruction.	291,129
T08-20	Kingston Civil	Brighton Lawn Stages 3 and 4.	478,582
T08-24	Marine and Civil	Cathodic protection to Brooks Creek and Fairy Creek bridges.	614,500
T08-05	Timberline Cabins	Purchase and install 13 cabins at Corrimal Tourist Park.	966,650
T08-19	Manteena	Customer Service fit out - Ground Floor Administration Building.	977,000
T08-08	Delaney Civil	Demolition and replacement of existing road bridge and associated road works at Cordeaux Road, Figtree.	1,038,877
T09-18	GMW Urban	Cliff Road East Stage 1.	1,050,876
T09-03	Glennos Constructions	Subsurface drainage and associated works project at Harry Graham Drive, Kembla Heights.	1,624,917
T09-01	Haden Engineering	Upgrade Administration and library mechanical services.	2,651,900

Controlled Entities (section 428 (2) (p))

The accounts of the Council's controlled entities are shown as follows:

	Change in Net Assets Resulting from Operations		Total Equity	
	\$		\$	
Controlled Entities	30-06-2009	30-06-2008	30-06-2008	30-06-2007
Wollongong City Gallery Ltd	10,000	926,000	6,219,000	6,209,000
Illawarra Performing Arts Centre Ltd *	(54,000)	184,000	421,000	475,000
Wollongong City Centre Ltd	(6,000)	42,000	93,000	99,000
Wollongong City of Innovation Ltd	54,000	(1,400)	81,000	27,000

* Illawarra Performing Arts Centre have changed their reporting period to a calendar year – the change in net assets represents the twelve month period from 30-12-07 to 31-12-08 and total equity is as at 31-12-08.

Environment Planning and Assessment Agreements (section 93G (5))

Nil

External Bodies That Exercise Functions Delegated by Council

(section 428 (2) (o))

During 2008-09 the following external bodies exercised functions delegated by Council under Section 355 of the Local Government Act, 1993.

Body	Function
Planning + Environment	
Allen Park Bushcare	▪ Bushland restoration
Artis Street Bulli Bushcare	▪ Riparian restoration
Bellambi Dune Bushcare	▪ Coastal Dune Community
Bellambi Street Bushcare	▪ Bushland restoration
Blue Divers Bushcare	▪ Coastal/riparian restoration
Brickyard Point Bushcare	▪ Coastal headland restoration
Budjong Creek Landcare	▪ Bushland restoration
Byarong Creek (Mt Keira) Bushcare	▪ Creekline restoration
Byarong Creek (Figtree) Bushcare	▪ Riparian restoration
Cambridge Road Bushcare	▪ Riparian restoration
Charcoal Creek (Upper) Bushcare	▪ Riparian restoration
Charcoal Creek (Mid) Bushcare	▪ Riparian restoration
Coalcliff Bushcare	▪ Coastal restoration
Collins Creek Bushcare	▪ Coastal woodland
Coniston Heights Bushcare	▪ Bushland restoration
Corrimal Dune Bushcare	▪ Dune restoration
Darkes Road Bushcare	▪ Woodland restoration
Emperor Court Bushcare	▪ Bushland restoration
Ena Avenue Bushcare	▪ Riparian restoration
Farmborough Waterfall Bushcare	▪ Foothills/riparian restoration
Greenhouse Park Bushcare	▪ Revegetation
Keira Foothills	▪ Bushland restoration
King George V Oval Bushcare	▪ Coastal zone
Korrimul Creek Bushcare	▪ Riparian restoration
Mangerton Park Bushcare	▪ Bushland restoration
Mangerton Park Project	▪ Bushland restoration
Otford Bushcare	▪ Bushland/riparian regeneration
Puckeys Estate Bushcare	▪ Hind-dune/lagoon restoration
Puckeys Estate Project	▪ Coastal zone restoration
Ranchby Reserve Bushcare	▪ Revegetation/regeneration
Richardson Park Bushcare	▪ Riparian restoration
Sandon Point Bushcare	▪ Sea cliff restoration
Slacky Creek Bushcare	▪ Riparian restoration
Spearing Reserve Bushcare	▪ Riparian restoration
Stanley Avenue Bushcare	▪ Riparian restoration
Stanwell Park Bushcare	▪ Riparian/dune restoration
Storey Street Port Kembla Bushcare	▪ Revegetation
Surf Life Saving Illawarra	▪ To provide lifesaving and rescue services to Council in accordance with the executed service agreement.
Tarrawanna roundabout	▪ Riparian restoration
Thomas Dalton Park	▪ Riparian restoration
Towradgi Dune Bushcare	▪ Dune restoration
Upper Brooks Creek Bushcare	▪ Riparian restoration
Wharton's Creek Bushcare	▪ Riparian restoration
Whipbird Reserve Bushcare	▪ Bushland restoration (fire)
Wilson Street Bushcare	▪ Sea cliff restoration

Body	Function
Planning + Environment (continued)	
Windang (Perkins Beach) Bushcare	▪ Hind-dune restoration
Wiseman Park Bushcare	▪ Bushland restoration
Wollamai Point Bushcare	▪ Coastal headland restoration
Wombarra (Morrison Road) Bushcare	▪ Bushland restoration
Wombarra (Main Road) Bushcare	▪ Hind-dune restoration
Woodlands Park Bushcare	▪ Bushland restoration
Infrastructure + Works	
Berkeley Pioneer Cemetery Restoration Group	▪ Undertake minor maintenance and works to the grounds and improvements of Berkeley Pioneer Cemetery also utilising private equipment and labour from the Periodical Detention Centre.
Corporate + Community Services	
Bulli Senior Citizens' Centre	<ul style="list-style-type: none"> ▪ To occupy, manage, secure, care take and maintain the premises on behalf of Council. ▪ Make the premises available for use by senior groups, community groups and others compatible with guidelines at mutually agreed times.
Wollongong Senior Citizens' Centre	<ul style="list-style-type: none"> ▪ To occupy, manage, secure, care take and maintain the premises on behalf of Council. ▪ Make the premises available for use by senior groups, community groups and others compatible with guidelines at mutually agreed times.

Financial Assistance to Persons for Council Functions (section 428 (2) (I))

Contributions made by Council under section 356 of the Local Government Act, 1993 in 2008-09 include:

	\$
Arts and Cultural Activities	174,231
Community Events and Activities	134,119
Community Safety	23,428
Educational and Environmental Activities	57,661
Heritage Grants	25,250
Sporting Activities	52,000
Total	466,689

Excerpt from Financial Assistance Policy amended 27 May 2008:

For the purpose of clarity, it should be noted the following examples are **not** considered financial assistance and are therefore outside the policy:

- a) Payments given to individuals or organisations in exchange for the provision of a service which Council would otherwise provide itself. This includes but is not limited to:
 - i. Neighbourhood Youth projects,
 - ii. Illawarra Children's Services,
 - iii. Illawarra Performing Arts Centre,
 - iv. Wollongong City Gallery,
 - v. Tourism Wollongong.
- b) Statutory contributions such as SES, Rural Fire and NSW Fire Brigades;
- c) Sponsorship which has a reciprocal benefit by way of the marketing and promotion of Council's brand, such as conferences, open days, trade fairs, etc.;
- d) Contributions and subsidies (including rental subsidies) to perform functions which provide a reciprocal benefit to Council, such as Tourism Wollongong, and IRIS.

Freedom of Information Act (section 68 clause 10)

The Freedom of Information Act provides for a legally enforceable right for people to obtain access to information that Council holds. Any person who wishes to obtain access to information held by Council is encouraged to contact our public officer for assistance. There are a number of documents available including Strategic Directions 2009-12, management plans, annual reports, annual budgets, meeting agendas and minutes. Most are easily accessed via our website, libraries or administration centres and offices.

The following table specifies all Freedom of Information requests lodged. Statutory processing times were complied with in all cases.

Month	Name of Applicant	Processing Time Statutory Limit 21 Days
July	Nil	
August	Maria Papadimitriou	21 days
	RMB Lawyers	20 days
September	Nil	
October	Richard Carbury	20 days
	Turner Freeman lawyer	12 days
	Vero Warranty	9 days
	Michael Kon	21 days
	Daily Telegraph	21 days
	Kenneth McKay	21 days
November	Vero Insurance	7 days
	Esme Collins	18 days
December	Ensile and Hogarth	21 days
	Christopher Agno	21 days
January	Slater and Gordon	14 days
February	Oliver Vrtkovski	2 days
March	Corey Wilson	2 days
April	Nil	
May	Nil	
June	Maria Papadimitriou	21 days
	Lough Wells Duncan	21 days
	Society of Heritage Owners NSW	21 days
	Wolfgang Wiener	21 days

Human Resource Activities (section 428 (2) (m - n))

The following information outlines Wollongong City Council's Human Resource activities during 2008-09.

Training and Development

- Our e-learning capabilities have been strengthened by adding and enhancing our depth of e-learning programs and assessment processes. We continue to review the effectiveness of knowledge and skills transfer through our e-learning methodology.
- Traineeships for both new and existing employees have evolved. Additional programs offered have included the Diploma of Business Management and Certificate III - Printing and Graphic Arts.
- Our new Customer Service Team underwent extensive customer service training in the lead up to the commencement of the Centralised Customer Service Unit.
- The facilitation of the learning and development plan for the organisation resulted in the achievement of 97% of all employees being involved in formal learning and development opportunities.
- Staff participating on Boards commenced the Company Directors Course.

Leadership and Culture

- Senior and Executive managers have undertaken leadership impact surveys, coaching and implementing agreed actions plans to improve leadership, culture and ultimately the performance of the organisation.
- Several informal mentoring relationships have developed and are encouraged to reinforce the principles and enable coaching of a high standard.
- Planning has commenced to undertake an organisational cultural index which will provide a 'picture' of the current leadership profile in the organisation and will provide the opportunity for developing and implementing strategies to improve leadership and culture into the future.
- Participation in the Skills and Performance Management Assessment System for 2008-09 by employees. A comprehensive review of the system is planned for 2009-10.

Attraction and Retention of Staff

- Employer branding has continued to develop through targeted initiatives involving reviewed advertising strategies; school visits by staff; participation at career's expos; and promotion of employment benefits through the recruitment process.
- Ongoing development opportunities have continued through the introduction of workplace traineeships and the Diploma of Management.
- The Tertiary Assistance Scheme has continued to be promoted to encourage employees to improve their skills and qualifications. A total of 44 employees are using the Tertiary Assistance Scheme.
- A policy has been developed which offers a market forces allowance as an incentive to attract applicants to hard to source positions.
- A new Enterprise Agreement was negotiated and commenced operation on 1 July 2009.

Occupational Health and Safety (OHS) Management

A review of the OHS system commenced in the third quarter of the financial year to ensure compliance with the new WorkCover requirements for Self Insurers. An external audit was undertaken to identify the new OHS requirements as well as gaps in the current system.

We are revising all OHS procedures in accordance with system requirements. This includes the consultation, communication and education of appropriate staff on revised OHS system requirements. In addition, the software contract for the OHS system was finalised. Implementation will commence during 2009-10.

The implementation of the OHS system and Get Smart program continued across all divisions. Each division has objectives and targets established in their business plans. The key activities completed include:

- implementation of the risk management procedure,
- implementation of the inspection and testing procedure,
- implementation of the systems of work.

The following internal audits were conducted during 2008-09:

- Systems of Work - Windang, Corrimal and Bulli tourist parks;
- Risk Management - Windang, Corrimal and Bulli tourist parks;
- OHS Records and Document Control - Russell Vale Golf Course.

Significant progress has been achieved through the revision of claims management and injury management systems. Improvements include the investigative processes, education of employees and implementation of early intervention strategies. This has resulted in Council's ratio percentage of workers compensation costs to payroll costs being reduced from 2.3% in 2007-08 to 1.5% in 2008-09.

Employment, Equity and Diversity (EED) Management Plan

Council has committed to the development and implementation of the EED Management Plan (reviewed annually) which formalises Council's direction and objectives in relation to EED. The plan sets broad goals for the organisation for a defined period which is reflected by the identification and inclusion of projects and review of goals as part of the business planning cycle. This will assist in making EED an integral part of the workplace culture and central to the everyday functioning of Council. The main outcomes of the EED Program are:

- To ensure all employees and prospective employees are treated in an equitable manner;
- To identify inequalities in employment, training, development and promotion within the organisation;
- To provide and implement an EED Management Plan to provide direction and objectives for the organisation;
- To identify business plan projects to redress identified inequalities and promote diversity;
- To ensure that development, application and monitoring of human resource policies and practices are consistent with EED principles;
- To provide employees with a means for resolution of grievances;
- To collect and record appropriate information.

Specifically through the EED Management Plan and policies, Council is seeking to create a working environment that is free of discrimination and is based on merit and equality of access to employment, promotions and learning and development activities.

National Competition Policy (section 428 (2) (r) clause 217 (1) (d) (ii - ix)

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the '*Application of National Competition Policy to Local Government*'.

The '*Pricing and Costing for Council Businesses - A Guide to Competitive Neutrality*' issued by the Department of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; Council subsidies; return on investments (rate of return); and dividends paid.

DECLARED BUSINESS ACTIVITIES

In accordance with *Pricing and Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1 (where gross operating turnover is over \$2 million)

- a. **Waste Disposal**
Manages the disposal of solid waste generated within the city.
- b. **Tourist Parks**
Operation, management and development of tourist parks at Bulli, Corrimal and Windang.
- c. **Health and Fitness**
Responsible for the management and upkeep of Council's leisure centres.

Category 2 (where gross operating turnover is less than \$2 million)

- a. **Crematorium and Cemeteries**
Provision of quality crematorium, cemetery and memorial facilities and services.

COMPETITIVE NEUTRALITY COMPLAINTS

Underpinning competitive neutrality is the need to properly recognise the full costs of Council's business activities. This allows comparisons to be made with competitors in the same marketplace and provides information that will allow Council to determine pricing policies for each business.

Wollongong City Council has developed a framework that will allow the full cost of each business activity to be identified. This system is referred to as FACTS (Full Activity Costing To Services). The Special Purpose Financial Reports (Income Statement by Business Activity and Balance Sheet by Business Activity) are prepared using full costs derived from the FACTS system.

Emphasis has been placed on developing an awareness of the Trade Practices Act, in particular Part IV of that Act and a complaints handling system has also been implemented to monitor all complaints relating to competitive neutrality. To date, no such complaints have been received. As yet the complaints handling mechanism has not been promoted to the public.

In summary, Council has embraced the principles of the National Competition Policy and has developed a business reporting facility through its management plan and business planning processes.

Overseas Visits (section 428 (2) r) clause 217 (1) (a))

Nil

Partnerships, Cooperatives or Joint Ventures (section 428 (2) (q))

Nil

Payment of Expenses and Provision of Facilities to Administrators (section 428 (2) (f))

Administrator Fees and Expenses

The total cost on the payment of salary and expenses, and on the provision of facilities to all three Administrators during 2008-09 was \$280,988 and consists of the following:

Salary	\$249,563 (total for all three Administrators)
Expenses and facilities	\$ 31,425

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

- (i) Provision of facilities - \$3,612
- (ii) Telephone calls - Nil
- (iii) Conferences and seminars - Nil
- (iv) Training and skills development - Nil
- (v) Interstate travel - Nil
- (vi) Overseas travel - Nil
- (vii) Partner, spouse or accompanying person - Nil
- (viii) Care of child or immediate family member - Nil

LORD MAYOR AND COUNCILLOR FACILITIES AND PAYMENT OF EXPENSES POLICY

This policy is currently suspended whilst Council is under Administration.

Privacy and Personal Information Protection (section 33)

The Act requires Council to comply with Information Protection Principles which relate to the collection, storage, access, use and disposal of personal information that Council holds. Council is also bound by its Privacy Management Plan and the Privacy Code of Practice for Local Government. Copies of both documents are available from our Public Officer at the Council administration building.

Council has not received any requests for review of its conduct in relation to any complaint relating to a breach of the Act.

Council has complied with the Act and is currently improving security arrangement of all records.

Rates and Charges Written Off (clause 132)

Rates and charges totalling \$1,745,540.02 were written off during the period 1 July 2008 to 30 June 2009 in accordance with the Local Government Act 1993. This compares to rates and charges of \$1,614,735.23 being written off in the period 1 July 2007 to 30 June 2008. Allowance is made for such write-offs in Council's annual budget. Rates and charges written off are summarised hereunder:

2009 Abandonments	\$
Section 600 Allowances	258,066.06
Journals (inc Objections and Reascertainments to value)	410,828.38
Postponed Rates	44,936.84
Postponed Interest	26,749.53
Council Voluntary Pension Rebate	903,291.57
Pensioner Interest write-offs	28,333.44
Journal Interest write-offs	6,351.67
Domestic Waste write-offs	66,982.53
	1,745,540.02

Senior Management Remuneration (section 428 (2) (g) clause 217 (1) (b))

There are four senior staff positions at Wollongong City Council, the General Manager and three directors – as determined by last resolution of Council.

The total remuneration of each contract manager employed as at 30 June 2009 is listed below. The remuneration packages include the following:

- the total value of the salary component of the package,
- the total amount payable by Council by way of the employer contribution or salary sacrifice to any superannuation scheme to which the manager may be a contributor,
- the total value of any non-cash benefits for which the manager may elect under the package, and
- the total amount payable by Council by way of fringe benefits tax for any such non-cash benefits.

The figures below reflect a restructure of the Executive Management Team.

Position	Period	Total Value \$	Note
General Manager	1-7-08 to 30-6-09	302,375	
Director Planning + Environment	29-9-08 to 30-6-09	157,623	1
Executive Manager Governance + Planning (\$50,548)	1-7-08 to 28-8-08	214,938	
Director Infrastructure + Works (\$164,390)	29-9-08 to 30-6-09		
Director Corporate + Community Services	8-10-08 to 30-6-09	160,329	1
Executive Manager Operations	1-7-08 to 17-10-08	358,489	1 & 2
TOTAL		1,193,754	

Note 1: Part financial year.

Note 2: Includes termination and leave payout.

Services and Programs for Children (section 428 (2) (r) clause 217 (1) (c))

Council continues to provide a range of services and support to children and families living in the Wollongong Local Government Area. Achievements for 2008-09 include the following:

Child Protection Week

Child Protection Week saw the launch of the National 'Lets Read' program at Council. There were over 50 people in attendance. 150 boxes of purple ribbons were distributed across the LGA as Council supported the Purple Ribbon Campaign and encouraged schools and the community to 'Go Purple'. A 'positive parenting through story telling' workshop was held at the Dapto Ribbonwood Centre with 12 parents in attendance.

Children's Week

Transition to School Picnic was held with over 300 families attending. Grandparents Picnic was held with 135 grandparents and 85 grandchildren under five years of age attending.

Families' Week

Council celebrated Families Week with our second Family Expo at Beaton Park Leisure Centre with over 100 people in attendance.

A range of initiatives with partner organisations such as the Early Childhood Training and Resource Centre, were developed to deliver positive outcomes for Children's Services. Staff also attended the two day Symposium for the draft National Early Years Learning Framework and the national strategic planning meeting for the Australian Community Children's Services group, as convenor of the Illawarra branch of Australian Community Children's Services.

Child Friendly Cities

The Child Friendly Cities initiative is a UNICEF program aimed at integrating the voices and needs of children into public policies, programs and decisions. Council's commitment to establish Wollongong as a Child Friendly City was progressed through a number of initiatives:

- Children and Young People Action Plan - The project, in partnership with the NSW Commission for Children and Young People, involved a review of all Council's planning, processes and systems to identify opportunities for improvement of child friendliness. The review was provided to the Commission in a final report and informs Council's Child Friendly Action Plan which is currently under development. Input was also provided to the Commissions 'Built4kids' document which is a good practice guide for 'creating child-friendly built environments.
- Children and Young People Friendly Land Use Planning - The Child Friendly Cities project team provided information on the principles of child friendly built environment during the development of the LEP and Consolidated DCP.
- Children and Young People Friendly Design - Children and young people participated in consultation and planning for a number of Council's built environment projects, including the Brighton Lawn project, All Abilities Playground and Towradgi Park.
- Promoting the Initiative and Networking - Council partnered with the University of Wollongong to host the Child Friendly Symposium. The Symposium included presentations from five highly respected Child Friendly Cities experts and field trips to various child friendly sites within Wollongong. A local government Child Friendly Cities e-group and quarterly network meetings were established.

Special Rate Variation (section 502 (2))

In 2004 Wollongong City Council adopted a five year Rates Increase Program to in part redress the critical current and future shortfalls in infrastructure and asset funding for Wollongong City and which provided for an additional;

- \$0.25M pa for recreational assets renewal,
- \$0.50M pa for building assets renewal, and
- \$2.00M pa for infrastructure renewal with an incremental increase of \$2M per annum for the next four years (up to \$9.8M pa by 2008-09).

At the conclusion of year five of the program, the annual targets have largely been met with an additional \$12.6M per annum now being invested into the future of the city's roads, bridges, footpaths, cycle ways, car parks, drainage assets, buildings and recreational assets.

Council's five year program as adopted at that time, aimed to increase its additional annual infrastructure funding to \$8.84M by 2008-09. To fund this commitment Council sought and was successful in gaining approval from the Minister for Local Government for implementation of a five year rating strategy to provide an additional 2% rates revenue over and above the anticipated increase in rates approved by Department of Local Government for the period 2004-05 to 2008-09. The original plan was updated in 2006.

The following table shows the updated rating plan and the estimated additional income through the plan.

Year	Original Rate Variation Approved (1)	Original Estimate of Additional General Income (2)	Revised Rate Variation Proposal (3)	Proposed Additional Expenditure (4)	Estimated Actual Additional Rate Income (5)
2004-05	5%	\$1.66M	5%	\$2.75M	\$2.74M
2005-06	5%	\$3.38M	5%	\$4.75M	\$4.40M
2006-07	5%	\$5.14M	5%	\$6.75M	\$6.97M
2007-08	4%	\$6.93M	5.5%	\$8.75M	\$9.10M
2008-09	4%	\$8.84M	5.7%	\$9.80M	\$12.60M

1) Proposed in submission to Department of Local Government in 2004.

2) Estimate based on applying special rate variation to actual rates income 2003-04, and each year thereafter.

3) Revised rate variation approved in 2006.

4) Proposed additional expenditure outlined in submission to Department of Local Government in 2004.

5) Estimate based on actual special Ministerial approved increases to 2003-04 actual rates revenue for each year thereafter, compared to the additional income that would have been raised from the Department of Local Government standard increases.

While the five year program provides a significant improvement to the city's asset renewal and maintenance programs it must be recognised that there is still much more to be done if we are to ensure the financial sustainability and future provision of appropriate levels of community infrastructure and service. Council is currently undertaking substantial work in asset management planning and systems development to ensure it can critically evaluate service and asset maintenance requirements and more accurately forecast the financial implications of these requirements. Based on the current knowledge of the condition of infrastructure it is estimated that Council still has a capital renewal funding gap in the order of \$15.4M per annum (estimate of annual renewal required to keep assets in satisfactory standard less actual capital renewal invested in 2008-09). It is anticipated that these estimates will be further refined during 2009-10 with the continued development of the Asset Management System.

Table 2 overleaf provides a summary of additional infrastructure capital and maintenance works provided from additional rate revenue during 2008-09.

Table 2 - Asset Renewal and Maintenance Application of Additional Rates Increase Year Ended 30 June 2009

Project Locations	Project Description	Application of Additional Funds	Existing Funding for these Projects	Total Project Expenditure
		\$ '000	\$ '000	\$ '000
CIVIL INFRASTRUCTURE				
Central roads/bridges maintenance	Various maintenance	-	918	918
North roads/bridges maintenance	Various maintenance	-	824	824
South roads/bridges maintenance	Various maintenance	-	795	795
Bridge St, Coniston; Dymock St, Balgownie; Beach St, Wollongong	Replacement of road pavements, kerb and gutter, etc.	1,022	-	1,022
Greta St, Woonona; Aldridge St, East Corrimal; Allenby Pde, Bulli; Cokeworks Rd, Coledale	Replacement of road pavements, kerb and gutter, etc.	1,201	-	1,201
Kanahooka Rd and Yallah Rd, Yallah; Illawon and Cambridge sts, Berkeley	Replacement of road pavements, kerb and gutter, etc.	1,602	-	1,602
Central footpaths/cycle ways	Various maintenance	-	317	317
North footpaths/cycle ways	Various maintenance	-	189	189
South footpaths/cycle ways	Various maintenance	-	213	213
Crown St, West Wollongong; Pioneer Rd, Towradgi; New Mt Pleasant Rd, Princes H'way, North Wollongong	Replacement of footpaths and cycle ways	-	489	489
Princes H'way, Woonona; Corrimal Memorial Park Bennalong St, Bulli; Campbell St, Woonona	Replacement of footpaths and cycle ways	-	191	191
Fowlers Rd, Dapto; Waniora Pt cycle way; Linday Evans Pl, Dapto; Bong Bong Rd, Dapto	Replacement of footpaths and cycle ways	-	391	391
Central car parks	Various maintenance	-	185	185
North car parks	Various maintenance	-	54	54
South car parks	Various maintenance	-	20	20
Thomas St, Wollongong; Para St, Balgownie	Replacement of car parks pavement and seals	-	684	684
The Drive, Stanwell Park	Replacement of car parks pavement and seals	-	215	215
Diamond Bros Reserve, Grace St, Unanderra; Holbourn St, Berkeley; Stones Rd, Mt Kembla	Replacement of car park pavement and seals in Southern Depot area	-	444	444
Central urban drainage maintenance	Various maintenance	-	178	178
North urban drainage maintenance	Various maintenance	-	305	305
South urban drainage maintenance	Various maintenance	-	345	345
Central drainage renew	Replacement of stormwater drainage	-	188	188
North drainage renew	Replacement of stormwater drainage	-	82	82
South drainage renew	Replacement of stormwater drainage	-	86	86
Citywide road surface - maintenance	Road surface maintenance	1,904	1,102	3,006
Citywide road surface - renew	Road surface renewal	5,891	5,296	11,187
Total Expenditure for Civil Infrastructure		11,620	13,511	25,131

Project Locations	Project Description	Application of Additional Funds	Existing Funding for these Projects	Total Project Expenditure
		\$ '000	\$ '000	\$ '000
RECREATION AND PARK ASSETS				
Parks asset failure	Replacement of park furniture, fences, etc in parks	124	956	1,080
Parks asset maintenance	Maintenance of park furniture, fences, etc in parks	250	-	-
Sports field asset failure	Replacement of sports field infrastructure, fences, etc	51	-	51
Beaches and pools asset failure	Replacement of infrastructure at pools and beaches	50	204	254
Natural area asset failure	Replacement of park furniture, fences, etc in natural areas	25	112	137
Total Expenditure for Recreation and Park Assets		500	1,272	1,522
BUILDINGS				
	Buildings Renew	480	939	1,419
Total Expenditure for Buildings		480	939	1,419
Total Additional Asset Renewal and Maintenance Expenditure		12,600	15,722	28,072

Stormwater Management Services (clause 217 (1) (e))

STORMWATER MANAGEMENT CHARGE

Council prepared three stormwater management plans over ten years ago to provide a strategic approach to our stormwater management. Wollongong is unique in its proliferation of creeks and their corridors and the close proximity of the escarpment to the coast, causing rapid transport of surface flow during rainfall events.

A new stormwater charge was introduced in 2006-07 following introduction of legislation by the state government to address the stormwater infrastructure costs borne by all councils. The legislation allowed a flat fee of \$12.50/\$25 to be applied to each unit and townhouse/individual household to and a pro rata fee for each business premises. The charge enables a significant increase in the works program for renewal of our ageing stormwater infrastructure, along with construction of new stormwater infrastructure with a focus on urban flooding and stormwater quality improvement works.

The income obtained was allocated to five categories and is summarised in the table below which outlines the actual expenditure for each category.

PROJECTED VERSUS ACTUAL EXPENDITURE ON STORMWATER INFRASTRUCTURE

Category	Management Plan Budget 2008-09 \$	Actual Expenditure 2008-09 \$
Stormwater Quantity Management	680,000	580,000
Stormwater Quality Management	250,000	246,707
Stormwater Infrastructure Restore and Replace	500,000	200,000
Stormwater Network Operational	147,000	95,768
Stormwater Asset Management System	100,000	451,626
	1,677,000	1,574,101

The major difference between the management plan budget versus actual expenditure were for the categories of Stormwater Quantity Management and Stormwater Infrastructure Restore and Replace. The expenditure for these categories was less than budget due to delays in the completion of investigations and detailed designs and plans for the construction work. As a result of these delays, the additional money was spent on continuation of a major data collection project to locate and map all Council's stormwater infrastructure. This inventory and condition assessment of the entire stormwater infrastructure drainage networks is necessary for developing long term asset management plans for the stormwater drainage network infrastructure.

Stormwater Quantity Management

Work conducted under this category involved provision of new or enhanced stormwater drainage services to areas where inadequate stormwater service had previously being supplied.

Project Location	Work Description	Value \$	Stormwater Levy \$
Dymock St, Balgownie	Design and construct additional stormwater infrastructure for localised flooding	472,010	270,447
Bennet Lane, Helensburgh	Design and construct additional stormwater infrastructure for localised flooding	220,032	126,072
Gladstone Ave, Wollongong	Increase Localised Network Capacity	116,061	66,500
Brownlee to Payne St, Mangerton	Construct additional stormwater infrastructure for localised flooding	23,454	13,438
Payne Rd, East Corrimal	Increase inlet capacity	16,659	9,545
Foothills Rd, Corrimal	Design additional stormwater infrastructure for creek bank stability	16,241	9,306
George Hanley Dr, Stuart Park, North Wollongong	Design additional stormwater infrastructure for localised flooding	15,077	8,639
Beach Point and Southview St, Bulli	Design additional stormwater infrastructure for localised flooding	12,095	6,930
Gorrell Cres and Woodlawn Ave, Mangerton	Design additional stormwater infrastructure for localised flooding	10,021	5,742
Burringbar St, Dapto	Design additional stormwater infrastructure for localised flooding	24,745	14,178
15 other minor projects	Design and/or construct additional stormwater infrastructure for localised flooding	85,874	49,203
		1,012,269	580,000

Stormwater Quality Management

Work conducted involved creek maintenance to remove weeds and weed trees such as willow and coral trees from creeks to improve stormwater flow and reduce flood risks.

Project Location	Work Description	Value \$	Stormwater Levy \$
Glenwood Gr, Horsley	Stormwater quality and quantity monitoring stations	104,012	-
Thirroul Rd, Kanahooka	Design and construct stormwater quality improvement device	108,209	-
Cawley St, East Corrimal	Design and construct stormwater quality improvement device	84,997	-
Cliff Rd, Wollongong	Design and investigate stormwater quality improvement device	503	-
Cabbage Tree Creek - Guest Park, Fairy Meadow	Creek maintenance	20,000	15,000
Towradgi Creek - Karen Place, Corrimal	Creek maintenance	3,000	3,000
Bellambi Creek - Albert Street, Bellambi	Creek maintenance	10,000	10,000
Collins Creek - Roberts Street, Woonona	Creek maintenance	3,000	3,000
Various creeks	Weed tree removal	16,280	16,280
Budjong Creek - Imperial Drive, Berkeley	Creek maintenance	3,450	3,450
Charcoal Creek - Blackman/Rickman Pde, Unanderra	Creek maintenance	15,000	10,546
Charcoal Creek - Cummins St, Unanderra	Creek maintenance	5,000	5,000

Project Location	Work Description	Value \$	Stormwater Levy \$
Stormwater Quality Management (continued)			
Bellambi Creek-Mountbatten Pk, Corrimal	Creek maintenance	7,500	7,500
Bellambi Creek - Gladstone St, Bellambi	Creek maintenance	5,000	5,000
Bellambi Creek - Williams Cres John Parker Res, Woonona	Creek maintenance	10,000	10,000
Fairy Creek, North Wollongong	Creek maintenance	2,500	2,500
Cabbage Tree Creek - Weekes St, Balgownie	Creek maintenance	5,000	5,000
Towradgi Creek - Lemrac Ave, Corrimal	Creek maintenance	7,500	7,500
Stormwater Officer	Temporary employment contract	92,784	89,831
Cabbage Tree Creek - Chalmers Road, Balgownie	Creek maintenance	10,000	10,000
Towradgi Creek - Ziems Avenue, Towradgi	Creek maintenance	10,000	10,000
Fairy Creek - Mercury St, Wollongong	Creek maintenance	5,000	5,000
Cabbage Tree Creek - Foothills Road, Balgownie	Creek maintenance	10,000	10,000
Cabbage Tree Creek - Cabbage Tree Lane, Fairy Meadow	Creek maintenance	5,000	5,000
Hospital Creek, Warrawong	Creek maintenance	8,000	8,000
Stanwell Creek, Stanwell Park	Creek maintenance	7,600	5,100
		559,335	246,707

Stormwater Infrastructure Restore and Replace

Work conducted involved repair and replacement of existing stormwater drainage assets.

Project Location	Work Description	Value \$	Stormwater Levy \$
Carters Lane, Fairy Meadow	Regrade and reline drainage channel to increase flow conveyance	68,750	38,575
Princes Hwy, Bulli	Reline of failed stormwater pipe	35,165	19,731
Barnes St, Berkeley	Replace failed stormwater pipe	32,518	18,245
Keira St, Wollongong	Replace failed stormwater pipe	30,654	17,200
Brownlee Park, Mangerton	Construct replacement pits and pipes	29,318	16,450
41 Barnes St, Berkeley	Construct replacement pit	28,552	16,020
Stanhope Rd, Woonona,	Replace failed stormwater pit	21,908	12,293
Gilmore St, Wollongong	Design extension of pipes and reconstruct headwall	18,387	10,317
Blackman Pd, Unanderra	Design new lined channel	17,848	10,014
William St, Bulli	Design replacement culvert	17,517	9,829
Northcote St, Wollongong	Design piped watercourse	16,762	9,405
Church Street, Balgownie	Replace failed headwall and minimise creek erosion	16,280	9,135
14 other minor projects		22,789	12,787
		356,448	200,000

Stormwater Network Operational

Work conducted involved planning and undertaking maintenance in stormwater control assets.

Project Location	Work Description	Value \$	Stormwater Levy \$
Stormwater Operational Management		95,768	95,768

Stormwater Asset Management System

Work conducted involved a major project to collect asset management data on Council's stormwater drainage network, both the urban drainage (pits and pipes) and the creeks network. This information is considered vital to developing a long term asset management plan for Council's stormwater drainage service.

Project Location	Work Description	Value \$	Stormwater Levy \$
Stormwater Asset Management System	Major project to collect data for stormwater inventory, mapping condition assessment and valuation	495,063	451,626
TOTAL		2,518,884	1,574,101

Summary of Legal Proceedings (section 428 (2) (e))

Particulars	Finalised	Expenses Including GST \$	Receipts Excluding GST \$
PL and PI claims and potential claims against Council			
Damage to professional reputation/loss of profits 12 Arter Avenue, Figtree – Falamaki *	No	779,817	Nil
Defamation action brought by former Council employee - Curran	Yes	188,808	30,196
Loss of income and profits former sub-tenant City Beach - Dunes	Yes	50,221	Nil
Injuries to member of exercise class at Beaton Park - Papaconstantinos	Yes	725	Nil
Injuries to cyclist Fairy Creek bridge - Ainsworth	No	495	Nil
Economic loss breach of contract - Orlovic	No	928	Nil
Sewer pipe damage - Naumovski	No	12,671	Nil
Council Prosecutions			
Unauthorised clearing at Helensburgh - Hogarth and Ensile Pty Ltd	Yes	148,795	Nil
Pollution of waters from demolition site - Corrimal and Burelli streets, Wollongong - Belmorgan	Yes	32,444	20,000
Development without consent - Church Street, Wollongong - Comelli	Yes	15,069	17,850
Development not in accordance with consent - 12 Arter Avenue, Figtree - Falamaki	No	*	Nil
Bankruptcy application - Falamaki	No	20,483	Nil
Recovery of legal costs - 12 Arter Avenue, Figtree - Falamaki	No	*	Nil
Recovery of legal costs and damages - Lagoon Restaurant lease - Lawcover	No	137,359	Nil
Destruction of NES Hall – Keira Street, Port Kembla - failure to pay full value of Council's claims - VERO Insurance	No	125,696	Nil
Flinders/Keira/Campbell streets, Wollongong - invalidation of development consent - Sebvell Pty Ltd	Yes	334,141	Nil
38 Doyle Avenue, Unanderra - illegal development - Con and Steve Concreting Pty Ltd	Yes	8,068	30,000

* Damage to professional reputation/loss of profits 12 Arter Avenue, Figtree – Falamaki

Particulars	Finalised	Expenses Including GST \$	Receipts Excluding GST \$
Appeals against Council			
15 Buttenshaw Drive, Coledale - failure to notify adjoining owner - Polden	Yes	1,491	12,638
139 Lawrence Hargrave Drive - failure to notify adjoining owner - Clark and Davis	Yes	85,200	78,381
107 Morrison Avenue, Wombarra - deemed refusal for dwelling - Keay and Taylor	Yes	26,088	Nil
Lot 200 Hume Street, Helensburgh - deemed refusal for 2 lot subdivision - Ensile Pty Ltd	Yes	10,957	Nil
115 King Street, Warrawong - illegal approval of pizza shop and bulky goods warehouse - Calardu	No	12,167	Nil
Bridge Street, Coniston - deemed refusal alterations to bulky goods warehouse - ATB Engineering Pty Ltd	Yes	37,171	Nil
385A Crown Street, Wollongong – application to modify court granted approval - Eaglecorp Pty Ltd	Yes	25,570	Nil
Dangerous dog - Duran	No	713	Nil
Domville Road, Otford - deemed refusal dwelling house - Bishop and Marshall	Yes	78,051	Nil
Morrison Avenue, Wombarra - deemed refusal ecotourism facility - Berry	Yes	97,386	Nil
71 Lower Coast Road, Stanwell Park - refusal of dwelling house - Hamod	Yes	25,858	Nil
Refusal of bulky goods showroom - Coniston Investments Pty Ltd	Yes	73,900	Nil
11 Outlook Drive, Figtree - refusal 2 lot subdivision - Short	Yes	20,849	Nil
37 Mt Pleasant Road - refusal 5 lot subdivision - Groeneveld	No	73,121	Nil
Wylie Road, Kembla Grange - refusal bulky goods warehouse - Total Recycling Pty Ltd	Yes	48,322	Nil
Maddens Plains - refusal of 6 related DA's - PGH Environmental Planning	No	95,073	Nil
Westmacott Parade, Bulli - refusal dual occupancy - Ingle	Yes	6,887	Nil
12 Arter Avenue, Figtree - appeal of Council Orders to fence and clear land - Falamaki	No	502	Nil
Redgum Ridge, Nebo Drive, Figtree - deemed refusal of Council issue of construction certificate - Edenville Pty Ltd	No	16,848	Nil
Application for injunction to restrain Council from closing road - Groeneveld	No	16,123	Nil

Work Carried Out On Private Land (section 428 (2) (k))

Church Street, Balgownie

Extension of stormwater line and installation of new headwall/outlet. The works carried out were fully funded by Council to the value of \$16,280.

Annual Report

Wollongong City Council 2008 | 2009

Attachment A: Financial Commentary



EXECUTIVE SUMMARY

As General Manager of Wollongong City Council, I present the Annual Financial Statements for 2008/09. The Income Statement shows an operating surplus from continuing operations of \$2.2M compared to a deficit of \$3.2M in 2007/08, an improvement of \$5.4M. The net operating result before capital grants and contributions was a deficit of \$10.4M which is a \$1.1M improvement on the 2008 deficit of \$11.5M. The improvement was largely due to the receipt of additional Operating Grants and Contributions of \$4.5M and Capital Grants and Contributions of \$4.3M. Offsetting this to a large extent was an increase in depreciation expense of \$10.8M largely due to the revaluation of buildings in 2008.

Council's Balance Sheet shows the vast extent of Assets managed by Council for the Community. The total value of Council's assets at 30 June 2009 was \$1.65B. It is pleasing to report that during 2009 Council completed a capital works program of \$73.6M including the construction and purchase of \$29.1M of new assets and renewal of existing assets of \$44.5M. This is the largest capital program in Council's history. Major projects commenced or further developed during the year include the Wollongong City Gateway Project; Thirroul District Community Centre and Library; Asset Renewals for local Roads, Drains, Footpaths, Parks and Public Buildings.

In 2009 Council maintained a strong position in cash and investments, with holdings of \$48.6M at 30 June 2009 (\$55.2M in 2007/08). \$33.3M of Council's cash (\$50M in 2007/08) is restricted in its use to specific purposes by external bodies, legislation and Council resolution. During 2009 Council resolved to unwind some of its existing internally restricted assets, based on the decision that issues being managed through cash restrictions could be more effectively managed through the Capital Budget. The level of unrestricted cash and investments, or available cash, increased from \$5.2M to \$15.2M. Available cash was higher than anticipated at 30 June 2009 primarily due to an increase in Creditors due to additional works being carried out in June not paid for until July.

Council's debt position remained very conservative with total borrowings of \$2.6M representing approximately .02% of Council's asset value. Council's Debt Service Ratio (Note 13 of the Financial Statements) of 1.0% is exceptionally low by industry standards. Although Council planned to borrow \$6M in 2009 to fund part of the capital program, it was able to self fund this program through the management of its cash liquidity. Relatively low levels of borrowing are a financial strength of Council and add flexibility in making financial decisions for the future.

While Council is well positioned financially in the short to medium term, in the longer term a challenge remains to ensure that there is sufficient funding to provide for the renewal and maintenance of long lived assets such as roads, bridges, buildings and recreation facilities that are an integral part of services provided by Council. To meet this challenge Council is committed to gradually reducing operating costs and investing the savings into asset renewal and refurbishment. In conjunction with this is the need there is a need to increase overall funding to help close the gap.

My thanks to all staff and external auditors who worked on the preparation of these statements.

A stylized, handwritten signature in black ink, appearing to read "David Farmer".

David Farmer
General Manager, Wollongong City Council

Financial Commentary 2009

2009 Financial Statements

This report provides an overview of Council's 2009 Financial Statements. The Financial Statements are prepared by Council to provide information in relation to Council's financial performance and position. The statements are prepared in accordance with Australian Accounting Standards, the NSW Local Government Act 1993 and the NSW Local Government Code of Accounting Practice and Financial Reporting (Update No. 17). The Statements are independently audited, by Spencer Steer Pty Ltd, reported to Council, placed on public exhibition and lodged with the Department of Local Government.

The Financial Statements are made up of four key financial reports (Primary Financial Statements) and explanatory notes. The Primary Financial Statements are:

- Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Cash Flow Statement

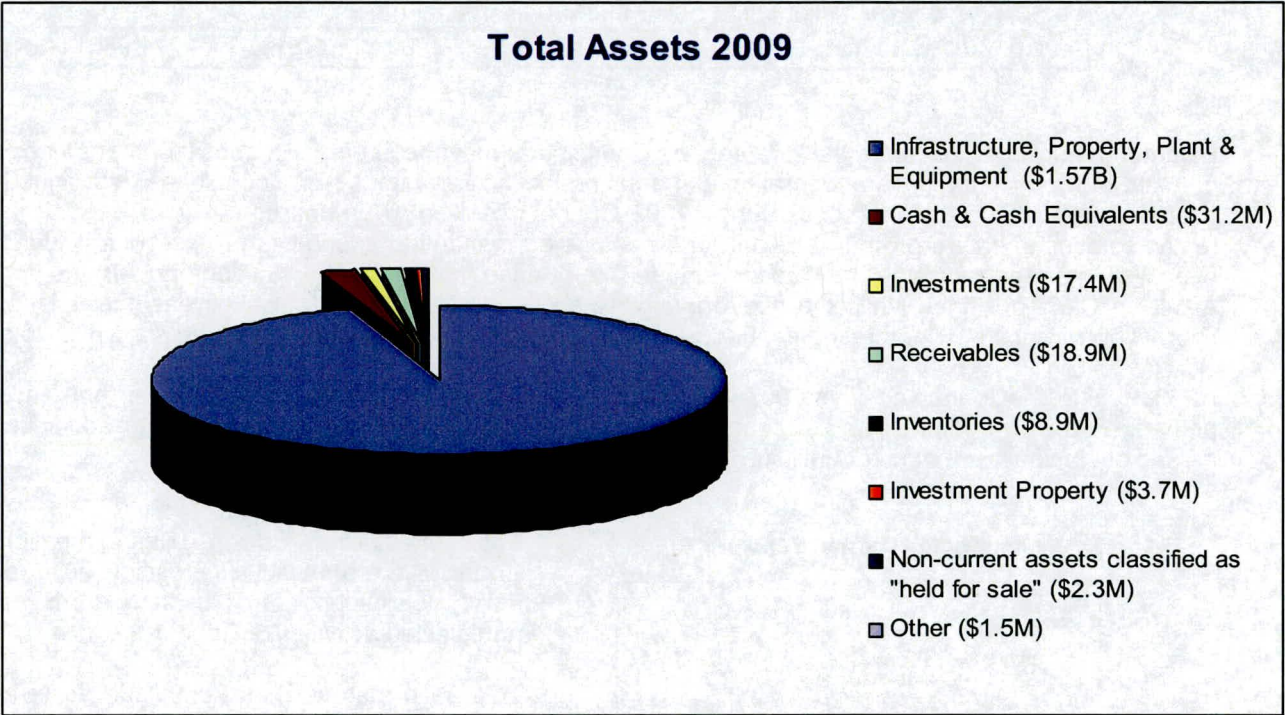
2009 Highlights

- | | |
|--|---|
| • Total Assets \$1.65B | • Net Operating Result \$2.2M Surplus (2008: Deficit \$3.2M, improvement of \$5.4M) |
| • Expenditure on Infrastructure, Property, Plant & Equipment Constructed / Purchased \$73.6M (2008: \$37.1M) | • Net Operating Result before Capital Grants and Contributions \$10.4M Deficit (2008: Deficit \$11.5M, improvement of \$1.1M) |
| • Operational Land, all Buildings & Investment Properties revalued to fair value | • Operating Grants & Contributions \$27.1M (2008 \$22.6M, increase of \$4.5M) |
| • Debt Service Ratio 1.0% (2008: 1.05%) | • Capital Grants & Contributions \$12.6M (2008 \$8.3M, increase of \$4.3M) |
| • Increase in Depreciation from \$34.6M (2008) to \$45.3M (2009) due to introduction of fair valuation of Buildings in 2008. | |

2009 Financial Overview

Assets

Council's Balance Sheet shows the vast extent of Assets managed by Council for the Community. The total value of Council's assets at 30 June 2009 was \$1.65B. The composition of assets is shown below.



Infrastructure, Property, Plant & Equipment (IPPE)

With a carrying value of \$1.57B Infrastructure Property Plant and Equipment (IPPE) is Council's most significant asset, and represents 95% of the value of assets.

It is pleasing to report that during 2009 Council completed a capital works program of \$73.6M including the construction and purchase of \$29.1M of new assets and renewal of existing assets of \$44.5M. This is the largest capital program in the history of Council and is consistent with the asset renewal strategy that was implemented as part of the 2009 Management Plan, financial sustainability measures.

Despite significant additions, the overall value of IPPE decreased by \$7.2M. This was caused by depreciation expense of \$45.3M, and an overall revaluation decrement \$36.3M resulting from the revaluation of Operational Land and all Buildings to fair value. Further financial details of IPPE are shown in Note 9. Note the overall revaluation decrement of \$36.3M, did not impact the operating result, rather it contributed to a decrease to Council's Equity.

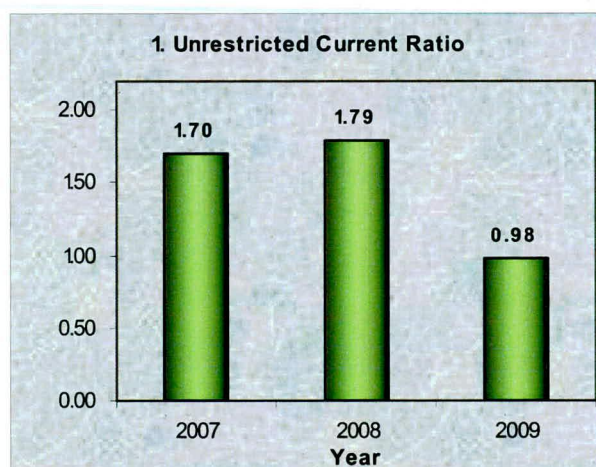
Cash and Investments

In 2009 Council maintained a strong position in cash and investments, with holdings of \$48.6M at 30 June 2009. Council's cash and investment positions over recent years are as follows:

Cash & Investments				
	2009	2008	2007	2006
	\$'000	\$'000	\$'000	\$'000
Total Cash & Investments	48,592	55,173	66,180	77,629
Less: Internal Restrictions	-	(14,398)	(18,123)	(19,963)
Less: External Restrictions	(33,347)	(35,585)	(37,955)	(45,683)
Available Cash	15,245	5,190	10,102	11,983

External restrictions are funds that are held by Council that must be spent for a specific purpose and cannot be used by Council for general operations. Internal restrictions are funds that Council has determined will be used for a specific future purpose. During 2009 Council resolved to unwind some of its existing internally restricted assets, based on the decision that issues being managed through cash restrictions could be more effectively managed through the Capital Budget. The release from internal restrictions now forms part of the Available Cash position. While the above summary shows nil Internal Reserves at year end, this is due to internal borrowings between reserves. Further details on the composition of reserves are shown in Note 6.

At 30 June 2009 Council achieved an available cash position of \$15.2M, which was higher than anticipated, primarily due to an increase in Accounts Payable at year end. Creditors increased due to additional works carried out in June, not paid for until July.



The Unrestricted Current Ratio measures the Council's Cash / Liquidity Position or its ability to satisfy obligations in the short term from the unrestricted activities of Council.

This ratio declined in 2009 due to a planned reduction in the level of liquidity to better utilise funds that are available for Council. During 2008/09 Council completed a \$73.6M capital program and reduced the level of internal reserves to nil. Council has planned to manage cash flows at lower levels into the future.

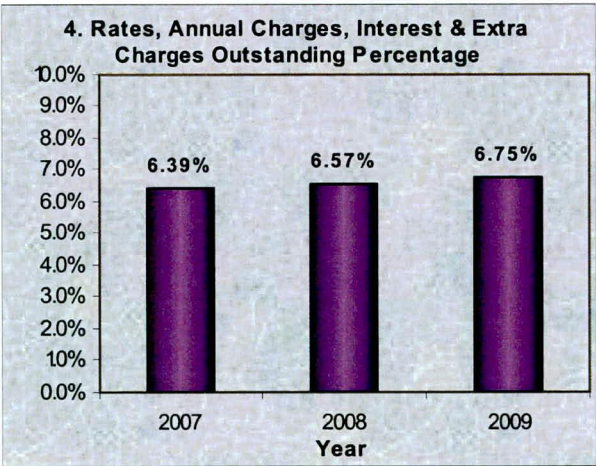
While Council's performance is below the Local Government Benchmark of >2:1, it is reflective of a deliberate strategy to better utilise cash.

Receivables

Receivables for 2009 totalled \$18.9M, a reduction of \$4.3M (19%) compared to the 2008 year. A large portion of the decrease is attributable to a \$6M capital debtor receipt. Excluding this all other debtors increased by \$1.9M. For details of receivables are provided in Note 7.

The Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage assesses the impact of uncollected rates and other charges on liquidity and the adequacy of recovery efforts. Council's performance in this measure is as follows:

Receivables (continued)

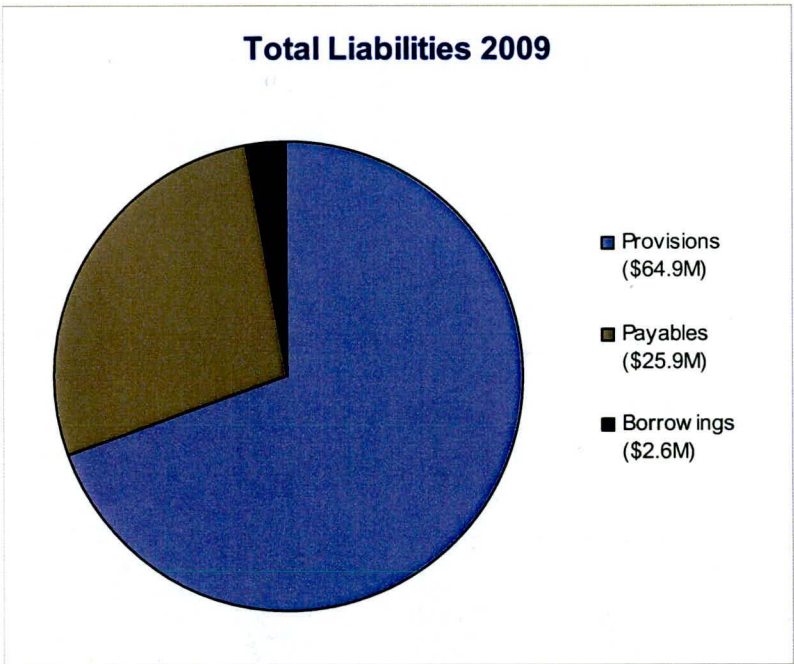


The slight increase in the percentage of outstandings represents a decline in this performance measure. While consistent efforts have been made in debt collection, there has been an increase in outstandings relating to businesses in liquidation.

The local government benchmark for collection performance is <4%, Council's recovery processes continue to be reviewed to enable industry standards to be met.

Liabilities

At 30 June 2009 Council's Total Liabilities were \$93.4M. The composition of Council's Total Liabilities is shown below.



At 30 June 2009 Council's Total Liabilities were \$93.4M.

Provisions account for 69.6% of Council's Liabilities with the most significant provisions relating to Employee Leave Entitlements (\$28.3M), Asset Remediation Provision (\$30.3M) and Workers Compensation Provision (\$5.9M).

Payables account for 27.6% of Council's Liabilities. The majority of payables relate to goods and services and capital expenditure received but not yet paid for.

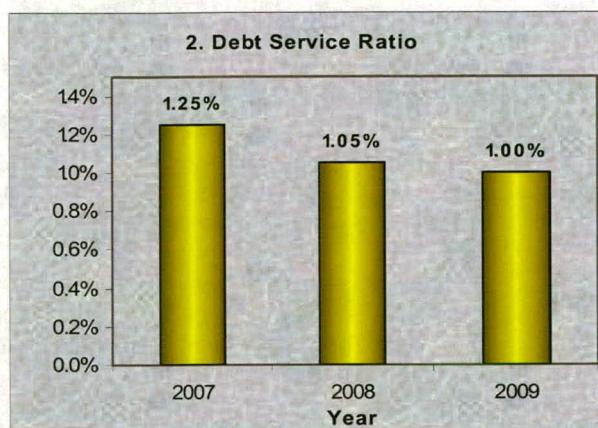
Borrowings only account for 2.8% of Council's Liabilities, and predominantly relate to payments due under Finance Leases.

Borrowings

One of Council's financial strengths is a relatively low level of borrowing. Council has borrowed predominately through finance leases for its operating plant. Although Council planned to borrow \$6M in 2009 to fund part of the 2009 capital program, it was able to self fund this program, through the management of its cash liquidity.

The Debt Service Ratio measures the proportion of revenues that is required to meet Council's annual loan repayments.

Borrowings (continued)



Council's relatively low level of debt means that Council's Debt Service Ratio is 1%. This is exceptionally low in comparison to the Local Governments benchmark ratio of < 10%.

Council's Debt Service Ratio improved in 2009 as revenues increased while borrowings remained stable, meaning a lower portion of Council's discretionary revenue is committed to the repayment of debt. It is expected that this trend will continue, as there are no further planned borrowings.

Operational Performance - Income & Expenses

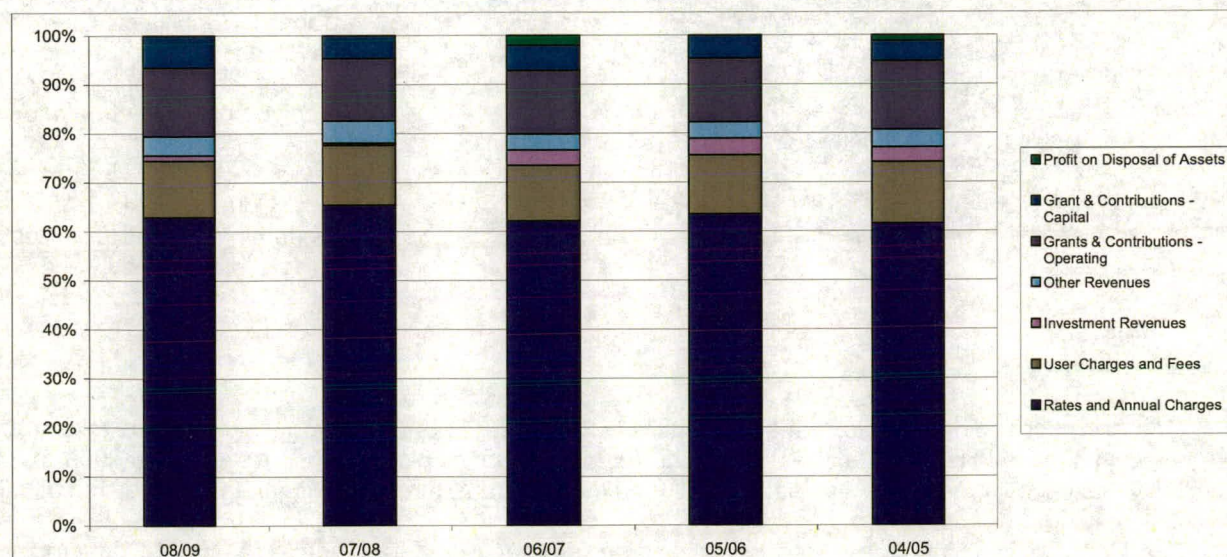
Council's financial performance in 2009 was an improvement on prior year, achieving a Net Operating Surplus from Continuing Operations of \$2.2M, compared to a prior year Deficit of \$3.2M. The Surplus includes Capital Grants & Contributions of \$12.6M, making the Net Operating Result before Capital Grants and Contributions a deficit \$10.4M, which is an improvement on the 2008 deficit of \$11.5M.

Income

Council's Income from Continuing Operations for 2009 was \$193.7M, an improvement on prior year of \$16M. Council's revenue sources in recent years are show below.

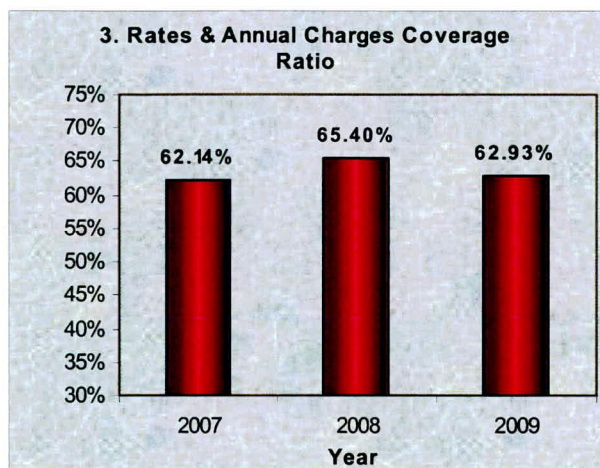
REVENUE SOURCES

	Year ended 30/06/2009		Year ended 30/06/2008		Year ended 30/06/2007		Year ended 30/06/2006		Year ended 30/06/2005	
INCOME FROM CONTINUING OPERATIONS	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Rates & Annual Charges	121,872	63%	116,231	65%	107,285	62%	100,090	63%	94,884	62%
User Charges & Fees	22,298	12%	21,699	12%	19,600	11%	18,996	12%	19,435	13%
Interest & Investment Revenues	2,116	1%	860	0%	5,365	3%	5,375	3%	4,555	3%
Other Revenues	7,613	4%	8,001	5%	5,723	3%	5,224	3%	5,523	4%
Grants & Contributions - Operating	27,118	14%	22,615	13%	22,270	13%	20,536	13%	21,615	14%
Grants & Contributions - Capital	12,644	7%	8,317	5%	8,963	5%	7,442	5%	6,351	4%
Profit on Disposal of Assets	0	0%	0	0%	3,504	2%	0	0%	1,838	1%
Total Income from Continuing Operations	193,661	100%	177,723	100%	172,710	100%	157,663	100%	154,201	100%



Income (continued)

Income from Rates and Annual Charges in 2009 totalled \$121.9M, an increase of \$5.7M on prior year.



The Rates & Annual Charges Coverage Ratio assesses the degree of Council's dependence upon revenue from rates and annual charges and the security of Council's income.

The performance in this ratio is as expected. The slight downward movement in 08/09 is due to an increase in the level of grants and contributions received in the current year, which were a part of the Government's Economic Stimulus Package, and may not continue in future years.

Operating Grants and Contributions of \$27M were received, an increase of \$4.5M on prior year. The increase is largely due to the early receipt of the \$3.4M September 2009 instalment of the Financial Assistance Grant (FAG) in June 2009. This instalment is 25% of 2010 FAG. Capital Grants and Contributions of \$12.6m were received, an increase of \$4.3M on prior year, which was largely due to the Government's Economic Stimulus Package, a trend which may not continue in future years. Additional grants included funding for a number of major projects such as the refurbishment of the Town Hall and upgrade of Cliff Road Promenade.

Expenses

Council's Expenses from Continuing Operations for 2009 totalled \$191.4M, compared to prior year expenditure of \$180.8M. The majority of the increase relates to increased depreciation expense.

Recently changed accounting requirements have led to significant variations in the valuation of assets and the measurement of depreciation. In 2009 all Council's Operational Land and Buildings and Specialised Buildings and were valued to reflect fair value. The upwards revaluation of buildings carried out in 2008, had a negative impact on operational performance in 2009, due to increased depreciation charges of approximately \$11M in line with increased property values and a review of the method of calculating depreciation. The subsequent revaluation in 2009 has yet to impact the operating result, as the depreciation for the year was based on the 2008 valuation.

Investment properties were also revalued in 2009 resulting in a decrement of \$1.1m being charged to operating expenses, directly decreasing the operating surplus. As investment properties are not depreciated, there is no impact on depreciation expense.

Future Challenges

While Council is well positioned financially in the short to medium term, in the longer term a challenge remains to ensure that there is sufficient funding to provide for the renewal and maintenance of long lived assets such as roads, bridges, buildings and recreation facilities that are an integral part of services provided by Council. To meet this challenge Council needs to gradually reduce the proportion of resources spent on day to day activities and increase the funding for asset renewal and refurbishment. In conjunction with this is the need to increase overall funding to help close the gap.

Wollongong City Council

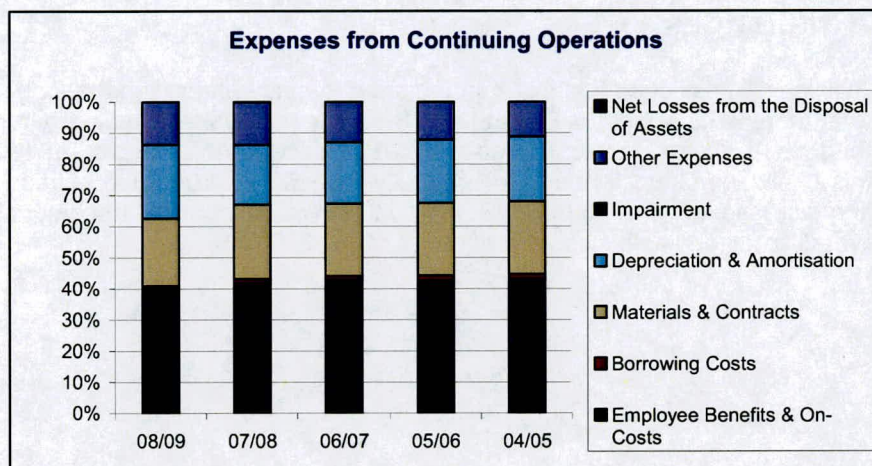
Historical Financial Data

Income Statement

		Actual 2009 \$'000	Actual 2008 \$'000	Actual 2007* \$'000	Actual 2006 \$'000	Actual 2005 \$'000
	Notes					
Income from Continuing Operations						
Revenue:						
Rates & Annual Charges	3a	121,872	116,231	107,285	100,090	94,884
User Charges & Fees	3b	22,298	21,699	19,600	18,996	19,435
Interest and Investment Revenue	3c	2,116	860	5,365	5,385	4,555
Other Revenues	3d	7,613	8,001	5,723	5,224	5,523
Grants & Contributions provided for Operating Purposes	3e,f	27,118	22,615	22,270	20,608	21,615
Grants & Contributions provided for Capital Purposes	3e,f	12,644	8,317	8,902	7,442	6,351
Other Income:						
Net Gains from the Disposal of Assets	5	-	-	3,504	-	1,838
Total Income from Continuing Operations		193,661	177,723	172,649	157,745	154,201
Expenses from Continuing Operations						
Employee Benefits & On-Costs						
Employee Benefits & On-Costs	4a	76,330	75,658	72,795	69,356	68,141
Borrowing Costs	4b	1,954	2,415	2,266	2,824	2,311
Materials & Contracts	4c	41,502	43,196	39,770	37,739	36,786
Depreciation & Amortisation	4d	45,331	34,576	33,431	33,045	32,765
Impairment	4d	-	-	-	-	-
Other Expenses	4e	26,281	24,848	22,205	19,678	17,685
Net Losses from the Disposal of Assets	5	20	187	-	191	-
Total Expenses from Continuing Operations		191,418	180,880	170,467	162,833	157,688
Operating Result from Continuing Operations		2,243	(3,157)	2,182	(5,088)	(3,487)
NET OPERATING RESULT FOR THE YEAR		2,243	(3,157)	2,182	(5,088)	(3,487)
Less:						
Grants & Contributions provided for Capital Purposes	3e,f	12,644	8,317	8,902	7,442	6,351
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(10,401)	(11,474)	(6,720)	(12,530)	(9,838)

This Statement is to be read in conjunction with the Notes in the body of the financial statements.

*Adjustments have been made to the 2007 figures originally reported in the audited Financial Report year ended 30 June 2007. Refer to Note 23 - Additional Council Disclosures - Financial Information in the body of the financial statements.



Wollongong City Council

Historical Financial Data

Balance Sheet

		Actual 2009 \$'000	Actual 2008 \$'000	Actual 2007* \$'000	Actual 2006 \$'000	Actual 2005 \$'000
	Notes					
ASSETS						
Current assets						
Cash & cash equivalents	6a	31,208	20,878	4,986	7,672	44,449
Investments	6b	17,384	34,295	61,194	69,957	9,500
Receivables	7	15,430	19,592	13,220	10,539	11,610
Inventories	8	8,873	8,845	5,886	154	103
Other	8	1,549	2,952	2,290	2,581	1,272
Assets held for sale (previously non-current)	22	2,329	2,329	1,965	1,357	119
Total current assets		76,773	88,891	89,541	92,260	67,053
Non-current assets						
Cash assets	6a	-	-	-	-	-
Investments	6b	-	-	-	-	22,500
Receivables	7	3,449	3,604	8,875	2,448	2,009
Inventories	8	-	-	-	5,734	5,734
Infrastructure, property, plant & equipment	9	1,571,394	1,578,617	1,083,681	1,090,458	1,098,236
Investments accounted for using the equity method	19	-	-	-	-	-
Investment property	14	3,688	4,826	3,260	3,260	3,150
Other	8	-	-	-	-	-
Total non-current assets		1,578,531	1,587,047	1,095,816	1,101,900	1,131,629
TOTAL ASSETS		1,655,304	1,675,938	1,185,357	1,194,160	1,198,682
LIABILITIES						
Current liabilities						
Payables	10	25,808	16,984	19,940	15,614	17,207
Interest bearing liabilities	10	1,365	1,614	1,377	14,688	1,429
Provisions	10	29,359	26,816	27,414	28,112	28,655
Total current liabilities		56,532	45,414	48,731	58,414	47,291
Non-current liabilities						
Payables	10	-	-	-	-	-
Interest bearing liabilities	10	1,249	2,489	4,103	4,781	16,550
Provisions	10	35,622	34,406	32,807	31,097	29,888
Total non-current liabilities		36,871	36,895	36,910	35,878	46,438
TOTAL LIABILITIES		93,403	82,309	85,641	94,292	93,729
NET ASSETS		\$ 1,561,901	1,593,629	1,099,716	1,099,868	1,104,953
EQUITY						
Retained earnings	20	1,150,590	1,145,743	849,315	849,467	854,552
Revaluation reserves	20	411,311	447,886	250,401	250,401	250,401
Council Equity Interest		1,561,901	1,593,629	1,099,716	1,099,868	1,104,953
Minority Equity Interest	19	-	-	-	-	-
TOTAL EQUITY		\$ 1,561,901	1,593,629	1,099,716	1,099,868	1,104,953

This Statement is to be read in conjunction with the Notes in the body of the financial statements..

*Adjustments have been made to the 2007 figures originally reported in the audited Financial Report year ended 30 June 2007. Refer to Note 23 - *Additional Council Disclosures - Financial Information* in the body of the financial statements.

Annual Report

Wollongong City Council 2008 | 2009

Attachment B: General Purpose Financial Reports

Wollongong City Council

General Purpose Financial Report for the financial year ended 30 June 2009

Contents	Page
1. Statement by Administrators & Management	2
2. Primary Financial Statements:	
- Income Statement	3
- Balance Sheet	4
- Statement of Changes in Equity	5
- Cash Flow Statement	6
3. Notes to the Financial Statements	7
4. Independent Auditor's Reports:	
- On the Financial Report (Sect 417 [2])	77
- On the Conduct of the Audit (Sect 417 [3])	80

Overview

- (I) This Financial Report covers the consolidated operations for Wollongong City Council.
- (II) Wollongong City Council is a body corporate of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.
- Council's Statutory Charter is specified in Section 8 of the LGA and includes;
- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
 - responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
 - a role in the management, improvement and development of the resources of the local government area.
- A description of the nature of Council's operations and its principal activities are provided in Note 2(b).
- (III) All figures presented in this Financial Report represent Australian Currency.
- (iv) This Financial Report was authorised for issue by the Council on 23/09/2009.
Council has the power to amend and reissue the financial report.
-

Wollongong City Council

General Purpose Financial Report for the financial year ended 30 June 2009

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

The attached General Purpose Financial Report has been prepared in accordance with:

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

To the best of our knowledge and belief, this Report:

- presents fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

We are not aware of any matter that would render this Report false or misleading in any way.

Signed in accordance with a resolution of Council made on 22 September 2009.



Robert McGregor AM
ADMINISTRATOR



Dr Colin Gellatly AO
ADMINISTRATOR



Gabrielle Kibble AO
ADMINISTRATOR



David Farmer
GENERAL MANAGER



Brian Jenkins
RESPONSIBLE ACCOUNTING OFFICER

Wollongong City Council

Income Statement

for the financial year ended 30 June 2009

Budget ⁽¹⁾			Actual	Actual
2009	\$ '000	Notes	2009	2008
Income from Continuing Operations				
Revenue:				
122,212	Rates & Annual Charges	3a	121,872	116,231
24,685	User Charges & Fees	3b	22,298	21,699
4,184	Interest & Investment Revenue	3c	2,116	860
5,264	Other Revenues	3d	7,613	8,001
20,325	Grants & Contributions provided for Operating Purposes	3e,f	27,118	22,615
10,693	Grants & Contributions provided for Capital Purposes	3e,f	12,644	8,317
Other Income:				
200	Net gains from the disposal of assets	5	-	-
	Net Share of interests in Joint Ventures & Associated			
-	Entities using the Equity Method	19	-	-
187,563	Total Income from Continuing Operations		193,661	177,723
Expenses from Continuing Operations				
81,210	Employee Benefits & On-Costs	4a	76,330	75,658
2,491	Borrowing Costs	4b	1,954	2,415
37,165	Materials & Contracts	4c	41,502	43,196
34,663	Depreciation & Amortisation	4d	45,331	34,576
-	Impairment	4d	-	-
25,468	Other Expenses	4e	26,281	24,848
-	Net Losses from the Disposal of Assets	5	20	187
180,997	Total Expenses from Continuing Operations		191,418	180,880
6,566	Operating Result from Continuing Operations		2,243	(3,157)
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
6,566	Net Operating Result for the Year		2,243	(3,157)
6,566	Net Operating Result attributable to Council		2,243	(3,157)
-	Net Operating Result attributable to Minority Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(4,127)			(10,401)	(11,474)

(1) Original Budget as approved by Council - refer Note 16

Wollongong City Council

Balance Sheet

as at 30 June 2009

\$ '000	Notes	Actual 2009	Actual 2008
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	31,208	20,878
Investments	6b	17,384	34,295
Receivables	7	15,430	19,592
Inventories	8	8,873	8,845
Other	8	1,549	2,952
Non-current assets classified as "held for sale"	22	2,329	2,329
Total Current Assets		76,773	88,891
Non-Current Assets			
Investments	6b	-	-
Receivables	7	3,449	3,604
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	1,571,394	1,578,617
Investments accounted for using the equity method	19	-	-
Investment Property	14	3,688	4,826
Intangible Assets	25	-	-
Other	8	-	-
Total Non-Current Assets		1,578,531	1,587,047
TOTAL ASSETS		1,655,304	1,675,938
LIABILITIES			
Current Liabilities			
Payables	10	25,808	16,984
Borrowings	10	1,365	1,614
Provisions	10	29,359	26,816
Total Current Liabilities		56,532	45,414
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	1,249	2,489
Provisions	10	35,622	34,406
Total Non-Current Liabilities		36,871	36,895
TOTAL LIABILITIES		93,403	82,309
Net Assets		1,561,901	1,593,629
EQUITY			
Retained Earnings	20	1,150,590	1,145,743
Revaluation Reserves	20	411,311	447,886
Council Equity Interest		1,561,901	1,593,629
Minority Equity Interest		-	-
Total Equity		1,561,901	1,593,629

Wollongong City Council

Statement of Changes in Equity for the financial year ended 30 June 2009

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2009						
Opening Balance (as per Last Year's Audited Accounts)		1,145,743	447,886	1,593,629	-	1,593,629
a. Correction of Prior Period Errors	20 (c)	2,324	-	2,324	-	2,324
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/08)		1,148,067	447,886	1,595,953	-	1,595,953
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	(36,295)	(36,295)	-	(36,295)
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	-	-	-	-
- Other Adjustments	20b (ii)	-	-	-	-	-
Net Income Recognised Directly in Equity		-	(36,295)	(36,295)	-	(36,295)
d. Net Operating Result for the Year		2,243	-	2,243	-	2,243
Total Recognised Income & Expenses (c&d)		2,243	(36,295)	(34,052)	-	(34,052)
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		280	(280)	-	-	-
Equity - Balance at end of the reporting period		1,150,590	411,311	1,561,901	-	1,561,901

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2008						
Opening Balance (as per Last Year's Audited Accounts)		849,315	250,401	1,099,716	-	1,099,716
a. Correction of Prior Period Errors	20 (c)	49,184	-	49,184	-	49,184
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/07)		898,499	250,401	1,148,900	-	1,148,900
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	447,886	447,886	-	447,886
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	-	-	-	-
- Other Adjustments	20b (ii)	-	-	-	-	-
Net Income Recognised Directly in Equity		-	447,886	447,886	-	447,886
d. Net Operating Result for the Year		(3,157)	-	(3,157)	-	(3,157)
Total Recognised Income & Expenses (c&d)		(3,157)	447,886	444,729	-	444,729
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		250,401	(250,401)	-	-	-
Equity - Balance at end of the reporting period		1,145,743	447,886	1,593,629	-	1,593,629

Wollongong City Council

Cash Flow Statement

for the financial year ended 30 June 2009

Budget 2009	\$ '000	Notes	Actual 2009	Actual 2008
Cash Flows from Operating Activities				
Receipts:				
121,421	Rates & Annual Charges		121,020	115,522
24,685	User Charges & Fees		25,264	22,722
4,184	Interest & Investment Revenue Received		4,520	4,406
31,018	Grants & Contributions		41,704	32,598
5,264	Other		12,293	11,483
Payments:				
(80,775)	Employee Benefits & On-Costs		(72,194)	(76,502)
(43,713)	Materials & Contracts		(53,286)	(52,213)
(777)	Borrowing Costs		(240)	(327)
(19,213)	Other		(25,426)	(27,302)
42,094	Net Cash provided (or used in) Operating Activities	11b	53,654	30,387
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		16,194	68,397
11,995	Sale of Infrastructure, Property, Plant & Equipment		1,240	1,233
-	Capital Debtors Receipts		6,089	-
15	Deferred Debtors Receipts		15	15
Payments:				
-	Purchase of Investment Securities		(1,571)	(46,088)
(64,241)	Purchase of Infrastructure, Property, Plant & Equipment		(63,802)	(34,924)
-	Purchase of Real Estate Assets		-	(1,751)
(52,231)	Net Cash provided (or used in) Investing Activities		(41,835)	(13,118)
Cash Flows from Financing Activities				
Receipts:				
4,968	Proceeds from Borrowings & Advances		-	-
Payments:				
(2,402)	Repayment of Borrowings & Advances		(260)	(248)
-	Repayment of Finance Lease Liabilities		(1,229)	(1,129)
2,566	Net Cash Flow provided (used in) Financing Activities		(1,489)	(1,377)
(7,571)	Net Increase/(Decrease) in Cash & Cash Equivalents		10,330	15,892
48,048	plus: Cash & Cash Equivalents - beginning of year	11a	20,878	4,986
40,477	Cash & Cash Equivalents - end of the year	11a	31,208	20,878

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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n/a - not applicable

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of this financial report are set out below in order to assist in its general understanding.

Under Australian Equivalents to International Financial Reporting Standards (AIFRS), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial reports.

(a) Basis of preparation

(i) Background

This financial report is a general purpose financial report which has been prepared in accordance with;

- applicable Australian equivalents to International Financial Reporting Standards (AIFRSs),
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulations and
- the Local Government Code of Accounting Practice and Financial Reporting.

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Australian Accounting Standards (AASB's) include Australian equivalents to International Financial Reporting Standards (IFRS's).

Because AASB's are sector neutral, some standards either (i) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's or (ii) specifically exclude application by Not for Profit entities.

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &

- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) AASB 116 (IAS 16) regarding accounting for the Revaluation of Assets.

Accordingly in preparing this Financial Report and Accompanying Notes, Council has been unable to comply fully with International Accounting Standards, but it has complied fully with Australian Accounting Standards.

Under the Local Government Act, Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with Australian Accounting Standards.

(iii) Application of AAS 27

AAS 27 – Financial Reporting by Local Government was withdrawn from use from 1 July 2008.

All key elements however of the former Standard have been incorporated into other current Standards including AASB 1051, 1052 and 1004.

(iv) Basis of Accounting

These financial statements have been prepared on an **historical cost basis** except for (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value, (ii) the write down of any Asset on the basis of Impairment (if warranted) and (iii) certain classes of Infrastructure, property, plant & equipment that are accounted for at Fair Valuation.

The accrual basis of accounting has also been applied in their preparation.

(v) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Unless otherwise stated, there have also been no changes in accounting policies when compared with previous financial reports.

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(vi) Critical Accounting Estimates

The preparation of this financial report (and financial statements) requires the use of certain critical accounting estimates (in conformity with AIFRS).

It also requires Council management to exercise their judgement in the process of applying Council's accounting policies.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Income from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, and (i) it is probable that the economic benefits comprising the contribution will flow to the Council and (ii) the amount of the contribution can be measured reliably.

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 undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

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

Sale of Infrastructure, Property, Plant and Equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

Interest and Rents

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

(c) Principles of Consolidation

(i) The Consolidated Fund

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

Due to their immaterial value and nature, the following Committees, Entities & Operations have been excluded from Consolidation:

- Wollongong City Gallery Limited
- Illawarra Performing Arts Centre Limited
- Wollongong City Centre Limited
- Wollongong City of Innovation Limited

The (i) total income and expenditure from continuing operations and (ii) the net assets held by these excluded Committees & Operations is as follows:

Total income from continuing operations	\$7,241,273
Total expenditure from continuing operations	\$7,136,771
Total net assets held (ie Equity)	\$6,811,699

Note:

Where actual figures are not known, best estimates have been applied.

These amounts represent the combined totals of all operations for the year ending 30 June 2008 except for the Illawarra Performing Arts Centre whose figures relate to the year ending 31 December 2008.

(ii) The Trust Fund

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

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

Trust monies and property held by Council but not subject to the control of Council, have been excluded from 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.

(iii) Joint Venture Entities

Jointly Controlled Operations

Council has no jointly controlled operations at present. However, when such operations are entered into, the assets which are controlled and the liabilities incurred by Council are recognised in the Balance Sheet. Expenses incurred and Council's share of income are recognised in the Income Statement under the equity method.

(iv) County Councils

Council is not a member of any County Councils.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either Finance or Operating Leases.

Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor 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.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Cash and Cash Equivalents

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 balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss,**
- **loans and receivables,**
- **held-to-maturity investments, and**
- **available-for-sale financial assets.**

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

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

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

Financial Assets – Reclassification

Following on from amendments made to AASB 139 - Financial Instruments: Recognition & Measurement in October 2008, Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Actual Reclassifications

Council did not have any assets classified as held-for-trading at 30 June 2008. Accordingly Council did not take up the option to reclassify some financial assets out of the held-for-trading category from 1 July 2008, following amendments made to AASB 139 in October 2008.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

(ii) Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "fair value through profit or loss" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve.

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

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulations 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to

authorised investments prescribed under the Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Investments are made in-line with the current Investment Order which was amended as a result of the Cole inquiry recommendations. As a result certain investments that Council holds are no longer prescribed (eg. managed funds, Collateralised Debt Obligations (CDOs), and Floating Rate Notes (FRN's), however they have been retained under grandfathering provisions of the Order.

(g) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

(i) Investment Securities

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market is determined by reference to valuation reports provided by Council's investment advisors and other available market information.

The high volatility in global financial markets has continued throughout the reporting period and this has impacted the value, recoverability, liquidity, cash flows and rates of return of most financial assets including CDO's, FRN's and certain other managed funds.

At 30 June 2009, council's total investment portfolio is \$46.1 million and included securities that have been impacted by this market volatility.

The impact on individual securities varies depending on the degree of exposure to affected markets.

Some of these securities do not have market values that are independently quoted and they are not widely traded. These include CDO's and Mortgage Backed Securities stated at \$0.9 million and \$2.8 million respectively (refer Note 6(b)).

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

Independent market valuations are not readily available and in many cases, values have been assessed based on estimates from issuers and/or other available market information.

Based on available information, Council has written down its investments by \$2.2 million to reflect their fair value. The limited availability of reliable market values and the on-going volatility of financial markets introduce uncertainty in the valuation process.

Accordingly, further changes to the stated fair value, recoverability, liquidity, cash flows and rates of return may arise as investments are disposed of and/or new information comes to hand.

As a consequence of the above and continuing instability of the current investment environment, there is significant uncertainty regarding the value, recoverability, liquidity, cash flows and rates of return, the resolution of which is dependent upon future event which may materially affect the financial report.

(ii) Other Financial Assets and Financial Liabilities.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is the carrying value of the future contractual cash flows as the interest rates attributable to these financial liabilities are consistent with the current market interest rate that is available to the Council for similar financial instruments.

(h) Receivables

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1993 (as amended) and the Regulations and Determinations made there under. Other receivables are generally unsecured and do not bear interest.

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

Loans made at concessional interest rates are recognised at their nominal amounts; interest revenues foregone by the Council effectively being a reduction of interest revenue in the period to which they relate.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

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.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Inventories in respect of stores and business undertakings have been stated at the lower of cost and net realisable value.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

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.

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

Real Estate Held for Resale

Real estate held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and at balance date is comprised solely of the cost of acquisition.

(j) Infrastructure, Property, Plant and Equipment (I,PP&E)

Acquisition of assets

Council's non current assets are being progressively revalued to fair value in accordance with a staged implementation as advised by the Department of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** – refer Note 1(p),
- **Operational Land** (External Valuation)
- **Buildings – Specialised / Non Specialised** (Specialised - Internal Valuation, Non Specialised - External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)

The remaining asset classes to be revalued in future reporting periods include;

- **2009/10:** Roads, Bridges, Footpaths and Drainage, land improvements, other structures and other assets
- **2010/11:** Community land, Land improvements, Other structures and other assets

Until these designated future reporting periods, the above remaining asset classes are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses.

Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial report at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

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.

Asset Revaluations

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. A revaluation increment of \$4.5M was credited to the asset revaluation reserve for 2008/2009 for the revaluation of Buildings. The fair value (carrying value) of Buildings at 30 June 2009 was \$297M.
- To the extent that the increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

other decreases charged to the Income statement. A revaluation decrement of \$40.9M was debited to the asset revaluation reserve for 2008/2009 for the revaluation of Operational Land. The fair value (carrying value) of Operational Land at 30 June 2009 is \$319M.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

For assets capitalised since 1 July 2002, items of I,PP&E are not capitalised unless their cost of acquisition exceeds the following:

Land	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (new purchases)	100% Capitalised

Plant & Equipment

Office Furniture	> \$5,000
Office Equipment	> \$5,000
Other Plant & Equipment	> \$5,000

Buildings & Land Improvements

Building	
- construction/extensions	100% Capitalised
- renovations	> \$5,000
Other Structures	> \$5,000

Stormwater Assets

Drains & Culverts	> \$5,000
Other	> \$5,000

Roads, Bridges & Footpaths

Construction & reconstruction	100% Capitalised
Reseal/Re-sheet & major repairs:	> \$5,000

For assets capitalised prior to 1 July 2002, items of I,PP&E were not capitalised unless their cost of acquisition exceeds the following:

Land	
- council land	100% Capitalised
- open space	100% Capitalised

Plant & Equipment

Office Furniture	> \$1,500
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Office Equipment	> \$1,500
Other Plant & Equipment	> \$1,500

Buildings & Land Improvements

Building	
- construction/extensions	100% Capitalised
- renovations	> \$1,500
Other Structures	> \$1,500

Stormwater Assets

Drains & Culverts	> \$5,000
Other	> \$5,000

Roads, Bridges & Footpaths

Construction & reconstruction	100% Capitalised
Reseal/Re-sheet & major repairs:	> \$1,500

Depreciation

Depreciation on Councils Infrastructure, Property, Plant and Equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Councils assets include:

- Vehicles	4 to 7 years
- Earthmoving Equipment	3 to 10 years
- Other Plant & Equipment	3 to 10 years
- Rural Fire Service Equipment	5 years
- Office Equipment	3 to 10 years
- Furniture & Fittings	6 to 10 years
- PP&E - Leased	5 years
- Buildings	20 to 80 years
- Bridges - Concrete	70 years
- Roads - Infrastructure	14 to 42 years
- Stormwater Drainage Infrastructure	100 years
- Playground Equipment	5 to 10 years
- Public Amenities	50 years
- Swimming Pool	33 years
- Library Books	6 years
- Land Improvements	25 to 100 years
- Bulk Earthworks	Infinite
- Land - Council owned	Infinite
- Land - Council controlled	Infinite
- Heritage Assets	100 years

All asset residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

Land in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) is classified on purchase as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

(l) 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.

As council had no land under roads recognised before 1 July 2008 no de-recognition and adjustment against the opening balance of retained earnings was required.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment. There were no such acquisitions in the 2008/09 financial year.

Council will recognise all land under roads when the valuation methodology has been determined by the industry and is, in the meantime, collecting the necessary physical data to undertake the valuation.

(m) Intangible Assets

IT development and software

Council has no intangible assets.

(n) 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 the reserves are recognised within Council's Income Statement.

A working party of interested representatives from both State and Local Government is being formed to consider the accounting issues related to the Crown Reserves, with the intention of developing a consistent approach to their recognition and future accounting treatment across both tiers of government.

(o) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, *"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"*.

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these Financial Reports.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(p) Investment property

Investment property comprises land & buildings that are principally held for long-term rental yields, capital gains or both and is not occupied by Council.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers. A full revaluation was carried out as at 30 June 2009 by Scott Fullarton Valuations Pty. Ltd. Valuation as at 30 June 2008 was also carried out by Scott Fullarton Valuations Pty. Ltd.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

(q) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the 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.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation 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.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

This amortisation of the discount is shown as a borrowing cost.

Other movements in the provisions for Close down, Restoration and Remediation 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.

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 balance sheet 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 balance sheet 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 unwind 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.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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.

Specific Information relating to Councils provisions relating to Close Down, Restoration and Remediation costs can be found at Note 26.

(r) Non-Current Assets "Held for Sale"

Non-current assets are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

(s) Impairment of assets

Assets that are subject to amortisation are reviewed 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 non-cash generating assets of Council such as roads, drains, public buildings etc - value in use is represented by the "deprival value" of the asset which is approximated as it's written down replacement cost.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts for goods and services are unsecured and are usually paid within 30 days after the month of invoice. No interest is payable on these amounts.

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

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

(v) 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.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

average interest rate applicable to the Council's outstanding borrowings during the year.

(w) Provisions

Provisions for legal claims and service warranties are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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.

(x) Employee benefits

(i) Wages & salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave are recognised in the provision for employee benefits in respect of employees' services up to the reporting date.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

Calculations therefore incorporate (where the leave is expected to be paid more than 12 months after the reporting date) the use of discounted cash flows.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

Long Service Leave is measured at the present value of the expected future payments to be made 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 reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 5 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 5 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) 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.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$290 million at 30 June 2009.

As a result, they have asked for significant increases in contributions from 2009/2010 onwards to recover that deficiency.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual

arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in Council's accounts.

Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Defined Contribution 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.

(y) Self insurance

Council has determined to self-insure for various risks including public liability and professional indemnity.

A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note10.

Council also maintains cash and investments to meet expected future claims and these are detailed in Note6(c).

(z) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

(aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2009.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with implications:

Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements.

If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period.

Council will apply the revised standard from 1 July 2009.

Applicable to Local Government but no implications for Council;

Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)

The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial reports as Council already capitalises borrowing costs relating to qualifying assets.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions.

It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

There will be no impact on the financial reports as Council makes no share based payments.

AASB Interpretation 15 Agreements for the Construction of Real Estate (effective 1 January 2009)

AASB-I 15 clarifies whether AASB 118 Revenue or AASB 111 Construction Contracts should be applied to particular transactions.

Council intends to apply the interpretation from 1 July 2009. It has reviewed its current agreements for the sale of real estate in light of the new guidance and concluded that there would be no change to the accounting for these agreements if AASB-I 15 was adopted in the current financial year. Consequently, it does not expect to make any adjustment on the initial application of AASB-I 15.

Applicable to Local Government but not relevant to Council at this stage;

Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes.

For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement.

There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

All acquisition-related costs must be expensed. The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

There will be no impact on the financial reports as Council has no exposure to these types of transactions.

AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009)

The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards are part of the IASB's annual improvements project published in May 2008.

They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control.

Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met

There will be no impact on the financial reports as Council does not have any subsidiaries.

AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of International Financial Reporting Standards and AASB 127 Consolidated

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

and Separate Financial Statements. Council will apply the revised rules prospectively from 1 July 2009.

After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment.

AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)

AASB-I 16 clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the group.

It also provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

There will be no impact on the financial reports as Council has no hedges of a net investment in a foreign operation.

AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009)

AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges.

Council will apply the amended standard from 1 July 2009. It is not expected to have any impact on the financial reports.

AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17

AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders.

These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution.

There will be no impact on the financial reports as Council has no exposure to these types of transactions.

Not applicable to Local Government per se;

AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments.

(ac) Rounding of amounts

Unless otherwise indicated, amounts in the financial report have been rounded off to the nearest thousand dollars.

(ad) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within this Financial Report and/or the Notes.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(ae) Budget Information

The Income Statement, Cash Flow Statement and Note 2(a) provide budget information of revenues and expenditures by type and for each of the major activities of the Council.

Budget figures presented are those approved by the Council at the beginning of the financial year and do not reflect Council approved variations throughout the year. Short explanations to the most significant variations are given in Note 16.

(af) Disclaimer

Nothing contained within this report may be taken to be an admission of any liability to any person under any circumstance.

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 2(a). Functions / Activities - Financial Disclosures

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 & Non-current)	
	Original Budget 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Actual 2009	Actual 2008	Actual 2009	Actual 2008
Governance	-	690	54	(526)	5,782	3,372	526	(5,092)	(3,318)	-	-	-	(8,058)
City Leadership	2,960	2,427	1,449	7,006	8,666	6,357	(4,046)	(6,239)	(4,908)	(5)	65	1,440	1,464
Development Management	5,101	4,397	4,332	7,518	6,985	5,889	(2,417)	(2,588)	(1,557)	10	326	137	139
Environment & Conservation	30,781	31,032	31,351	36,228	35,034	33,462	(5,447)	(4,002)	(2,111)	3,783	3,128	36,620	35,972
Economic Growth	12,715	11,638	11,405	8,329	7,307	8,155	4,386	4,331	3,250	1,425	619	23,208	21,831
Community Life	7,188	9,204	10,455	46,123	42,826	38,599	(38,935)	(33,622)	(28,144)	3,476	3,998	91,193	87,912
Infrastructure	4,079	9,433	4,409	39,715	51,102	46,996	(35,636)	(41,669)	(42,587)	7,452	918	953,990	945,189
Corporate Support	3,990	2,832	3,975	36,604	33,716	38,050	(32,614)	(30,884)	(34,075)	58	(21)	548,716	591,489
Total Functions & Activities	66,814	71,653	67,430	180,997	191,418	180,880	(114,183)	(119,765)	(113,450)	16,199	9,033	1,655,304	1,675,938
General Purpose Income ¹	120,749	122,008	110,293	-	-	-	120,749	122,008	110,293	18,980	14,878	-	-
Operating Result from Continuing Operations	187,563	193,661	177,723	180,997	191,418	180,880	6,566	2,243	(3,157)	35,179	23,911	1,655,304	1,675,938

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Non-Capital General Purpose Grants & Unrestricted Interest & Investment Income.

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 2(b). Components of Functions / Activities

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

GOVERNANCE

Costs relating to the Council's role as a component of democratic government, including elections, members fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance, together with related administration costs.

CITY LEADERSHIP

Strategic City Planning, Financial Strategy & Asset Management, Corporate Strategy, Communications, Community Engagement, Partnerships.

DEVELOPMENT MANAGEMENT

Development Assessment & Compliance, Certification, Traffic Management.

ENVIRONMENT AND CONSERVATION

Natural Area Management, Environmental Assessment, Environmental Education, Floodplain & Stormwater Management, Waste Management, Public Health.

ECONOMIC GROWTH

Economic Development, Commercial Centres, Tourism, Commercial Property.

COMMUNITY LIFE

Community Development & Support, Community Services & Facilities, Arts & Culture, Library Services, Parks, Gardens and Sportsfields, Beaches & Pools, Recreation & Leisure Enterprises, Emergency Services.

INFRASTRUCTURE

Roads & Bridges, Carparks, Footpaths & Cycleways, Buildings.

CORPORATE SUPPORT

Customer Services, Organisational Services, People & Learning.

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2009	Actual 2008
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		68,355	63,343
Farmland		348	302
Mining		760	691
Business		32,138	30,838
Total Ordinary Rates		101,601	95,174
Special Rates			
Mall		813	806
City Centre		316	322
Total Special Rates		1,129	1,128
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		17,458	18,247
Stormwater Management Services		1,684	1,682
Total Annual Charges		19,142	19,929
TOTAL RATES & ANNUAL CHARGES		121,872	116,231

Council has used 2007 year valuations provided by the NSW Valuer General in calculating its rates.

Wollongong City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		961	969
Waste Management Services (non-domestic)		5,796	5,703
Total User Charges		6,757	6,672
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608, 610A & 611)			
Building Regulation		482	543
Planning & Building Regulation		1,228	1,547
Regulatory/ Statutory Fees		653	643
Registration Fees		131	129
Section 149 Certificates (EPA Act)		444	460
Section 603 Certificates		240	206
Section 611 Charges		159	114
Total Fees & Charges - Statutory/Regulatory		3,337	3,642
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Car Parking		320	368
Crematorium & Cemeteries		1,618	1,518
Dining Room		86	86
Hire Charges		361	335
Leaseback Fees - Council Vehicles		494	417
Library		68	66
Marketing		129	241
Recreation		3,613	3,351
Tourist Parks		4,847	4,206
Other		668	797
Total Fees & Charges - Other		12,204	11,385
TOTAL USER CHARGES & FEES		22,298	21,699

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		686	619
- Interest earned on Investments (interest & coupon payment income)		3,657	4,043
Fair Value Adjustments			
- Fair Valuation Movements in Investments (unrealised capital gains/(losses))		(2,230)	(4,366)
Impairment Losses			
- Impairment (Losses)/Prior Period Reversals attributable to Investment		-	-
Amortisation of Premiums & Discounts			
- Interest Free (& Interest Reduced) Loans provided		3	564
TOTAL INTEREST & INVESTMENT REVENUE		2,116	860

Interest Revenue is attributable to:**Unrestricted Investments/Financial Assets:**

Overdue Rates & Annual Charges	686	619
General Council Cash & Investments	844	241

Restricted Investments/Funds - External:

Development Contributions		
- Section 94	363	-
Other Externally Restricted Assets	223	-

Total Interest & Investment Revenue Recognised	2,116	860
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(d). Other Revenues

Fair Value Adjustments - Investment Properties *	14	-	1,404
Rental Income - Investment Properties	14	348	354
Rental Income - Other Council Properties		2,214	1,712
Fines		276	252
Parking Fines		1,818	1,271
Legal Fees Recovery - Rates & Charges (Extra Charges)		105	214
Insurance Claim Recoveries		1,147	1,062
Sales - General		625	572
Sundry Debtor Income		130	377
Outgoings - Reimbursed		366	376
Other Reimbursements		101	26
Sponsorship & Promotional Income		304	70
Other		179	311
TOTAL OTHER REVENUE		7,613	8,001

* The fair value adjustment to Investment Properties in 2008/09 was a decrement, and is reported in note 4(e) 'other expenses'.

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	2009 Operating	2008 Operating	2009 Capital	2008 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance ¹	17,235	13,161	-	-
Pensioners' Rates Subsidies - General Component	1,745	1,717	-	-
Total General Purpose	18,980	14,878	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	410	449	-	-
Arts & Culture	(2)	56	-	-
Beaches & Pools	-	-	-	4
Bulli Tops Gateway	-	-	1,175	-
Carparks	-	-	-	(45)
City Centre CCTV	-	-	-	345
Commercial Property	-	-	-	120
Community Development & Support	215	279	-	-
Community Services & Facilities	162	423	-	-
Cliff Road Promenade	-	-	1,450	-
Economic Development	25	30	-	-
Emergency Services	362	430	15	488
Floodplain & Stormwater Management	-	-	34	138
Footpaths & Cycleways	-	-	146	41
HACC Community Transport	829	807	-	-
Illawarra Biodiversity & Local Food Strategy	131	416	-	-
Illawarra Dementia Respite Service	359	362	-	-
Library Services	480	355	-	-
Library Upgrades Thirroul	200	-	-	-
Local Bus Route Subsidy	81	63	-	-
Natural Area Management	752	553	82	55
Organisational Services	(28)	-	-	-
Parks, Gardens and Sportsfields	2	-	59	261
People & Learning	86	(20)	-	-
Recreation & Leisure Enterprises	-	-	-	11
Regional Infrastructure Program	-	-	2,152	-
Strategic City Planning	(5)	65	-	-
Street Lighting	417	407	-	-
Sustainable Illawarra	619	619	-	-
Tourism	-	-	225	124
Traffic Management	10	71	-	255
Transport (Roads to Recovery)	-	-	1,149	311
Transport (Other Roads & Bridges Funding)	4	9	-	133
Voluntary Purchase Scheme	-	-	1,285	897
Wollongong Multi Service Outlet	795	521	-	-

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	2009 Operating	2008 Operating	2009 Capital	2008 Capital
(e). Grants (continued)				
Specific Purpose (continued)				
Waste Performance Improvement	468	-	-	-
Wollongong Town Hall Upgrade	-	-	2,000	-
Water harvesting + Water Upgrades	-	-	55	-
Total Specific Purpose	6,372	5,895	9,827	3,138
Total Grants	25,352	20,773	9,827	3,138

Grant Revenue is attributable to:

- Commonwealth Funding	19,485	15,356	5,981	1,286
- State Funding	5,867	5,417	3,846	1,852
- Other Funding	-	-	-	-
	25,352	20,773	9,827	3,138

¹ Financial Assistance Grants include the early receipt of the September 2009 instalment (\$3.4M). This revenue was brought to account in the 2008/09 as Council had control over the funds at 30 June.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000		2009 Operating	2008 Operating	2009 Capital	2008 Capital
(f). Contributions					
Developer Contributions:					
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):					
S 94A - Fixed Development Consent Levies		-	-	1,237	2,357
Total Developer Contributions	17	-	-	1,237	2,357
Other Contributions:					
Art & Culture		43	25	-	-
Communications		-	3	-	-
Community Development & Support		70	77	-	-
Community Services & Facilities		232	167	-	-
Contributed Bush Fire Assets		-	-	370	447
Emergency Services		-	-	94	189
Environmental Education		173	153	-	-
Floodplain and Stormwater Management		-	239	(235)	496
Library Services		6	14	-	115
Natural Area Management		(2)	7	4	-
Organisational Services		-	-	72	-
Parks, Gardens & Sportsfields		9	10	5	31
Recreation & Leisure Enterprises		7	5	-	-
Roads & Bridges		100	23	78	430
RTA Contributions (Regional/Local, Block Grant)		1,118	1,095	258	792
Southern Gateway		-	-	934	-
Strategic City Planning		-	24	-	-
Traffic Management		10	-	-	-
Waste Performance Improvement		-	-	-	322
Total Other Contributions		1,766	1,842	1,580	2,822
Total Contributions		1,766	1,842	2,817	5,179
TOTAL GRANTS & CONTRIBUTIONS		27,118	22,615	12,644	8,317

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2009	Actual 2008
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	25,573	28,322
add: Grants and contributions recognised in the current period which have not been spent:	9,216	6,256
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(11,115)	(9,005)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	(1,899)	(2,749)
Unexpended at the Close of this Reporting Period and held as Restricted Assets	23,674	25,573
Comprising:		
- Specific Purpose Unexpended Grants	10,914	7,970
- Developer Contributions	12,653	17,208
- Other Contributions	107	395
	23,674	25,573

Wollongong City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2009	Actual 2008
(a) Employee Benefits & On-Costs			
Salaries and Wages		62,761	63,107
Employee Leave Entitlements (ELE)		11,350	8,786
Superannuation		6,536	5,198
Workers' Compensation Insurance		996	1,381
Fringe Benefit Tax (FBT)		215	256
Payroll Tax		47	151
Training Costs (other than Salaries & Wages)		786	791
Protective Clothing		287	296
Other		439	417
Total Employee Costs		83,417	80,383
less: Capitalised Costs		(7,087)	(4,725)
TOTAL EMPLOYEE COSTS EXPENSED		76,330	75,658
Number of "Equivalent Full Time" Employees at year end		992	1,017
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		1,106	1,113
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Overdraft		2	1
Interest on Loans		12	29
Charges relating to Finance Leases		226	297
Total Interest Bearing Liability Costs		240	327
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		240	327
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	1,714	1,617
Discounts recognised on financial instruments transactions		-	471
Total Other Borrowing Costs		1,714	2,088
TOTAL BORROWING COSTS EXPENSED		1,954	2,415

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(c) Materials & Contracts			
Raw Materials & Consumables		15,215	14,520
Contractor & Consultancy Costs		71,345	48,084
Auditors Remuneration			
i. Audit Services - Council's Auditor		95	56
ii. Other Services - Council's Auditor		3	14
iv. Audit Services - Auditors of other Consolidated Entities		140	114
Legal Expenses:			
- Legal Expenses - Planning & Development		732	426
- Legal Expenses - Other		2,169	2,213
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments ⁽¹⁾		1,228	1,003
Total Materials & Contracts		90,927	66,430
less: Capitalised Costs		(49,425)	(23,234)
TOTAL MATERIALS & CONTRACTS		41,502	43,196

1. Operating Lease Payments are attributable to:

- Computers	1,228	1,003
	1,228	1,003

Wollongong City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Depreciation/Amortisation		Impairment Costs	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
(d) Depreciation, Amortisation & Impairment				
Plant and Equipment	2,261	3,083	-	-
Office Equipment	1,371	2,303	-	-
Furniture & Fittings	555	513	-	-
Property, Plant & Equipment - Leased	1,070	38	-	-
Land Improvements (depreciable)	5,005	4,963	-	-
Buildings - Non Specialised	2,642	259	-	-
Buildings - Specialised	9,627	951	-	-
Other Structures	1,130	1,200	-	-
Infrastructure:				
- Roads, Bridges & Footpaths	17,526	17,311	-	-
- Stormwater Drainage	1,501	1,494	-	-
Other Assets				
- Heritage Collections	5	5	-	-
- Library Books	923	869	-	-
- Other	584	456	-	-
Asset Reinstatement Costs 9 & 26	1,131	1,131	-	-
Total Depreciation & Impairment Costs	45,331	34,576	-	-
less: Capitalised Costs	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED	45,331	34,576	-	-

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		461	375
Bad & Doubtful Debts		4	157
Contributions to Other Levels of Government			
- NSW Fire Brigade Levy		2,360	2,285
- NSW Rural Fire Service Levy		375	340
- Department of Planning Levy		7,230	6,041
Councillor Expenses - Mayoral Fee		-	43
Councillor Expenses - Councillors' Fees		-	208
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		-	77
Donations, Contributions & Assistance to other organisations (Section 356)		1,789	2,540
- Illawarra Performing Arts Centre		614	600
- Wollongong City Art Gallery		754	736
- Wollongong City Centre Ltd		1,173	1,142
Electricity & Heating		1,526	1,253
Insurance		3,134	2,916
Postage		307	321
Provision for Self Insurance Claims		(98)	(17)
Revaluation Decrements (applicable to Fair Valuation of Investment Properties)	14	1,138	-
Street Lighting		2,495	2,617
Telephone & Communications		781	820
Valuation Fees		240	238
Water Rates		830	444
Other		2,455	2,012
Total Other Expenses		27,568	25,148
less: Capitalised Costs		(1,287)	(300)
TOTAL OTHER EXPENSES		26,281	24,848

Wollongong City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 5. Gains or Losses on Disposal of Assets

\$ '000	Notes	Actual 2009	Actual 2008
Property (excl. Investment Property)			
Proceeds from Disposal		182	84
less: Carrying Amount of Property Assets Sold		(619)	(3)
Net Gain/(Loss) on Disposal		(437)	81
Plant & Equipment			
Proceeds from Disposal		1,354	1,230
less: Carrying Amount of P&E Assets Sold		(879)	(1,274)
Net Gain/(Loss) on Disposal		475	(44)
Financial Assets*			
Proceeds from Disposal		16,194	68,397
less: Carrying Amount of Financial Assets Sold		(16,252)	(68,621)
Net Gain/(Loss) on Disposal		(58)	(224)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(20)	(187)
* Financial Assets disposals include:			
- Net Gain/(Loss) from Financial Instruments "At Fair Value through profit & loss"		(58)	(224)
Net Gain/(Loss) on Disposal of Financial Instruments		(58)	(224)

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 6a. - Cash Assets and Note 6b. - Investment Securities

	2009	2009	2008	2008
\$ '000	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)				
Cash on Hand and at Bank	2,488	-	314	-
Cash-Equivalent Assets ¹				
- Deposits at Call	15,720	-	600	-
- Short Term Deposits	13,000	-	19,964	-
Total Cash & Cash Equivalents	31,208	-	20,878	-
Investment Securities (Note 6b)				
- Managed Funds	4,826	-	14,688	-
- NCD's, FRN's (with Maturities > 3 months)	6,618	-	8,850	-
- CDO's	899	-	7,801	-
- Mortgage Backed Securities	2,761	-	2,956	-
- Other Long Term Maturity Financial Instruments	2,280	-	-	-
Total Investment Securities	17,384	-	34,295	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS	48,592	-	55,173	-

¹ Those Investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, Cash Equivalents & Investments were
classified at year end in accordance with
AASB 139 as follows:**

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"	31,208	-	20,878	-
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Investments

a. "At Fair Value through the Profit & Loss"				
- "Held for Trading" 6(b-i)	17,384	-	34,295	-
- "Designated At Fair Value on Initial Recognition" 6(b-i)	-	-	-	-
b. "Held to Maturity" 6(b-ii)	-	-	-	-
c. "Loans & Receivables" 6(b-iii)	-	-	-	-
d. "Available for Sale" 6(b-iv)	-	-	-	-
Investments	17,384	-	34,295	-

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 6b. Investments (continued)

\$ '000	2009	2009	2008	2008
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	34,295	-	61,194	-
Revaluations (through the Income Statement)	(2,230)	-	(4,366)	-
Additions	1,571	-	46,088	-
Disposals (sales & redemptions)	(16,252)	-	(68,621)	-
Balance at End of Year	17,384	-	34,295	-
Comprising:				
- Managed Funds	4,826	-	14,688	-
- NCD's, FRN's (with Maturities > 3 months)	6,618	-	8,850	-
- CDO's	899	-	7,801	-
- Mortgage Backed Securities	2,761	-	2,956	-
- Other Long Term Maturity Financial Assets	2,280	-	-	-
Total	17,384	-	34,295	-

Note 6(b-ii)
Reconciliation of Investments
classified as "Held to Maturity"
 Nil

Note 6(b-iii)
Reconciliation of Investments
classified as "Loans & Receivables"
 Nil

Note 6(b-iv)
Reconciliation of Investments
classified as "Available for Sale"
 Nil

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 6c. Restricted Cash, Cash Equivalents & Investments

	2009	2009	2008	2008
\$ '000	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	48,592	-	55,173	-
attributable to:				
External Restrictions (refer below)	33,347	-	35,585	-
Internal Restrictions (refer below)	-	-	14,398	-
Unrestricted	15,245	-	5,190	-
	48,592	-	55,173	-

2009	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance

Details of Restrictions

External Restrictions - Included in Liabilities

Agency Funds (A)	1,369	82	(1,063)	388
External Restrictions - Included in Liabilities	1,369	82	(1,063)	388

External Restrictions - Other

Developer Contributions - General (B)	17,208	1,649	(6,204)	12,653
RTA Contributions (C)	395	1,576	(1,864)	107
Specific Purpose Unexpended Grants (D)	7,970	14,584	(11,639)	10,914
Domestic Waste Management (E)	6,918	639	(448)	7,109
Stormwater Management (E)	123	1,677	(1,577)	223
Private Subsidies	1,602	1,930	(1,579)	1,953
External Restrictions - Other	34,216	22,055	(23,311)	32,959
Total External Restrictions	35,585	22,137	(24,374)	33,347

Wollongong City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 6c. Restricted Cash, Cash Equivalents & Investments (continued)

2009 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Beaton Park Athletics Park	354	35	(389)	-
Building Maintenance	4,161	1,350	(5,511)	-
Community Safety	143	102	(245)	-
Darcy Wentworth Park	87	28	-	115
Deferred Projects	1	-	(1)	-
Disabled Parking Infringements	94	-	(94)	-
Extraordinary Insurance Claims	31	-	(31)	-
Flood Mitigation Works	366	-	(366)	-
Community Infrastructure *	4,194	10,456	(19,381)	(4,731)
Future Superannuation Contributions	3,989	-	(726)	3,263
Global & National Emergency Fund	100	-	(100)	-
Litter Infringements	11	-	(11)	-
MacCabe Park Development	450	150	-	600
North Dalton Park Development	35	41	(76)	-
Sports Priority Program	382	150	(151)	381
Telecommunications Reserve	-	372	-	372
Total Internal Restrictions	14,398	12,684	(27,082)	-
TOTAL RESTRICTIONS	49,983	34,821	(51,456)	33,347

- A** Funds being administered by Council in an agency capacity which are not yet expended for the purposes for which they were obtained.
- B** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- C** RTA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- D** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- E** Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and restricted assets and must be applied for the purposes for which they were raised.
- * Community Infrastructure was previously reported under the title Future Projects / Property Development. This reserve has a negative balance at 30 June 2009 as expenditure has been incurred relating to works carried out, however planned property sales (which will generate income) have not yet occurred. In future years, as property sales occur, the negative balance will be eliminated. At balance date borrowings have effectively been made from other internal reserves, to fund the short-fall.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 7. Receivables

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
Purpose				
Rates & Annual Charges	5,049	2,862	3,511	3,548
Interest & Extra Charges	374	543	1,112	-
User Charges & Fees	2,786	-	3,945	-
Capital Debtors (being sale of assets)				
- Sale of Land	-	-	6,089	-
- Other Asset Sales	296	-	-	-
Accrued Revenues				
- Interest on Investments	130	-	112	-
- Other Income Accruals	1,463	-	1,189	-
Government Grants & Subsidies	1,511	-	1,909	-
Deferred Debtors	15	44	15	56
Net GST Receivable	2,946	-	1,207	-
Private Subsidies	987	-	352	-
Other Debtors	-	-	344	-
Total	15,557	3,449	19,785	3,604
less: Provision for Impairment				
Rates & Annual Charges	-	-	-	-
Interest & Extra Charges	-	-	-	-
User Charges & Fees	(127)	-	(193)	-
Other Debtors	-	-	-	-
Total Provision for Impairment - Receivables	(127)	-	(193)	-
TOTAL NET RECEIVABLES	15,430	3,449	19,592	3,604
Externally Restricted Receivables				
Domestic Waste Management	1,043	-	967	-
Total External Restrictions	1,043	-	967	-
Internally Restricted Receivables				
Nil				
Internally Restricted Receivables	-	-	-	-
Unrestricted Receivables	14,387	3,449	18,625	3,604
TOTAL NET RECEIVABLES	15,430	3,449	19,592	3,604

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates & charges at 10.00% (2008 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Wollongong City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 8. Inventories & Other Assets

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
Inventories				
Real Estate for resale (refer below)	8,611	-	8,611	-
Stores & Materials	262	-	234	-
Total Inventories	8,873	-	8,845	-
Other Assets				
Prepayments	1,549	-	2,952	-
Total Other Assets	1,549	-	2,952	-
<u>TOTAL INVENTORIES & OTHER ASSETS</u>	<u>10,422</u>	<u>-</u>	<u>11,797</u>	<u>-</u>
Details for Real Estate Development				
Residential	8,611	-	8,611	-
Total Real Estate for Resale	8,611	-	8,611	-
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	8,611	-	8,611	-
Total Costs	8,611	-	8,611	-
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	8,611	-	8,611	-
Movements:				
Real Estate assets at beginning of the year	8,611	-	5,734	-
- Purchases and other costs	-	-	1,751	-
- Transfers (in) from Note 9	-	-	1,126	-
Total Real Estate for Resale	8,611	-	8,611	-

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 8. Inventories & Other Assets (continued)

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
(i) Externally Restricted Assets				
Total Externally Restricted Assets	-	-	-	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	10,422	-	11,797	-
TOTAL INVENTORIES & OTHER ASSETS	10,422	-	11,797	-

(ii) Other Disclosures**(a) Current Assets not anticipated to be settled within the next 12 months**

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2009	2008
Real Estate for Resale	8,611	8,611
	8,611	8,611

(b) Inventories recognised as an expense for the year included:

- Stores & Materials	1,293	1,257
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(c) Inventory Write Downs

There were no material amounts recognised as an expense relating to the write down of Inventory balances held during the year.

Wollongong City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2008					Asset Movements during the Reporting Period						as at 30/6/2009				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Decrements to Equity (ie. ARR)	Revaluation Increments to Equity (ie. ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Deprec.	Impairment										Dep'n	Impairment	
Capital Work in Progress	8,702	-	-	-	8,702	1,210	-	-	(8,659)	-	-	1,253	-	-	-	1,253
Plant & Equipment	-	28,453	15,721	-	12,732	6,715	(879)	(2,261)	(3,219)	-	-	-	23,353	10,265	-	13,088
Office Equipment	-	15,492	12,063	-	3,429	1,004	-	(1,371)	211	-	-	-	9,201	5,928	-	3,273
Furniture & Fittings	-	5,993	3,272	-	2,721	358	-	(555)	-	-	-	-	4,842	2,318	-	2,524
Plant & Equipment (under Finance Lease)	-	643	592	-	51	-	-	(1,070)	2,920	-	-	-	6,244	4,343	-	1,901
Land:																
- Operational Land	-	352,829	-	-	352,829	6,159	(296)	-	796	(40,858)	-	-	318,630	-	-	318,630
- Community Land	136,242	-	-	-	136,242	1,607	(70)	-	(796)	-	-	136,983	-	-	-	136,983
Land Improvements - depreciable	129,176	-	61,773	-	67,403	1,130	(1)	(5,005)	(776)	-	-	129,033	-	66,282	-	62,751
Buildings - Non Specialised	-	14,418	7,085	-	7,333	3,681	(122)	(2,642)	47,251	(859)	-	-	90,630	35,988	-	54,642
Buildings - Specialised	-	453,858	188,268	-	265,590	15,599	(130)	(9,627)	(34,527)	-	5,422	-	441,377	199,050	-	242,327
Other Structures	20,886	-	7,220	-	13,666	5,559	-	(1,130)	(1,868)	-	-	22,045	-	5,818	-	16,227
Infrastructure:																
- Roads, Bridges, Footpaths	734,136	-	194,159	-	539,977	26,693	-	(17,526)	946	-	-	762,647	-	212,557	-	550,090
- Bulk Earthworks (non-depreciable)	2,098	-	-	-	2,098	-	-	-	-	-	-	2,098	-	-	-	2,098
- Stormwater Drainage	150,026	-	17,056	-	132,970	2,001	-	(1,501)	535	-	-	152,799	-	18,794	-	134,005
Other Assets:																
- Heritage Collections	503	-	80	-	423	-	-	(5)	-	-	-	503	-	85	-	418
- Library Books	9,468	-	6,512	-	2,956	1,094	-	(923)	-	-	-	6,066	-	2,939	-	3,127
- Other	14,443	-	3,049	-	11,394	767	-	(584)	(490)	-	-	13,380	-	2,293	-	11,087
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26:																
- Tip Asset	22,626	-	4,525	-	18,101	-	-	(1,131)	-	-	-	22,625	-	5,655	-	16,970
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	1,228,306	871,686	521,375	-	1,578,617	73,577	(1,498)	(45,331)	2,324	(41,717)	5,422	1,249,432	894,277	572,315	-	1,571,394

Wollongong City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009Note 9b. Infrastructure, Property, Plant & Equipment
that is Externally Restricted

\$ '000 Class of Asset	Actual 2009				Actual 2008			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Domestic Waste Management								
Plant & Equipment	-	892	888	4	-	1,075	1,035	40
Office Equipment	-	240	113	127	-	230	177	53
Land								
- Operational Land	-	5,562	-	5,562	-	5,946	-	5,946
- Community Land	171	-	-	171	171	-	-	171
- Improvements - depreciable	21,576	-	5,384	16,192	21,576	-	725	20,851
Buildings	-	3,396	1,991	1,405	-	3,021	1,862	1,159
Other Structures	466	-	128	338	587	-	139	448
Other Assets	6,187	-	767	5,420	6,017	-	527	5,490
Total DWM	28,400	10,090	9,271	29,219	28,351	10,272	4,465	34,158
TOTAL RESTRICTED I,PP&E	28,400	10,090	9,271	29,219	28,351	10,272	4,465	34,158

Note 9c. Infrastructure, Property, Plant & Equipment
Gains/(Losses) arising from the Impairment of Assets

Council has not recognised any impairment losses during the reporting period nor reversed any prior period losses

Wollongong City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2009		2008	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		9,660	-	10,871	-
Goods & Services - capital expenditure ¹		9,405	-	-	-
Payments Received In Advance		1,172	-	857	-
Accrued Expenses;					
- Other Expenditure Accruals		3,032	-	2,126	-
Security Bonds, Deposits & Retentions		1,838	-	1,487	-
Agency Funds		387	-	1,369	-
Other		314	-	274	-
Total Payables		25,808	-	16,984	-
Borrowings					
Loans - Secured ²		76	-	260	76
Finance Lease Liabilities		1,289	1,249	1,354	2,413
Total Borrowings		1,365	1,249	1,614	2,489
Provisions					
Employee Benefits;					
Annual Leave		7,556	-	7,574	-
Sick Leave		798	-	1,054	-
Long Service Leave		19,040	287	16,222	266
Other Leave		660	-	429	-
Sub Total - Aggregate Employee Benefits		28,054	287	25,279	266
Self Insurance - Claims Incurred		192	190	266	214
Asset Remediation/Restoration (Future Works) ²⁶		-	30,278	-	28,564
Workers Compensation		1,113	4,867	1,271	5,362
Total Provisions		29,359	35,622	26,816	34,406
Total Payables, Borrowings & Provisions					
		56,532	36,871	45,414	36,895

¹ Payables relating to capital expenditure are disclosed separately in 2008/09 due to the material nature of capital payables at balance date. In the prior year capital payables were immaterial, and therefore not presented separately.

² Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

(i) Liabilities relating to Restricted Assets

	2009		2008	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	1,284	-	3,735	2
Agency Funds	388	-	1,369	-
Total Liabilities relating to restricted assets	1,672	-	5,104	2

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 10a. Payables, Borrowings & Provisions (continued)

\$ '000	2009	2008
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.	2009	2008
Provisions - Employees Benefits	19,335	15,857
Security Bonds, Deposits & Retentions	1,145	-
	20,480	15,857

Note 10b. Description of and movements in Provisions

Class of Provision	2008			2009	Unused amounts reversed	Closing Balance as at 30/6/09
	Opening Balance as at 1/7/08	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting		
Annual Leave	7,574	5,912	(6,015)	85	-	7,556
Sick Leave	1,054	46	(274)	(28)	-	798
Long Service Leave	16,488	3,483	(2,152)	1,508	-	19,327
Other Leave	429	364	(123)	(10)	-	660
Self Insurance	480	(98)	-	-	-	382
Asset Remediation	28,564	1,714	-	-	-	30,278
Workers Compensation	6,633	(653)	-	-	-	5,980
TOTAL	61,222	10,768	(8,564)	1,555	-	64,981

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.
- c. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.
- d. Workers Compensation Provision represents Wollongong City Council's liability in respect of its self-insured outstanding claims incurred up to 30 June 2009. Actuarial estimates were provided by David A Zaman Pty Ltd. Wollongong City Council is a licensed self-insurer under the Workers' Compensation Acts in NSW. The licence commenced with effect from 30 June 1983.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 11. Cash Flow Statement - Additional Information

\$ '000	Notes	Actual 2009	Actual 2008
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	31,208	20,878
Less Bank Overdraft	10	-	-
BALANCES as per the CASH FLOW STATEMENT		31,208	20,878
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		2,243	(3,157)
Adjust for non cash items:			
Depreciation & Amortisation		45,331	34,576
Net Losses/(Gains) on Disposal of Assets		20	187
Non Cash Capital Grants and Contributions		(370)	(447)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "@ Fair Value" or "Held for Trading"		2,230	4,366
- Investment Properties		1,138	(1,404)
- Interest Free Advances made by Council (Deferred Debtors)		-	471
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest on all fair value adjusted Interest Free Advances made by Council		(3)	(564)
Unwinding of Discount Rates on Reinstatement Provisions		1,714	1,617
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,422)	(976)
Increase/(Decrease) in Provision for Doubtful Debts		(66)	34
Decrease/(Increase) in Inventories		(28)	(82)
Decrease/(Increase) in Other Current Assets		1,403	(662)
Increase/(Decrease) in Payables (excluding payables for capital)		(1,211)	(2,292)
Increase/(Decrease) in accrued Interest Payable		-	-
Increase/(Decrease) in other accrued Expenses Payable		906	534
Increase/(Decrease) in Other Current Liabilities		(276)	(1,198)
Increase/(Decrease) in Employee Leave Entitlements		2,796	(718)
Increase/(Decrease) in Other Provisions		(751)	102
NET CASH PROVIDED FROM/(USED IN)		53,654	30,387
OPERATING ACTIVITIES from CASH FLOW STATEMENT		53,654	30,387

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 11. Cash Flow Statement - Additional Information (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		370	447
Total Non-Cash Investing & Financing Activities		370	447
(d) 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		985	985
Total Financing Arrangements		1,285	1,285
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		13	25
Total Financing Arrangements Utilised		13	25

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

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

(e) Net Cash Flows Attributable to Discontinued Operations

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2009	Actual 2008
(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 & Equipment			
Buildings		2,800	10,031
Land		1,083	-
Investment Property - Nil			
Total Commitments		3,883	10,031
These expenditures are payable as follows:			
Within the next year		3,883	10,031
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		3,883	10,031
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		3,161	4,961
Future Grants & Contributions		722	-
Sect 64 & 94 Funds/Reserves		-	2,311
Internally Restricted Reserves		-	1,071
Proposed Loans		-	1,688
Total Sources of Funding		3,883	10,031
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Domestic Waste Management & Recycling Services		28,980	33,208
Cleaning Services		91	401
Audit Services		519	-
Courier Services		-	751
Trainee/Apprenticeships		1,328	2,476
Infrastructure		1,983	-
Other		233	376
Total Commitments		33,134	37,212
These expenditures are payable as follows:			
Within the next year		13,627	10,593
Later than one year and not later than 5 years		19,507	26,619
Later than 5 years		-	-
Total Payable		33,134	37,212

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2009	Actual 2008
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(c) Finance Lease Commitments

(i) Commitments under Finance Leases at the Reporting Date are payable as follows:

Within the next year	1,416	1,574
Later than one year and not later than 5 years	1,322	2,597
Later than 5 years	-	-
Total Minimum Lease Payments	2,738	4,171
less: Future Finance Charges	(200)	(404)
Amount Recognised as a Liability	2,538	3,767

(ii) Finance Lease Liability Recognised represent;

Current Liabilities	1,289	1,354
Non-Current Liabilities	1,249	2,413
Total Finance Lease Liabilities Disclosed	2,538	3,767

(iii) General Details

Council Leases the following Property, Plant & Equipment under Finance Leases:

	Term (Years)	Option to Purchase	Contingent Rent Clauses		
Heavy Plant - Carrying Value	5	Y	N	2,538	3,767
Total Carrying Value at Year End				2,538	3,767

(d) 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	669	685
Later than one year and not later than 5 years	1,096	1,049
Later than 5 years	1,184	1,389
Total Non Cancellable Operating Lease Commitments	2,949	3,123

b. Non Cancellable Operating Leases include the following assets:

Computer / IT Equipment

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2009	Actual 2008
Conditions relating to Finance & Operating Leases:			
- All Finance & Operating Lease Agreement are secured only against the Leased Asset.			
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.			
 (e) Investment Property Commitments			
Nil			
 (f) Remuneration Commitments			
Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:			
Within the next year		2,769	2,484
Later than one year and not later than 5 years		7,504	5,816
Later than 5 years		-	-
Total Payable		10,273	8,300

(g) Investment in Associates / Joint Ventures - Commitments

Not Applicable

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 13. Statement of Performance Measurement - Indicators

\$ '000	Amounts 2009	Indicator 2009	Prior Periods 20082007	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	33,772	0.98 : 1	1.79	1.70
Current Liabilities less Specific Purpose Liabilities ^(2,3)	34,380			
2. Debt Service Ratio				
Debt Service Cost	1,729	1.00%	1.05%	1.25%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	172,879			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	121,872	62.93%	65.40%	62.14%
Revenue from Continuing Operations	193,661			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	8,828	6.75%	6.57%	6.39%
Rates, Annual & Extra Charges Collectible	130,834			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	24,752	79.09%	56.29%	n/a
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	31,296			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

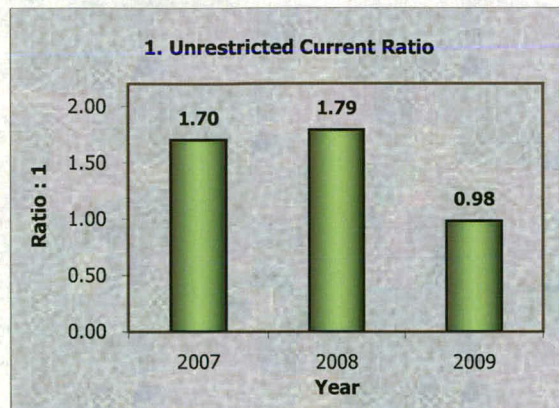
Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

⁽²⁾ Refer to Note 10(a).⁽³⁾ Refer to Note 10(c) - excludes all ELE not expected to be paid in the next 12 months.⁽⁴⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 13a. Statement of Performance Measurement - Graphs



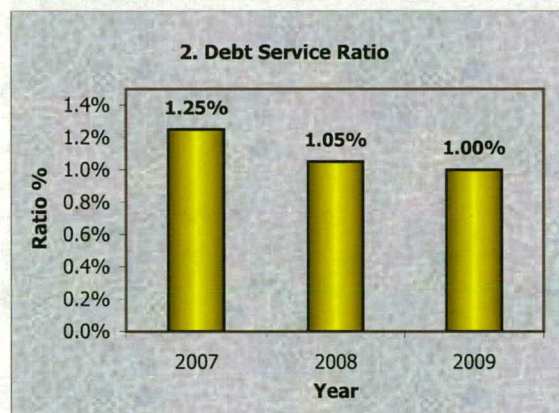
Purpose of Unrestricted Current Ratio

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 2008/09 Result

2008/09 Ratio 0.98 : 1

The Unrestricted Current Ratio decline is due to a planned reduction in the level of liquidity to better utilise funds that are available for council. During 2008/09 council completed a \$73.6M capital program and reduced the level of internal reserves to nil. Council has planned to manage cash flows at lower levels into the future.



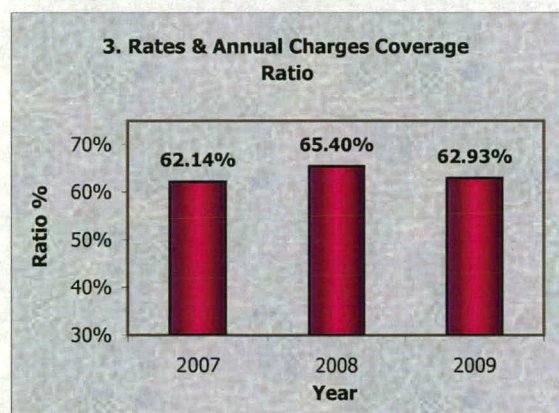
Purpose of Debt Service Ratio

To assess the impact of loan principal & interest repayments on the discretionary revenue of council.

Commentary on 2008/09 Result

2008/09 Ratio 1.00%

The Debt Service Ratio has improved in comparison to prior years. This is due to revenues increasing while borrowings have remained stable, hence a lower portion of Council's discretionary revenue is committed to the repayment of debt. It is expected that this trend will continue, as there are no further planned borrowings.



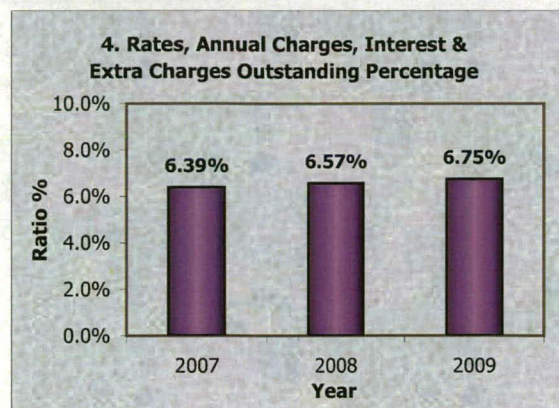
Purpose of Rates & Annual Charges Coverage Ratio

To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.

Commentary on 2008/09 Result

2008/09 Ratio 62.93%

The performance in this ratio is as expected. The slight downward movement in 08/09 is due to an increase in the level of grants and contributions received in the current year, which were a part of the Government's Economic Stimulus, and may not continue in future years.



Purpose of Rates & 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 2008/09 Result

2008/09 Ratio 6.75%

The slight increase in the percentage of outstandings represents a decline in this performance measure. While consistent efforts have been made in debt collection, there has been an increase in outstandings relating to businesses in liquidation.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 14. Investment Properties

\$ '000	Actual 2009	Actual 2008
(a) Investment Properties at Fair value		
Investment Properties on Hand	3,688	4,826
Reconciliation of Annual Movement:		
Opening Balance	4,826	3,260
- Net Gain/(Loss) from Fair Value Adjustments	(1,138)	1,404
- Other Movements	-	162
CLOSING BALANCE - INVESTMENT PROPERTIES	3,688	4,826

(b) Valuation Basis

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

The 2009 and 2008 revaluations were based on Independent Assessments made by Scott Fullarton Valuations Pty. Ltd. Registered Valuers.

(c) Contractual Obligations at Reporting Date

Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.

(d) Leasing Arrangements

Details of leased Investment Properties are as follows;

Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are due:

Within 1 year	288	269
Later than 1 year but less than 5 years	266	238
Later than 5 years	-	-
Total Minimum Lease Payments Receivable	554	507

(e) Investment Property Income & Expenditure - summary**Rental Income from Investment Properties:**

- Minimum Lease Payments	348	354
--------------------------	-----	-----

Direct Operating Expenses on Investment Properties:

- that generated rental income	(118)	(97)
--------------------------------	-------	------

Net Revenue Contribution from Investment Properties

230	257
------------	------------

plus:

Fair Value Movement for year

(1,138)	1,404
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Total Income attributable to Investment Properties

(908)	1,661
--------------	--------------

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 15. Financial Risk Management

\$ '000

Risk Management

Council's activities expose it to a variety of financial risks including (i) price risk, (ii) credit risk, (iii) liquidity risk and (iv) 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's Executive Management.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2009	2008	2009	2008
Financial Assets				
Cash and Cash Equivalents	31,208	20,878	31,208	20,878
Investments				
- "Held for Trading"	17,384	34,295	17,384	34,295
Receivables	18,879	23,196	18,879	23,196
Total Financial Assets	67,471	78,369	67,471	78,369
Financial Liabilities				
Payables	24,636	16,127	24,636	16,127
Loans / Advances	76	336	76	336
Lease Liabilities	2,538	3,767	2,538	3,767
Total Financial Liabilities	27,250	20,230	27,250	20,230

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified "**at fair value through profit & loss**" are based upon quoted market prices (where a liquid market exists) or independent valuation at the reporting date.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 15. Financial Risk Management (continued)

\$ '000

(a) Cash & Cash Equivalents, Financial assets "at fair value through the profit & Loss", "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Financial Section manages it's Cash & Investments portfolio with the assistance of independent advisors.

Council maintains it's Investment Policy in compliance with the Local Government Act and ensures that investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Local Government Investment Order. The Policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out portfolio and it's performance.

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

The investment types primarily affected by price risk at balance date are Council's CDO holdings, FRN's and T-Corp holdings. Council views market adjustments made to these securities as the result of the global credit crisis which has highlighted the lack of liquidity in the market that subsequently led to rating downgrades to some of these assets. All CDO holdings in Council's portfolio are still considered 'hold' investments in line with Council's original strategy to retain these securities until maturity. All securities continue to meet coupon payments and have capital expectations above current market value, with one potential exception.

Cash & investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income. Council manages interest rate risk by investing in a range of short term fixed rate and longer term variable rate deposits. Interest rate risk is minimised as the short term fixed deposits allow for regular reinvestment in line with interest rate movements whilst the variable deposits reset on a quarterly basis in line with published interest rates.

A further risk associated with Cash & Investments is credit risk - the risk that the counterparty (to an investment) 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. Credit risk is managed by ensuring all deposits are with highly rated institutions, diversifying the portfolio and using advice provided by Council's investment advisors prior to placing funds.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

The summary on the following page represents the sensitivity of Council's Income Statement and Accumulated Surplus (during 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.

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 15. Financial Risk Management (continued)

\$ '000				
	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2009				
Possible impact of a 10% movement in Market Values	1,738	1,738	(1,738)	(1,738)
Possible impact of a 1% movement in Interest Rates	312	312	(312)	(312)
2008				
Possible impact of a 10% movement in Market Values	3,429	3,429	(3,429)	(3,429)
Possible impact of a 1% movement in Interest Rates	209	209	(209)	(209)

(b) Receivables

Council's major receivables comprise (i) Rates & Annual charges and (ii) User Charges & 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 & annual charges at higher than market rates which further encourages the payment of debt.

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:

	2009 Rates & Annual Charges	2009 Other Receivables	2008 Rates & Annual Charges	2008 Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	0%	77%	0%	87%
Overdue	100%	23%	100%	13%
(ii) Movement in Provision for Impairment of Receivables			2009	2008
Balance at the beginning of the year			193	159
+ new provisions recognised during the year			78	157
- amounts already provided for & written off this year			(70)	(123)
- amounts provided for but recovered during the year			(74)	-
Balance at the end of the year			127	193

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

Payables & 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.

As well, payment terms can (in extenuating circumstances) be extended & overdraft facilities can be drawn down

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$ '000	Subject				Total Cash Outflows	Actual Carrying Values
	to no maturity	≤ 1 Year	payable in:			
			1-5 Yrs	> 5 Yrs		
2009						
Bank Overdraft	-	-	-	-	-	-
Trade/Other Payables	2,539	22,097	-	-	24,636	24,636
Loans & Advances	-	80	-	-	80	76
Lease Liabilities	-	1,416	1,322	-	2,738	2,538
Total Financial Liabilities	2,539	23,593	1,322	-	27,454	27,250
2008						
Bank Overdraft	-	-	-	-	-	-
Trade/Other Payables	3,514	12,613	-	-	16,127	16,127
Loans & Advances	-	275	80	-	355	336
Lease Liabilities	-	1,574	2,597	-	4,171	3,767
Total Financial Liabilities	3,514	14,462	2,677	-	20,653	20,230

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

The following interest rates were applicable to Council's Borrowings at balance date:

	2009		2008	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	24,636	0.00%	16,127	0.00%
Loans & Advances - Fixed Interest Rate	76	5.00%	336	5.91%
Lease Liabilities	2,538	6.56%	3,767	6.54%
	27,250		20,230	

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 08/09 was incorporated as part of its Management Plan and was adopted by the Council on 24 June 2008.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

Note that for Variations: F = Favourable Budget Variation, U = Unfavourable Budget Variation

\$ '000	2009 Budget	2009 Actual	2009 Variance*		
REVENUES					
Rates & Annual Charges	122,212	121,872	(340)	(0%)	U
User Charges & Fees	24,685	22,298	(2,387)	(10%)	U
The unfavourable variance in User Fees and Charges is made up of a number of different items, however the major variances relate to Development Assessment and Inspection fees \$1.2M (U) (54%) and Tourist Park and Waste Facility Revenues \$.5M (U) each (23%). These revenue streams were negatively impacted by the current economic climate, creating unfavourable variances to the adopted budget.					
Interest & Investment Revenue	4,184	2,116	(2,068)	(49%)	U
The unfavourable variance in Interest and Investment Revenue of \$2.1M is primarily due to the revaluation of investment holdings to market, with financial market volatility resulting from the global financial crisis, being the contributing factor. Although negative, the fair value movement in investments for the 2008/09 year was a \$2M (F) improvement on last year, as Council's portfolio has migrated to less volatile investments and markets are starting to recover.					
Other Revenues	5,264	7,613	2,349	45%	F
The favourable variance of \$2.3M in Other Revenues represents a range of relatively minor items as well as the following significant items:					
* Insurance claim reimbursements relating to prior year claims - \$.6M F or 50%;					
* External hire and events - \$.4M F or 33%;					
* Sales of minor plant and equipment \$.05M F or 4%;					
* Improvements in commercial operations - \$.5M F or 38% and					
* Increased income from penalty fees - \$.4M F or 31%.					

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 16. Material Budget Variations (continued)

\$ '000	2009 Budget	2009 Actual	2009 Variance*	
REVENUES (continued)				
Operating Grants & Contributions	20,325	27,118	6,793	33% F
The favourable variance of \$6.8M or 33% relating to Operating Grants and Contributions is primarily due to the following:				
* Early receipt of Financial Assistance Grant for September 2009 - \$3.1M F or 46%;				
* Early receipt of grants for environmental projects including, waste minimisation, community projects and other grant supported works - \$3.2M F or 47%;				
* Additional RTA operating contributions - \$.09M F or 1% and				
* Other operating contributions - \$0.4M F or 6%.				
Capital Grants & Contributions	10,693	12,644	1,951	18% F
The favourable variance of \$2.0M or 18% in Capital Grants and Contributions relates to the receipt of Federal grant money under the RLCIP program that was not included in the adopted budget.				
Net Gains from Disposal of Assets	200	-	(200)	(100%) U
There was nil gain on disposal of assets, rather overall there was a loss on disposal of assets (reported in expenses) of \$.02M.				
* Gains from disposals of Plant & Equipment were below budget due to changes in the overall program and results - \$.5M U or 59%;				
* There were disposals of ppe, without proceeds, totalling \$.131m which were not budgeted.				
* Gains from disposals of Land & Buildings were below budget, due to a loss being incurred on disposal of tourist cabins and the sale of a minor land parcel - \$.3M U or 35%; and				
* The net result from the trade of Financial Assets was below - \$.05M U or 6%.				
EXPENSES				
Employee Benefits & On-Costs	81,210	76,330	4,880	6% F
Borrowing Costs	2,491	1,954	537	22% F
The favourable variance of \$.5M or 22% in Borrowing Costs is primarily due to savings achieved in IT finance leases of \$.5M F. Savings result largely from a reduction in overall leasing activity and to a lesser extent due to reduced lease interest rates.				
Materials & Contracts	37,165	41,502	(4,337)	(12%) U
The unfavourable variance of \$4.3M in Materials and Contracts is the result of a range of relatively minor items in combination with the following significant items:				
* Legal expenses were impacted by various actions during the year. The variable nature of legal expenses make them difficult to budget - \$1.26M U or 32%;				
* Increased green processing and EPA levy charges due to lower than anticipated results from lids operations and Whytes Gully tip - \$.6M U or 15%;				
* Budgeted savings program has been recovered in the actuals in other line items of the income statement - \$1.02M U or 26%;				
* Increased costs associated with security patrol at various Council sites - \$.4M or 10%U;				
* Costs from external collection of cash at Council's sites which was introduced in 08/09 - \$.3M U or 1% and				
* Higher than budgeted external plant hire charges \$.2M U or 5%, and maintenance support agreements \$.15M U or 4%.				

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 16. Material Budget Variations (continued)

\$ '000	2009 Budget	2009 Actual	2009 ----- Variance* -----		
EXPENSES (continued)					
Depreciation & Amortisation	34,663	45,331	(10,668)	(31%)	U
The unfavourable variance of \$10.7M in Depreciation and Amortisation, is due to the increase in depreciation flowing from the revaluation of buildings at 30 June 2008 to reflect fair value and changes to anticipated remaining life as required under AIFRS reporting. The 2008/09 budget was adjusted accordingly in July 2008, when the impact of the adjustments had been properly identified, but after the adoption of the original budget.					
Other Expenses	25,468	26,281	(813)	(3%)	U

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned In Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Drainage	-	-	-	-	-	-	-	Figures provided at left relate to the Horsley Plan. This Plan is stage 1 of the broader West Dapto area. With the development of the West Dapto area, this plan will be repealed and replaced within the West Dapto Plan. All balances are intended to be calculated and absorbed into the West Dapto Plan.		
Roads	1,478	-	-	42	(38)	-	1,482			
Traffic Facilities	156	-	-	4	-	-	160			
Parking	-	-	-	-	-	-	-			
Open Space	(374)	-	-	(11)	-	-	(385)			
Community Facilities	2,658	2	-	76	-	-	2,736			
Other	(56)	-	-	(1)	-	-	(57)			
S94 Contributions - under a Plan	3,862	2	-	110	(38)	-	3,936	-	-	-
S94A Levies - under a Plan	11,355	1,165	-	199	(5,835)	-	6,884			
Total S94 Revenue Under Plans	15,217	1,167	-	309	(5,873)	-	10,820			
S94 not under Plans	1,991	70	-	54	(282)	-	1,833			
S93F Planning Agreements	-	-	-	-	-	-	-			
Total Contributions	17,208	1,237	-	363	(6,155)	-	12,653			

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER - HORSLEY (to be amalgamated with future West Dapto Plan)

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned In Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Roads	1,478	-	-	42	(38)	-	1,482	The Horsley Plan is stage 1 of the broader West Dapto area. With the development of the West Dapto area, this plan will be repealed and replaced within the West Dapto Plan. All balances are intended to be calculated and absorbed into the West Dapto Plan.		
Traffic Facilities	156	-	-	4	-	-	160			
Open Space	(374)	-	-	(11)	-	-	(385)			
Community Facilities	2,658	2	-	76	-	-	2,736			
Other	(56)	-	-	(1)	-	-	(57)			
Total	3,862	2	-	110	(38)	-	3,936	-	-	-

S94A LEVIES - UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
City Wide	11,355	1,165	-	199	(5,835)	-	6,884			
Total	11,355	1,165	-	199	(5,835)	-	6,884			

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned In Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Other	1,991	70	-	54	(282)	-	1,833			
Total	1,991	70	-	54	(282)	-	1,833			

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

LIABILITIES NOT RECOGNISED:

1. Bank Guarantees

Council has guaranteed one bank loan to third party. No loss is anticipated under this guarantee.

Council has provided security to WorkCover for outstanding workers compensation claims liability in the form of a bank guarantee to the sum of \$9,535,000.

In addition to the above, Council has provided three other Bank Guarantees totalling \$1,221,158.

2. 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 and does not expect any material liabilities to eventuate.

3. S94 Plans

Council levies Section 94/94A 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.

3. S94 Plans (continued)

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

4. Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category and that member Councils will need to make significantly higher contributions from 2009/10 & beyond.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

ASSETS NOT RECOGNISED:

1. Public Liability & Professional Indemnity Claim

After withdrawing from Premeure, Council placed its liability insurance with the Independent Insurance Company of London. During 2000/2001, this company was placed in liquidation and Council secured liability & professional indemnity insurance from QBE International, effective 30 April, 2001.

The Independent Insurance Company (in receivership) remains responsible for payment of their portion of each Council claim incurred which exceeded \$25,000 for the period 31 October, 1996 to 30 April, 2001. The total of Council's unrecovered liability claims is \$2,785,947. At this time, the liquidator is unable to determine how much of Council's claim it will recover from the remaining assets of the Independent Insurance Company.

2. ISR Infrastructure Coverage HIH

The storm event of August 1998 caused damage to Council's buildings, contents and infrastructure including roads, drains, bridges and culverts.

Council's contract of insurance with HIH provided coverage for all these categories of losses, however HIH ceased trading during 2000 and has been subsequently placed in liquidation.

Council lodged a notice of claim upon HIH for damage to its buildings, contents & infrastructure. The total of Council's unrecovered property loss claims is \$969,698. At this time, the liquidators of HIH, CMGL have made three interim payments totalling \$108,623.

CGML is unable at this time to advise Council how much more of Council's claim will be recovered from the remaining assets of HIH.

ASSETS NOT RECOGNISED: (continued)

3. Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

4. Emibarb Pty Ltd

Council is in dispute with Emibarb Pty Ltd on the amount of rent Emibarb Pty Ltd must pay for its occupation of the Lagoon Restaurant in Stuart Park.

Council has commenced legal action to recover its losses for loss of rental, its costs for lease rectification action and for reimbursement of Emibarb Pty Ltd's costs, from LawCover the insurer of legal practitioners in New South Wales.

It is not possible to confirm when this recovery will occur.

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

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

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2009	Actual 2008
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		1,145,743	849,315
a. Correction of Prior Period Errors	20 (c)	2,324	49,184
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Current Year Income & Expenses Recognised direct to Equity excluding direct to Reserves transactions		-	-
d. Net Operating Result for the Year		2,243	(3,157)
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity ⁽¹⁾		280	250,401
Balance at End of the Reporting Period		<u>1,150,590</u>	<u>1,145,743</u>
b. Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		411,311	447,886
- "Available for Sale" Financial Investments Revaluation Reserve		-	-
- Other Reserves (Specify)		-	-
Total		<u>411,311</u>	<u>447,886</u>
(ii). Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		447,886	250,401
- Revaluations for the year	9(a)	(36,295)	447,886
- Impairment of revalued assets (incl. impairment reversals)	9(a)	-	-
- Transfer to Retained Earnings for Assets Disposed Of ⁽¹⁾		(280)	-
- Transfer to Retained Earnings ⁽²⁾		-	(250,401)
- Balance at End of Year		<u>411,311</u>	<u>447,886</u>
TOTAL VALUE OF RESERVES		<u>411,311</u>	<u>447,886</u>

⁽¹⁾ On disposal of assets which were revalued in prior years, the balance in Asset Revaluation Reserve relating to those assets is transferred to Retained Earnings.

⁽²⁾ The balance of the Asset Revaluation Reserve prior to any asset revaluations made under AIFRS was \$250.4M. This amount has been cleared out of the Reserve so that only those revaluations made under an AIFRS regime make up the balance of the Reserve.

(iii). Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2009	Actual 2008
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c. Correction of Error/s relating to a Previous Reporting Period

During the year it was discovered that certain Buildings that Council owns had not been recognised, accordingly these Buildings were recognised and the corresponding adjustments to depreciation were made.

It was also discovered that certain Buildings and Plant & Equipment that had been recognised were in fact disposed of in previous years.

To correct these errors an adjustment has been made against the current year balances of I,PP&E and Retained Earnings because it was found to be impractical to restate the prior year comparatives.

Details of the amounts and the financial statement lines affected are outlined below.

- Depreciation Adjustment	(1,821)	(27,095)
- Land not recognised in previous years	-	51,457
- Buildings not recognised in previous years	4,440	30,414
- Land disposed of in previous years but still recorded	-	(5,111)
- Buildings disposed of in previous years but still recorded	(186)	(481)
- Plant & Equipment disposed of in previous years but still recorded	(109)	-

In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.

These amounted to the following Equity Adjustments:

- Adjustments to Opening Equity - 1/7/07 (relating to adjustments for the 30/6/07 reporting year end and prior periods)	-	49,184
- Adjustments to Opening Equity - 1/7/08 (relating to adjustments for the 30/6/08 reporting year and prior periods)	2,324	-
Total Prior Period Adjustments - Prior Period Errors	2,324	49,184

d. Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

Wollongong City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 21. Financial Result & Financial Position by Fund

Not Applicable.

Note 22. Non Current Assets/Liabilities classified as "Held for Sale"

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
(i) Non Current Assets & Disposal Group Assets				
Non Current Assets "Held for Sale"				
Land	2,329	-	2,329	-
Buildings	-	-	-	-
Plant - Trade Ins	-	-	-	-
Plant - Rationalisation	-	-	-	-
Other Assets	-	-	-	-
Total Non Current Assets "Held for Sale"	2,329	-	2,329	-

Disposal Group Assets "Held for Sale"

None

\$ '000	Assets "Held for Sale"		Disposal Groups	
	2009	2008	2009	2008
(ii) Reconciliation of Non Current Assets "Held for Sale" & Disposal Groups - i.e. Discontinued Operations				
Opening Balance	2,329	1,965	-	-
less: Carrying Value of Assets/Operations Sold	-	-	-	-
Balance still unsold after 12 months:	2,329	1,965	-	-
less: Assets no longer classified as "Held for Sale"	-	-	-	-
plus New Transfer in:				
Assets "Held for Sale"	-	364	-	-
Discontinued Operations	-	-	-	-
less Impairment Losses:				
Assets "Held for Sale" - Losses on Reclassification	-	-	-	-
Discontinued Operation - Losses on Reclassification	-	-	-	-
less: Carrying Value of Assets/Operations Sold that were re-classified this reporting period	-	-	-	-
Balancing Item - requires re-classification above!!	-	-	-	-
Closing Balance of "Held for Sale"				
Non Current Assets & Operations	2,329	2,329	-	-

Wollongong City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 23. Events occurring after Balance Sheet Date

\$ '000

Events that occur after the reporting date of 30 June 2009, up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing this financial report.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to this General Purpose Financial Report.

Accordingly, the "authorised for issue" date is 23/09/2009.

Events that occur after the Reporting Date represent one of two types:

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial reports (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2009.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial reports (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2009 and which are only indicative of conditions that arose after 30 June 2009.

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

Note 24. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

Note 25. Intangible Assets

Intangible Assets represent identifiable non-monetary asset without physical substance.

Council is unaware of any control over Intangible Assets that warrant their recognition in the Financial Reports, including either internally generated and developed assets or purchased assets.

Wollongong City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

Council is required to restore its Waste Disposal Depots at Whytes Gully & Helensburgh at the end of their useful lives in 2025. The present day cost of this restoration work (and disclosed as a liability) is based upon engineering estimates and has been adjusted to present day values using 6% per annum - being the risk free cost of borrowing to Council.

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2009	2008
Waste Facility Remediation	2025	30,278	28,564
Balance at End of the Reporting Period	10	<u>30,278</u>	<u>28,564</u>

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Reconciliation of movement in Provision for year:

Balance at beginning of year	28,564	26,947
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	1,714	1,617
Expenditure incurred attributable to Provisions	-	-
Total - Reinstatement, rehabilitation and restoration provision	<u>30,278</u>	<u>28,564</u>

Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

Wollongong City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 27. Additional Council Disclosures - Council Information

Principal Place of Business:

41 Burelli Street

WOLONGONG NSW 2500

Contact Details**Mailing Address:**

Locked Bag 8821

WOLLONGONG NSW 2500

Telephone: 02 4227 7111

Facsimile: 02 4227 7277

Opening Hours

Administration Building: 8:30 am - 5.00 pm

Internet: www.wollongong.nsw.gov.au

Email: council@wollongong.nsw.gov.au

Officers**GENERAL MANAGER**

David Farmer

RESPONSIBLE ACCOUNTING OFFICER

Brian Jenkins

PUBLIC OFFICER

Lyn Kofod

AUDITORS

Spencer Steer, Chartered Accountants

ADMINISTRATORS

Gabrielle Kibble AO

Dr Colin Gellatly AO

Robert McGregor AM

Other Information

ABN: 63 139 525 939



SPENCER STEER
CHARTERED ACCOUNTANTS

WOLLONGONG CITY COUNCIL
GENERAL PURPOSE FINANCIAL REPORT
INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying *general purpose financial report* of *Wollongong City Council*, which comprises the Balance Sheet as at 30 June 2009, Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Administrators and Management. The financial report includes the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Cash Flow Statement, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the commentary provided in Note 13(a) or the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to



design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion,

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2; and
- (b) the financial report:
 - (i) has been presented in accordance with the requirements of this Division;
 - (ii) is consistent with the Council's accounting records;
 - (iii) presents fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) is in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that we have become aware of during the course of the audit.

Emphasis of Matter

Without qualification to the opinion expressed above, we draw attention to note 1(g) to the financial statements.

Since July 2007, global financial markets have experienced a period of high volatility led by events in the US housing market, particularly sub prime loans, which has impacted the value, recoverability, liquidity, cash flows and rates of return of most financial assets including Collateralised Debt Obligations (CDOs), Equity Linked Notes (ELNs) and certain Managed Funds.

At 30 June 2009, Council's investment portfolio totalled \$46.104 million and included securities that have been impacted by this market volatility. The impact on individual securities varies depending on their degree of exposure to affected markets. Some of these securities do not have market values that are independently quoted and they are not widely



traded. Independent market valuations are not readily available and in many cases, values have been assessed based on estimates from issuers and/or other available market information. Based on available information, Council has restated such investments to fair value as at 30 June 2009, resulting in a write down of \$2.230 million. The limited availability of reliable market values and the ongoing volatility of financial markets introduce uncertainty to the valuation process. Accordingly, further changes to the stated fair value, recoverability, liquidity, cash flows and rates of return may arise as investments are disposed of and/or new information comes to hand.

As a consequence of the above, and the continuing instability of the current investment environment, there is significant uncertainty regarding the value, recoverability, liquidity, cash flow and rates of return, the resolution of which is dependent upon future events and which may materially affect the financial report.

SPENCER STEER
Chartered Accountants



G V STEER
Partner

Dated at Sydney this 23rd day of September 2009



SPENCER STEER
CHARTERED ACCOUNTANTS

23 September 2009

The Administrators
Wollongong City Council
41 Burelli Street
WOLLONGONG NSW 2500

Administrators,

Audit Report - Year Ended 30 June 2009

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2009 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Reports.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Reports of the Council. We have ensured that the accounts have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

1. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a surplus of \$2.243 million as compared with a deficit of \$3.157 million in the previous year.



The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

	2009 \$000	% of Total	2008 \$000	% of Total	Increase (Decrease) \$000
Revenues before capital items					
Rates & annual charges	121,872	67%	116,231	69%	5,641
User charges, fees & other revenues	29,911	17%	29,700	18%	211
Grants & contributions provided for operating purposes	27,118	15%	22,615	13%	4,503
Interest & investment revenue	2,116	1%	860	1%	1,256
	181,017	100%	169,406	100%	11,611
Expenses					
Employee benefits & costs	76,330	40%	75,658	42%	672
Materials, contracts & other expenses	67,803	35%	68,231	38%	(428)
Depreciation, amortisation & impairment	45,331	24%	34,576	19%	10,755
Borrowing costs	1,954	1%	2,415	1%	(461)
	191,418	100%	180,880	100%	10,538
Surplus(Deficit) before capital items	\$ (10,401)		\$ (11,474)		\$ 1,073
Grants & contributions provided for capital purposes	12,644		8,317		4,327
Net Surplus(Deficit) for the year	\$ 2,243		\$ (3,157)		\$ 5,400

The table above shows an overall increase over the previous year of \$5.400 million. The increase can be mostly attributed to increased revenue from rates, grants and contributions (\$14.471 million) offset by increased depreciation charges (\$10,755 million) due the revaluation of buildings.

Levies of rates and domestic waste management charges increased by \$5.641 million and accounted for 67% of Council's operating revenue before capital receipts.

Interest and revenue on investments amounted to \$2.116 million after allowing for unrealised losses of \$2.230 million (2008 - \$860,000 after allowing for unrealised losses of \$4.366 million).

1.2 Funding Result

The operating result does not take into account all revenues and all expenditures and in reviewing the overall financial performance of Council it is useful to take into account the total source of revenues and where they were spent during the year, which is illustrated in the table below.



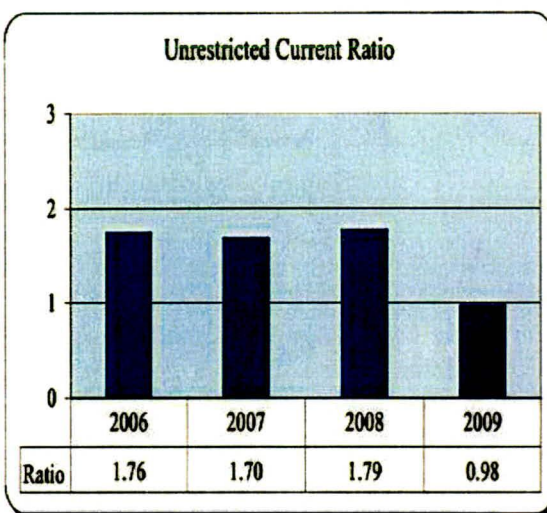
	2009
Funds were provided by:-	\$000
Operating Result (as above)	2,243
Add back non funding items:-	
- Depreciation, amortisation & impairment	45,331
- Book value of non current assets sold	1,498
- (Gain)Loss of fair value to investment properties	1,138
	<u>50,210</u>
Transfers from internal reserves (net)	14,398
Repayments from deferred debtors	15
Net Changes in current/non current assets & liabilities	<u>4,250</u>
	<u>68,873</u>
Funds were applied to:-	
Purchase and construction of assets	(73,577)
Principal repaid on loans	(260)
Finance lease instalments	(1,229)
Transfers to externally restricted assets (net)	(1,270)
	<u>(76,336)</u>
Increase(Decrease) in Available Working Capital	<u>(7,463)</u>

2. FINANCIAL POSITION

2.1 Unrestricted Current Ratio

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to a deficiency of \$608,000 representing a factor of 0.98 to 1. This indicates that insufficient funds were available at balance date to settle current liabilities. In our opinion, the ratio in previous years was sufficient to provide for the funding of day to day operations.



2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$11.459 million as detailed below;



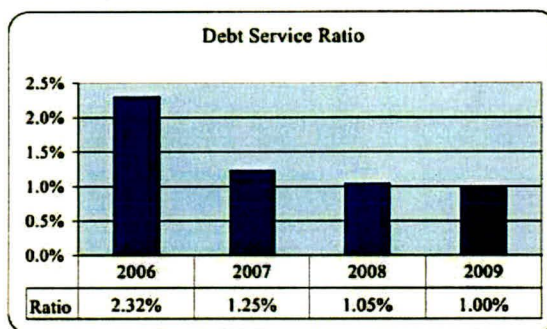
	2009	2008	Change
	\$000	\$000	\$000
Net Current Assets (Working Capital) as per Accounts	20,241	43,477	(23,236)
Add: Payables, provisions and inventories not expected to be realised in the next 12 months included above	11,869	7,246	4,623
Adjusted Net Current Assets	32,110	50,723	(18,613)
Add: Budgeted & expected to pay in the next 12 months			
- Borrowings	1,365	1,614	(249)
- Employees leave entitlements	8,719	9,422	(703)
- Self insurance claims	1,305	1,537	(232)
- Deposits & retention moneys	693	1,487	(794)
- Deferred debtors	(15)	(15)	0
Less: Externally restricted assets	(32,718)	(31,448)	(1,270)
Less: Internally restricted assets	0	(14,398)	14,398
Available Working Capital as at 30 June	\$ 11,459	\$ 18,922	\$ (7,463)

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. We note that the balance has been reduced by \$7.463 million during the year. In our opinion, the balance of Available Working Capital should be closely monitored to ensure that sufficient funds are available to fund day to day operations and provide a buffer for unforeseen circumstances.

2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 1.00%.

After repaying principal and interest of \$1.729 million Council's debt as at 30 June 2009 amounted \$2.614 million (2008 - \$4.103 million).



2.4 Summary

As illustrated in the above tables, the Unrestricted Current Ratio and the level of Available Working Capital have been reduced to levels which, in our opinion, require close monitoring and Council's net internal restrictions stood at nil as at 30 June 2009. We acknowledge that this reduction of liquidity is a result of a planned financial strategy.



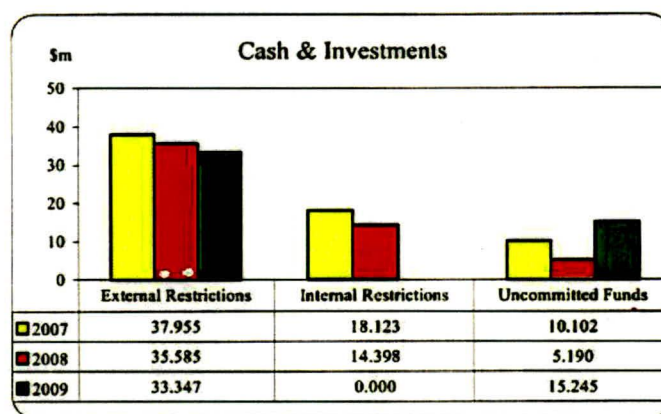
3. CASH ASSETS

3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$48.592 million as compared with \$55.173 million and \$66.180 million at the close of financial years 2008 and 2007 respectively.

Investments included CDO's (Collateralised Debt Obligations) and other securities held at fair value of \$17.384 million. Note 1(g) provides details of the valuation of these securities.

The chart alongside summarises the purposes for which cash and investments were held.



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended development contributions under Section 94 (\$12.653 million), domestic waste management charges (\$7.109 million), stormwater management charges (\$223,000) and specific purpose grants and contributions (\$13.362 million).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "Reserves". Due to the over expenditure of the *Community Infrastructure* reserve, Council's net Reserves were Nil as at 30 June 2009. Further details are disclosed in Note 6 of the financial statements.

Unrestricted cash and investments amounted to \$15.245 million. We also note that payables as at 30 June 2009 were unusually high.

3.2 Cash Flows

The Cash Flow Statement illustrates the flow of cash moving in and out of Council during the year and reveals that funds increased by \$10.330 million to \$31.208 million at the close of the year.

In addition to operating activities which contributed net cash of \$53.654 million were the sale of assets (\$7.329 million), sale of investments (\$16.194 million) and receipts from deferred debtors (\$15,000). Cash outflows other than operating activities were used to repay principal on loans and finance leases (\$1.489 million), purchase and construct assets (\$63,802 million) and to purchase investments (\$1.571 million).



4. RECEIVABLES

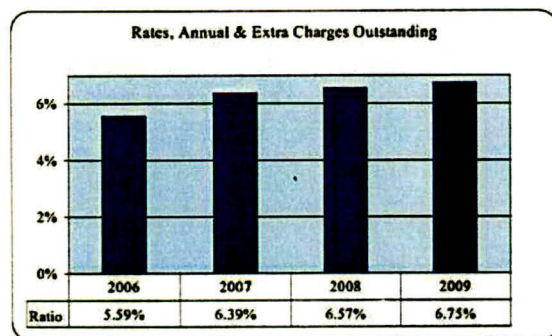
4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$121.872 million. Including arrears, the total rates and annual charges collectible was \$128.931 million of which \$121.020 million (93.86%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$8.828 million at the end of the year & represented 6.75% of those receivables.

The balance of arrears should be monitored to ensure that this indicator does not deteriorate further.



4.3 Other Receivables

Receivables (other than rates annual & extra charges) totalled \$10.178 million and included amounts due from other levels of government of \$4.457 million and user charges and fees amounting to \$2.786 million. Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$127,000.

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$28.341 million. No cash reserves were held at year end to meet any unbudgeted and unanticipated terminations. Generally, a 20% funding level is considered satisfactory. We are advised, however, that Council's future budgets provide for the reduction of leave balances.

5.2 Self Insurance

Workers Compensation insurance claims have been actuarially assessed at \$5.980 million (2008 - \$6.633 million) and a bank guarantee of \$9.535 million is held to cover these claims as required by the WorkCover Authority of NSW.

5.3 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$1.838 and were not funded by internally restricted cash and investments.



6. REVALUATION OF ASSETS

The valuation at 'fair value' of Council's infrastructure, property, plant and equipment is being introduced in a staged approach. In previous years several asset categories, including operational land and buildings and plant and equipment have been revalued.

Fair valuation of remaining asset categories, including transport infrastructure (roads, bridges and footpaths), drains, community land and other structures, will be required over the next two reporting years. The Department of Local Government has issued guidance on the revaluation implementation plan which outlines the major steps and suggested timeframes.

We have discussed the guidelines and milestones with management and advise that nothing has come to our attention to suggest that Council will not satisfactorily complete the remaining revaluation projects within the required timeframes.

7. CONCLUSION

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,

SPENCER STEER
Chartered Accountants

G V SPEER
Partner

Annual Report

Wollongong City Council 2008 | 2009

Attachment C: Special Purpose Financial Reports

Wollongong City Council

Special Purpose Financial Reports for the financial year ended 30 June 2009

Contents	Page
1. Statement by Administrators & Management	2
2. Special Purpose Financial Reports:	
- Income Statement of Water Supply Business Activity	n/a
- Income Statement of Sewerage Business Activity	n/a
- Income Statement of Other Business Activities	3
- Balance Sheet of Water Supply Business Activity	n/a
- Balance Sheet of Sewerage Business Activity	n/a
- Balance Sheet of Other Business Activities	5
3. Notes to the Special Purpose Financial Reports	7
4. Auditor's Report	11

Background

(i) These Special Purpose Financial Reports have been prepared for the use by both Council and the Department of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include (a) those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and (b) those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial reports for Council's self classified Category 1 businesses and ABS defined activities, councils must (a) adopt a corporatisation model and (b) apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

Wollongong City Council

Special Purpose Financial Reports for the financial year ended 30 June 2009

Statement by Administrators and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Reports have been prepared in accordance with:

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Department of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.
- The Department of Water and Energy Best-Practice Management of Water and Sewerage Guidelines.

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

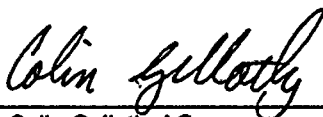
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

We are not aware of any matter that would render these reports false or misleading in any way.

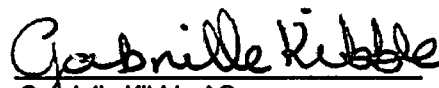
Signed in accordance with a resolution of Council made on 22 September 2009.



Robert McGregor AM
ADMINISTRATOR



Dr Colin Gellatly AO
ADMINISTRATOR



Gabrielle Kibble AO
ADMINISTRATOR



David Farmer
GENERAL MANAGER



Brian Jenkins
RESPONSIBLE ACCOUNTING OFFICER

Wollongong City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2009

\$ '000	Waste Disposal		Tourist Parks	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
Income from continuing operations				
Access charges	-	-	-	-
User charges	7,500	6,158	4,748	4,228
Fees	-	-	-	-
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	22	6	1	3
Total income from continuing operations	7,522	6,164	4,749	4,231
Expenses from continuing operations				
Employee benefits and on-costs	1,751	1,266	2,009	1,889
Borrowing costs	1,714	1,617	12	29
Materials and contracts	736	1,056	2,197	647
Depreciation and impairment	1,569	1,511	450	445
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	210	119	153	149
Debt guarantee fee (if applicable)	-	-	-	25
Other expenses	8,223	7,351	969	1,052
Total expenses from continuing operations	14,203	12,920	5,790	4,236
Surplus (deficit) from Continuing Operations before capital amounts	(6,681)	(6,756)	(1,041)	(5)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(6,681)	(6,756)	(1,041)	(5)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	(6,681)	(6,756)	(1,041)	(5)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-	-
SURPLUS (DEFICIT) AFTER TAX	(6,681)	(6,756)	(1,041)	(5)
plus Opening Retained Profits	(11,310)	(4,673)	10,064	9,895
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	210	119	153	149
- Debt guarantee fees	-	-	-	25
- Corporate taxation equivalent	-	-	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	(17,781)	(11,310)	9,176	10,064
Return on Capital %	-11.0%	-11.1%	-8.3%	0.2%
Subsidy from Council	7,466	8,127	1,718	782

Wollongong City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2009

	Health & Fitness		Crematorium & Cemeteries	
	Actual	Actual	Actual	Actual
\$ '000	2009	2008	2009	2008
Income from continuing operations				
Access charges	-	-	-	-
User charges	2,129	1,967	1,697	1,588
Fees	-	-	-	-
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	34	56	-	-
Total income from continuing operations	2,163	2,023	1,697	1,588
Expenses from continuing operations				
Employee benefits and on-costs	1,954	2,211	1,372	1,246
Borrowing costs	-	-	-	-
Materials and contracts	768	276	584	493
Depreciation and impairment	67	107	118	126
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	174	178	134	126
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	720	952	255	412
Total expenses from continuing operations	3,683	3,724	2,463	2,403
Surplus (deficit) from Continuing Operations before capital amounts	(1,520)	(1,701)	(766)	(815)
Grants and contributions provided for capital purposes	-	154	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(1,520)	(1,547)	(766)	(815)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	(1,520)	(1,547)	(766)	(815)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-	-
SURPLUS (DEFICIT) AFTER TAX	(1,520)	(1,547)	(766)	(815)
plus Opening Retained Profits	(3,449)	(2,080)	6,277	6,966
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	174	178	134	126
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	(4,795)	(3,449)	5,645	6,277
Return on Capital %	-12.2%	-13.6%	-5.9%	-6.3%
Subsidy from Council	2,210	2,509	1,482	1,653

Wollongong City Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2009

\$ '000	Waste Disposal		Tourist Parks	
	Category 1		Category 1	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
ASSETS				
Current Assets				
Cash and cash equivalents	7,067	6,918	-	-
Investments	-	-	-	-
Receivables	503	993	13	2
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	7,570	7,911	13	2
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	45,104	46,328	12,436	12,499
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	45,104	46,328	12,436	12,499
TOTAL ASSETS	52,674	54,239	12,449	12,501
LIABILITIES				
Current Liabilities				
Payables	1,088	699	27	37
Interest bearing liabilities	-	-	-	260
Provisions	684	577	492	429
Total Current Liabilities	1,772	1,276	519	726
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	76	76
Provisions	30,388	28,587	123	101
Other Liabilities	38,295	35,686	2,555	1,534
Total Non-Current Liabilities	68,683	64,273	2,754	1,711
TOTAL LIABILITIES	70,455	65,549	3,273	2,437
NET ASSETS	(17,781)	(11,310)	9,176	10,064
EQUITY				
Retained earnings	(17,781)	(11,310)	9,176	10,064
Revaluation reserves	-	-	-	-
Council equity interest	(17,781)	(11,310)	9,176	10,064
Minority equity interest	-	-	-	-
TOTAL EQUITY	(17,781)	(11,310)	9,176	10,064

Wollongong City Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2009

	Health & Fitness		Crematorium & Cemeteries	
	Category 2		Category 2	
\$ '000	Actual 2009	Actual 2008	Actual 2009	Actual 2008
ASSETS				
Current Assets				
Cash and cash equivalents	-	354	-	-
Investments	-	-	-	-
Receivables	53	18	168	136
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	53	372	168	136
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	12,461	12,528	12,920	12,994
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	12,461	12,528	12,920	12,994
TOTAL ASSETS	12,514	12,900	13,088	13,130
LIABILITIES				
Current Liabilities				
Payables	27	12	58	33
Interest bearing liabilities	-	-	-	-
Provisions	471	416	678	437
Total Current Liabilities	498	428	736	470
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	119	140	87	87
Other Liabilities	16,692	15,781	6,620	6,296
Total Non-Current Liabilities	16,811	15,921	6,707	6,383
TOTAL LIABILITIES	17,309	16,349	7,443	6,853
NET ASSETS	(4,795)	(3,449)	5,645	6,277
EQUITY				
Retained earnings	(4,795)	(3,449)	5,645	6,277
Revaluation reserves	-	-	-	-
Council equity interest	(4,795)	(3,449)	5,645	6,277
Minority equity interest	-	-	-	-
TOTAL EQUITY	(4,795)	(3,449)	5,645	6,277

Wollongong City Council

Special Purpose Financial Reports for the financial year ended 30 June 2009

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2	Water Supply Business Best Practice Management disclosure requirements	n/a
3	Sewerage Business Best Practice Management disclosure requirements	n/a

Wollongong City Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2009

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Report (SPFR) prepared for use by the Council and the Department of Local Government.

For the purposes of these statements, the council's business activities (reported herein) are not reporting entities.

This special purpose financial report, unless otherwise stated, has been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act and Regulations,
- the Local Government Code of Accounting Practice and Financial Reporting, and
- the Local Government Asset Accounting Manual.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Department of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and

provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Waste Disposal

Manages the disposal of solid waste generated within the city.

b. Tourist Parks

Operation, management & development of tourist parks at Bulli, Corrimal & Windang.

c. Health & Fitness

Responsible for the management and upkeep of Council's Leisure Centres.

Category 2

(where gross operating turnover is less than \$2 million)

a. Crematorium & Cemeteries

Provision of quality crematorium, cemetery & memorial facilities & services.

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (General Purpose Financial Report) just like all other costs.

However, where council does not pay some taxes which are generally paid by private sector businesses,

Wollongong City Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2009

Note 1. Significant Accounting Policies (continued)

such as income tax, these equivalent tax payments have been applied to all council nominated business activities and are reflected in the SPFR.

For the purposes of disclosing comparative information relevant to the private sector equivalent the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$368,000** of combined land values attracts **0%**. From \$368,001 to \$2,250,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,250,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.875%** on the value of taxable salaries and wages in excess of \$623,000.

Income Tax

An income tax equivalent has been applied on the profits of the business.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in the GPFR.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments

have been made for variations that have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of Business Activities.

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Wollongong City Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2009

Note 1. Significant Accounting Policies (continued)

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.54% at 30/6/09.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

(iv) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities.



SPENCER STEER
CHARTERED ACCOUNTANTS

WOLLONGONG CITY COUNCIL
SPECIAL PURPOSE FINANCIAL REPORT
INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying *special purpose financial report* of *Wollongong City Council*, which comprises the Balance Sheet as at 30 June 2009, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Administrators and Management.

Responsibility of Council for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance the Local Government Act 1993 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the Department of Local Government. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.



The financial report has been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the Council or the Department of Local Government, or for any purpose other than that for which it was prepared.

Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the special purpose financial report of the Council is presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

SPENCER STEER
Chartered Accountants

G V STEER
Partner

Dated at Sydney this 23rd day of September 2009

Wollongong City Council

SPECIAL SCHEDULES

for the year ended 30 June 2009



wollongong
city of innovation

Wollongong City Council

Special Schedules

for the financial year ended 30 June 2009

Contents

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Special Schedules¹

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term debt (all purposes)	5
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	n/a
- Special Schedule No. 4	Water Supply - Balance Sheet	n/a
- Special Schedule No. 5	Sewerage Service - Income Statement	n/a
- Special Schedule No. 6	Sewerage Service - Balance Sheet	n/a
- Notes to Special Schedules No. 3 & 5		n/a
- Special Schedule No. 7	Condition of Public Works	6
- Special Schedule No. 8	Financial Projections	8

¹ Special Purpose Schedules are not audited.

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 Department of Energy, Utilities & Sustainability (DEUS), and
- the Department of Local Government (DLG).

(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 specific service financial activities.
-

Wollongong City Council

Special Schedule No. 1 - Net Cost of Services for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Governance	5,782	5,782	690	-	690	(5,092)	(5,092)
Administration							
Corporate Support	30,679		2,370	-		(28,309)	
Engineering and Works	42,842		911	296		(41,635)	
Other Support Services	-	73,521	-	-	3,577	-	(69,944)
Public Order and Safety							
Contributions to Fire Service Levy	2,745		-	-		(2,745)	
Fire Protection – Other	199		363	479		643	
Animal Control	596		237	-		(359)	
Beach Control	2,329		8	-		(2,321)	
Enforcement of Local Govt Regs	1,347		1,818	-		471	
Emergency Services	68		-	-		(68)	
Other	69	7,353	3	-	2,908	(66)	(4,445)
Health							
Administration and Inspection	1,075		120	-		(955)	
Immunisations	-		-	-		-	
Food Control	236		256	-		20	
Insect/Vermin Control	-		-	-		-	
Noxious Plants	-		-	-		-	
Health Centres	-		-	-		-	
Other	-	1,311	-	-	376	-	(935)
Community Services and Education							
Administration	-		-	-		-	
Family Day Care	321		799	-		478	
Child Care	207		18	-		(189)	
Youth Services	805		101	-		(704)	
Other Families and Children	60		3	-		(57)	
Aged and Disabled	831		428	-		(403)	
Migrant Services	115		55	-		(60)	
Aboriginal Services	48		-	-		(48)	
Other Community Services	1,767		1,331	-		(436)	
Education	40	4,194	-	-	2,735	(40)	(1,459)

Wollongong City Council

Special Schedule No. 1 - Net Cost of Services for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Governance	5,782	5,782	690	-	690	(5,092)	(5,092)
Administration							
Corporate Support	30,679		2,370	-		(28,309)	
Engineering and Works	42,842		911	296		(41,635)	
Other Support Services	-	73,521	-	-	3,577	-	(69,944)
Public Order and Safety							
Contributions to Fire Service Levy	2,745		-	-		(2,745)	
Fire Protection – Other	199		363	479		643	
Animal Control	596		237	-		(359)	
Beach Control	2,329		8	-		(2,321)	
Enforcement of Local Govt Regs	1,347		1,818	-		471	
Emergency Services	68		-	-		(68)	
Other	69	7,353	3	-	2,908	(66)	(4,445)
Health							
Administration and Inspection	1,075		120	-		(955)	
Immunisations	-		-	-		-	
Food Control	236		256	-		20	
Insect/Vermin Control	-		-	-		-	
Noxious Plants	-		-	-		-	
Health Centres	-		-	-		-	
Other	-	1,311	-	-	376	-	(935)
Community Services and Education							
Administration	-		-	-		-	
Family Day Care	321		799	-		478	
Child Care	207		18	-		(189)	
Youth Services	805		101	-		(704)	
Other Families and Children	60		3	-		(57)	
Aged and Disabled	831		428	-		(403)	
Migrant Services	115		55	-		(60)	
Aboriginal Services	48		-	-		(48)	
Other Community Services	1,767		1,331	-		(436)	
Education	40	4,194	-	-	2,735	(40)	(1,459)

Wollongong City Council

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Housing and Community Amenities							
Housing	-		-	-		-	
Town Planning	7,002		2,571	1,237		(3,194)	
Domestic Waste Management	11,351		18,160	-		6,809	
Other Waste Management	11,545		7,520	-		(4,025)	
Street Cleaning	3,665		-	-		(3,665)	
Other Sanitation and Garbage	11		2	-		(9)	
Drainage	673		1,686	-		1,013	
Stormwater Management	-		-	-		-	
Environmental Protection	5,780		1,879	1,174		(2,727)	
Public Cemeteries	1,733		1,697	-		(36)	
Public Conveniences	90		-	-		(90)	
Other Community Amenities	1,538	43,388	1,186	-	37,112	(352)	(6,276)
Water Supplies	-	-	-	-	-	-	-
Sewerage Services	-	-	-	-	-	-	-
Recreation and Culture							
Public Libraries	6,801		959	-		(5,842)	
Museums	-		-	-		-	
Art Galleries	896		(2)	-		(898)	
Community Centres	988		217	-		(771)	
Public Halls	267		33	-		(234)	
Other Cultural Services	1,332		144	-		(1,188)	
Swimming Pools	4,318		434	-		(3,884)	
Sporting Grounds	1,920		705	40		(1,175)	
Parks and Gardens (Lakes)	3,587		705	23		(2,859)	
Other Sport and Recreation	7,470	27,579	2,163	-	5,421	(5,307)	(22,158)
Fuel and Energy							
Gas Supplies	-	-	-	-	-	-	-
Mining, Manufacturing and Construction							
Building Control	12,669		10	2,055		(10,604)	
Abattoirs	-		-	-		-	
Quarries and Pits	-		-	-		-	
Other	-	12,669	-	-	2,065	-	(10,604)

Wollongong City Council

Special Schedule No. 1 - Net Cost of Services (continued)
 for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Transport and Communication							
Urban Roads (UR) - Local	5,351		1,479	3,471		(401)	
Urban Roads - Regional	-		-	-		-	
Sealed Rural Roads (SRR) - Local	-		-	-		-	
Sealed Rural Roads - Regional	-		-	-		-	
Unsealed Rural Roads (URR) - Local	-		-	-		-	
Unsealed Rural Roads - Regional	-		-	-		-	
Bridges on UR - Local	-		-	-		-	
Bridges on UR - Regional	-		-	-		-	
Bridges on SRR - Local	-		-	-		-	
Bridges on SRR - Regional	-		-	-		-	
Bridges on URR - Local	-		-	-		-	
Bridges on URR - Regional	-		-	-		-	
Footpaths	-		12	1,758		1,770	
Aerodromes	-		-	-		-	
Parking Areas	-		181	-		181	
Bus Shelters and Services	-		-	-		-	
Water Transport	-		-	-		-	
RTA Works (State)	-		-	-		-	
Street Lighting	2,514		417	-		(2,097)	
Other	-	7,865	-	-	7,318	-	(547)
Economic Affairs							
Camping Areas	-		4,749	-		4,749	
Caravan Parks	3,605		-	-		(3,605)	
Tourism and Area Promotion	1,701		96	-		(1,605)	
Industrial Development Promotion	39		-	-		(39)	
Saleyards and Markets	-		-	-		-	
Real Estate Development	-		-	-		-	
Commercial Nurseries	364		150	-		(214)	
Other Business Undertakings	2,047	7,756	2,928	2,111	10,034	2,992	2,278
Totals – Functions		191,418	59,592	12,644	72,236		(119,182)
General Purpose Revenues⁽¹⁾			121,425		121,425	121,425	121,425
Share of interests - joint ventures & associates using the equity method	-	-	-	-	-	-	-
NET OPERATING RESULT FOR YEAR		191,418	181,017	12,644	193,661	2,243	2,243

Notes:

(1) Includes: Rates & Annual Charges (incl. Ex Gratia), Non Capital General Purpose Grants & Interest on Investments (excl. Restricted Assets)

Wollongong City Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose) for the financial year ended 30 June 2009

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	78	76	154	-	78	-	-	5	76	-	76
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	182	-	182	-	182	-	-	7	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	260	76	336	-	260	-	-	12	76	-	76
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	1,354	2,413	3,767	-	1,229	-	-	226	1,289	1,249	2,538
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	1,354	2,413	3,767	-	1,229	-	-	226	1,289	1,249	2,538
Total Debt	1,614	2,489	4,103	-	1,489	-	-	238	1,365	1,249	2,614

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the Face Value of debt obligations, rather than Fair Value (as per the GPFR's).

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accumulated Depreciation & Impairment	Carrying Amount (WDV)	Asset Condition #	Estimated cost to bring up to a satisfactory condition standard ⁽¹⁾	Required ⁽²⁾ Annual M'ntce	Current ⁽³⁾ Annual M'ntce
		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>				<<<<<<< per Section 428(2d) >>>>>>>			
Buildings	Buildings	1-10%	12,269	-	532,007	235,038	296,969	3.0	21,963	9,375	4,175
	sub total		12,269	-	532,007	235,038	296,969		21,963	9,375	4,175
Public Roads											
	Sealed Roads	2.38-7.25%	12,178	521,768		151,721	370,047	3.1	117,025	3,207	6,249
	Bridges	1.42%	402	28,967	-	4,640	24,327	2.8	2,887	745	90
	Footpaths	3.84%	1,362	42,188	-	14,559	27,629	4.0	6,282	1,571	644
	Cycle ways	2.92%	297	15,427	-	3,406	12,021	2.9	2,004	250	474
	Kerb and Gutter	1.68%	2,032	121,084	-	25,284	95,800	2.4	26,345	724	485
	Road Furniture	8.26-15.92%	1,255	33,213	-	12,947	20,266	2.4	2,297	622	395
	sub total		17,526	762,647	-	212,557	550,090		156,840	7,119	8,337
Drainage Works											
	Other (specify)	1.00%	1,501	152,799	-	18,794	134,005	2.5	24,112	3,376	1,036
	sub total		1,501	152,799	-	18,794	134,005		24,112	3,376	1,036
	TOTAL - ALL ASSETS		31,296	915,446	532,007	466,389	981,064		202,915	19,870	13,548

- (1). 'Cost to bring up to satisfactory standard' refers to estimated cost to replace the nominated percentage of each asset type which is deemed to be below satisfactory standard. Satisfactory standard is generally defined as condition 1 - 4 (see Asset Condition Definitions). The cost estimates are based on 'Modern Engineering Equivalent Replacement Asset' (MEERA) principal, and accordingly do not generally include the cost of enhancements to existing assets. However an allowance in the cost estimate has been made, for certain asset types, for the cost of enhancing assets to meet minimum statutory requirements e.g. fire safety in buildings. The nominated percentage of each asset type below satisfactory standard is detailed under Condition of Public Works in the Annual Report. Cost to bring up to satisfactory standard for buildings excludes some buildings which are constructed on Council land but funded and operated by third parties/groups. Council has made no allowance for the cost of replacing or maintaining such buildings. Major variations to previous years (specifically in buildings), are due to the availability of more accurate data on asset inventory, condition and replacement cost, collected during 2008/2009.
- (2). Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard and to ensure that the estimated remaining life of the asset is achieved.

Wollongong City Council

Special Schedule No. 7 - Condition of Public Works (continued) as at 30 June 2009

Notes (continued):

- (3). Current Annual Maintenance is what has been spent in the current year to maintain assets. It does not include operational costs (eg. energy or water supply, cleaning, administration staff) or capital replacement costs. For asset classes where current annual maintenance exceeds required annual maintenance, this represents Council's efforts to reduce the number of assets which are below satisfactory standard eg improvement of an assets condition from Condition 5 to Condition 3 or 4.

Condition of Public Assets

In accessing the condition of Public Assets, Council has considered the existing condition and function of each asset. The results shown for the condition of assets within each category are an average. Therefore, significant numbers of assets in each category are above and below the average result. Council recognise that the ratings scale used (as outlined below) may be different from those used by other Councils, but has been based on the rating scale in the International Infrastructure Management Manual.

Asset Condition Definitions

Rating	Status	Definitions
1	Excellent	91 -100% of asset life remaining. Asset is near new and in excellent condition and fit for current usage.
2	Good	61-90% of asset life remaining. Asset is in good condition and fit for current usage.
3	Fair	41-60% of asset life remaining. Asset is in fair condition and fit for current usage.
4	Adequate	11-40% of asset life remaining. Asset is an adequate condition and maintenance requirements are increasing to keep the asset fit for current usage.
5	Poor	0-10% of asst life remaining. Asset is in poor condition and due to be replaced. Significant maintenance required to keep the asset fit for current usage.

Wollongong City Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2009

\$'000	Actual ⁽¹⁾ 08/09	Forecast 09/10	Forecast 10/11	Forecast 11/12	Forecast 12/13
(i) RECURRENT BUDGET					
Income from continuing operations	193,661	189,376	196,875	205,644	212,734
Expenses from continuing operations	191,418	215,411	222,391	231,023	238,956
Operating Result from Continuing Operations	<u>2,243</u>	<u>(26,035)</u>	<u>(25,516)</u>	<u>(25,379)</u>	<u>(26,222)</u>
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	29,077	18,484	16,344	21,968	7,779
Replacement/Refurbishment of Existing Assets	44,500	35,474	35,600	35,708	37,697
Total Capital Budget	<u>73,577</u>	<u>53,958</u>	<u>51,944</u>	<u>57,676</u>	<u>45,476</u>
Funded by:					
– Loans	-	-	-	-	-
– Asset sales	324	942	1,674	424	1,578
– Reserves	14,992	4,077	3,430	3,031	1,532
– Grants/Contributions	14,727	15,509	12,777	19,750	6,084
– Recurrent revenue	43,534	33,430	34,063	34,471	36,282
– Other	-	-	-	-	-
	<u>73,577</u>	<u>53,958</u>	<u>51,944</u>	<u>57,676</u>	<u>45,476</u>

Notes:

(1) Actuals from 08/09 Income Statement.

(2) Land sales are not included as proceeds are transferred to restricted assets and do not form part of funding for current projects

(3) New Capital Works are major non-recurrent projects, eg new Community Centre etc.