



LGNSW ANNUAL REPORT 2016/17



Local Government NSW (LGNSW)

Local Government NSW (LGNSW) is the peak organisation that represents the interests of NSW general purpose councils and associate members including special-purpose councils.

Our objective is to strengthen and protect an effective, democratic system of local government across NSW by supporting and advocating on behalf of members and delivering a range of relevant quality services.

- Representing the views of local government to the NSW and Australian governments
- Providing effective, responsible and accountable leadership in our sector
- Providing a comprehensive range of high-quality services and policy advice to members
- Increasing the capacity of local government to deliver quality services
- Enhancing the profile of local government and building community trust and awareness.



President's Message	4
Chief Executive's Message	5
Board	8
Highlights	9
Advocacy	10
Strategic Advocacy	11
Democracy	12
Finance and Economic Development	12
Planning and Environment	14
Roads and Infrastructure	18
Social and Community	20
Profile	25
Leadership	26
Innovative Leadership	27
Member Engagement and Information	28
Member Awards	29
Service Delivery and Support	30
Industrial Representation and Advisory	31
Training and Capacity Building	32
Executive and Senior Management Services	35
Grants and Programs	37
Excellence	38
Governance and Reporting	39
Board Operation	39
Financial Sustainability	39
People and Culture	40
LGNSW Members	41
Local Government Procurement	42
Local Government Procurement	43
Corporate and Compliance	46
Corporate Information	47
Financial Statements	51

PRESIDENT'S MESSAGE



THE LOCAL GOVERNMENT LANDSCAPE CONTINUED TO SHIFT IN 2016/17.

We welcomed the Government's decision in February not to proceed with further forced council amalgamations in rural and regional areas. There had been a growing realisation over the preceding 12-18 months of the value the community places on local, representative democracy and it was reassuring that this was acknowledged.

It was the first full year of operation for 19 newly amalgamated councils which, along with a twentieth created in September, had to get on with the job of dealing with significant organisational change – to processes, staffing, structures, services, IT systems, identity and overall operations. It is testament to the skill, adaptability and dedication of local government staff that they've been able to successfully implement such monumental change. We continued to support these councils throughout that process.

In the meantime, we have continued to advocate for real and meaningful reform – most importantly in the areas of finance and governance. Fixing the rating system, ending cost-shifting and providing a better share of tax revenue to support local services continued to be the focus of ongoing representations and submissions.

We also supported and worked with the NSW Government as it tightened and clarified requirements around conduct and transparency, and took a significant step of our own in initiating a local government capability framework to set out behavioural standards for our sector.

We continued to provide advice on other significant reforms, most notably concerning joint organisations and the NSW Government's proposed Far West initiative. We also continued to lobby on a wide range of other issues including roads and infrastructure, planning and environment, social and community issues, and economic development.

Having served as President of LGNSW for two terms, it is now time for me to stand down and hand over to a metropolitan counterpart. I do so with confidence and pride knowing what's been achieved over this time, particularly recently. Chief Executive Donna Rygate has transformed the organisation's operations in recent years and has, together with her dedicated team, continued to work energetically and tirelessly on behalf of members.

LGNSW has gone from strength to strength. Our advocacy is now more effective than ever. We have expanded the range, relevance and number of services for members. Our communication and information continues to improve and we are continuing to lead the way with initiatives that build capacity and capability in the sector.

During the year I met with many peers and colleagues from across NSW – dedicated people who are passionate about serving their communities and who do so with energy and enthusiasm, for scant material reward. It is no surprise that our recent research has shown that communities really do value local government and its role in making local decisions. We're close to communities, we're efficient, we care and we get the job done.

It's been hard work but I have enjoyed my time as President and I thank members for that privilege.

A handwritten signature in blue ink that reads "Keith Rhoades". The signature is fluid and cursive.

Keith Rhoades AFSM

CHIEF EXECUTIVE'S MESSAGE



I AM PLEASED TO PRESENT THIS ANNUAL REPORT OUTLINING LGNSW'S ACTIVITIES AND ACHIEVEMENTS IN 2016/17.

We've achieved a lot over the past year on behalf of members and the communities they represent.

We've had some significant wins. We helped to secure grant programs worth \$4.4 million and a further \$1.7 billion for roads, regional growth, regional cultural infrastructure and local water utility infrastructure. On the environmental front, we secured important changes to the NSW Government's container deposit scheme. We got the NSW Government to provide solid support for councils in the rollout of its biodiversity reforms, and to help us deliver disability inclusion action plans.

As the NSW Government's planning reform accelerated we continued to ensure the sector's voice was heard when and where it counted. We continued to vigorously oppose complying development and any other government policies that threatened to erode council planning authority. We have had continued success with our planning forums in both metropolitan and non-metropolitan areas. These give members opportunities to talk to key decision makers, including the Minister for Planning, and help us to present a strong and united voice on the issues that matter.

Throughout the year we worked with members on these and many other issues spanning local government concerns and operations. Among our many representations, we prepared 44 substantial submissions and provided policy advice to members on nearly 7,000 occasions.

We also issued regular and timely updates on issues of whole-of-sector importance, including the NSW and federal budgets.

Our industrial relations service provided essential advice, support and representation on more than 900 occasions. We also continued to assist members with recruitment, performance reviews and management services.

This year also marked a leap forward in developing councils' capacity and capability. A NSW Local Government Workforce Strategy was launched in October 2016 addressing anticipated challenges and opportunities over the next four years, and we began a substantial program of work on a game-changing capability framework. The framework, which is being developed in collaboration with the sector, will detail specific behaviours, skills, knowledge and attributes for local government staff and elected representatives.

We also launched a councillor mentoring service to complement our popular mayoral mentoring program and held capacity-building forums on employment law, good governance, local government finance, tourism and economic development, and water management. More than 13,000 people took advantage of our learning programs during the year. We also assisted members with candidate briefing sessions in the lead up to the September 2016 elections.

Research with members and key stakeholders conducted this year showed marked improvements in reputation and satisfaction with our services. It also showed that your contact with us correlates directly with your perception of value. Two years ago, we introduced annual reporting and the President's weekly message. This year we drilled down further to report on the services, support and advocacy we provided to individual members and developed customised report cards. We also began scoping new systems to improve future data management and reporting.

I am confident the achievements outlined in this report demonstrate the benefits of membership and reflect the hard work of staff and the board throughout the year.

A handwritten signature in blue ink, appearing to read 'Donna Rygate'. The signature is fluid and cursive, written on a white background.

Donna Rygate

DELIVERING VALUE TO LGNSW MEMBERS

121 

major representations **advocating for local government**

including parliamentary inquiries, and meetings with ministers, ministerial officers, MPs and major stakeholders

913 

instances of **IR support**

including 12 award claims and 193 court and tribunal listings

44 

submissions on the sector's behalf

detailed input and advocacy on the LG Act Review, Container Deposit Scheme, Biodiversity, Fire and Emergency Services Levy, Greater Sydney Commission etc

2687 

attendees at **LGNSW events**

including the annual conference, forums and workshops

6894 

interactions with council officers on **policy and advocacy issues**

13,178 

participants in LGNSW **learning programs**

including 8748 e-learning subscribers, 450 participants in 80 public workshops and 3980 participants in in-house training

\$4.4m 

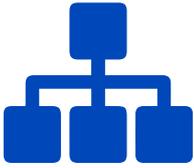
for **grants and programs**

relating to climate change, disability inclusion action plans, Lift & Change, flying fox management, asbestos, Waste Less Recycle More, roadside reserves, sustainable procurement

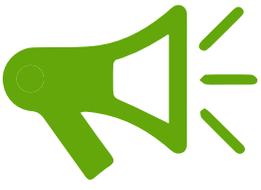
7247 

subscribers kept in the know via

The Weekly and specialist e-newsletters

2148 

people belong to 17 **LGNSW networks** Including arts and culture, HR/IR, museum managers, events and communication professionals

151 

media releases and statements ensured the sector's voice was heard on a wide range of issues

6200 

people follow us via **LinkedIn** and **Twitter**

250,000 

website sessions where people visited two or more pages

BOARD



Left to right: Cr Karen McKeown, Cr Denise Osborne, Cr Bill Pickering, Cr Scott Bennison, Cr Phyllis Miller OAM, Cr Michael Banasik, CE Donna Rygate, Cr Lindsay Brown, Cr Mazhar Hadid, Cr Alice Glachan, Cr Keith Rhoades AFSM, Cr Linda Scott, Cr Christine Forster, Cr Rod Kendall, Cr Ruth Fagan, Cr Lesley Furneaux-Cook (Not pictured: Cr Darriea Turley, Cr Ray Harty OAM, Cr Yvonne Keane)

President

Cr Keith Rhoades AFSM
Coffs Harbour City Council

Treasurer

Cr Scott Bennison
Lane Cove Council

Vice President Rural/Regional

Cr Lindsay Brown
Eurobodalla Shire Council

Vice President Metropolitan/Urban

Cr Bill Pickering
Ryde City Council

Directors Regional/Rural

Cr Michael Banasik
Wollondilly Shire Council

Cr Ruth Fagan
Cowra Council

Cr Alice Glachan
Albury City Council

Cr Rod Kendall
Wagga Wagga City Council

Cr Denise Osborne
Greater Hume Shire Council

Cr Phyllis Miller OAM
Forbes Shire Council

Cr Darriea Turley
Broken Hill City Council

Directors Metropolitan/Urban

Cr Christine Forster
City of Sydney Council

Cr Lesley Furneaux-Cook
Burwood Council

Cr Mazhar Hadid
Liverpool City Council

Cr Ray Harty OAM
The Hills Shire Council

Cr Yvonne Keane
The Hills Shire Council

Cr Karen McKeown
Penrith City Council

Cr Linda Scott
City of Sydney Council

HIGHLIGHTS

ADVOCATING FOR MEMBERS AND COMMUNITIES

- Protected interests of the sector by negotiating changes to Phase 1 of **Local Government Act 1993** amendments
- Achieved key changes to the **Container Deposit Scheme** including ensuring councils can access refunds for eligible containers in the kerbside recycling system
- Secured upfront funding and changes to draft legislation to protect local government interests in the lead up to a proposed NSW Government **fire and emergency services levy**
- Successfully negotiated a new **Local Government (State) Award 2017** after 12 months of consultation and conciliation through the NSWIRC and represented the sector in the four-yearly review of the federal Local Government Industry Award
- Helped secure up to **\$1.7 billion** from the 2017/18 NSW and federal budgets for local water utility infrastructure, roads, regional growth and regional cultural infrastructure
- Successfully negotiated changes to the draft **Medium Density Complying Development Code** (for housing development) so that it placed stronger emphasis on design and amenity
- Secured changes to the NSW Government's Coastal Management Program to ensure all coastal councils were eligible for **coastal hazard reduction funding**
- Successfully lobbied the government to invest in support for councils in the rollout of its **biodiversity reforms** including free training for 500 council staff
- Secured funding from the Department of Family and Community Services to help councils develop their **disability inclusion action plans** by 30 June
- Secured a commitment from Ausgrid to improve **vegetation management** practices and its engagement with the local government sector
- Conducted **market research** to support future campaigns and advocacy on behalf of the sector.

BOOSTING SECTOR CAPACITY AND PERFORMANCE

- Developed a **capability framework** for the sector to ensure a consistent approach to recruiting, developing and managing local government employees and to professional development for elected representatives
- Launched a NSW Local Government **Workforce Strategy** to address workforce opportunities and challenges over the next four years
- Encouraged **Aboriginal and Torres Strait Islander people** to participate in local government and the election process through a new website, Collaborate NSW, in partnership with the NSW Government
- Promoted best practice **asbestos management** and regulation through a campaign, forums and training
- Promoted **disability inclusion** including hosting state-wide workshops and site visits on inclusive tourism
- Supported **arts and culture** through the employment of a dedicated senior policy officer, training and networking sessions.

SUPPORTING MEMBERS

- Launched a **councillor mentoring service** to complement our existing mayoral mentoring service
- Held forums for members on **employment law, good governance and local government finance**
- Expanded our range of **training programs** for local government staff and elected members
- Launched an online **mental health and wellbeing toolkit** to assist members in identifying and dealing with workplace issues
- Administered \$975,980 in **grants** for managing flying fox camps, lift and change facilities and projects to help deal with the effects of climate change
- Ran **conferences** on water management, tourism, finance and for executive and personal assistants to build capacity
- Provided comprehensive **industry updates** and information on government policy, funding and other relevant topics via our website, newsletters and other channels
- Conducted **candidate briefing sessions** in the lead up to council elections.



ADVOCACY



**Representing the views
of members to achieve
outcomes for local
government**

POLICY PRINCIPLES

Following the 2016 Annual Conference, the LGNSW Board ratified a focused set of policy principles to guide the Association's response to key issues. These principles are being referred to in our submissions and interactions with other spheres of government and are enduring. To support these principles, LGNSW is developing position statements on particular issues as they arise, which are endorsed by the LGNSW Board.

REVIEW OF THE LOCAL GOVERNMENT ACT

LGNSW played a key role in negotiating Phase 1 amendments to the *Local Government Act 1993*, ensuring as far as possible, that changes did not have adverse consequences for the sector. We worked closely with the NSW Office of Local Government (OLG) as the amendments were developed.

As a result of our advocacy:

- integrated planning and reporting guidelines were incorporated into regulation, rather than being created by the OLG without any requirement for consultation
- the Minister for Local Government must consider criteria before appointing a financial controller or temporary adviser to a council
- the NSW Auditor-General's role and responsibilities in auditing provisions is clearer than what was originally proposed
- council auditors must still attend council meetings at which financial reports are presented (if desired by the council)
- the Auditor-General cannot question the merits of council objectives or policies.

The amendments passed through the NSW Parliament at the end of August 2016, with provisions commencing in batches since then. The roll-out continues.

We supported members as the changes were implemented through information sessions for councillors and general

managers at our annual conference. We also created reference groups to consult on further amendments. We made submissions to the OLG on issues to consider in the review of the code of conduct, code of meeting practice and councillor professional development.

IR AND EMPLOYMENT

On 30 June 2017 the Industrial Relations Commission of NSW (NSWIRC) made the Local Government (State) Award 2017. This followed more than 12 months of consultation with members, negotiations with local government unions and conciliation through the NSWIRC.

In October 2016 LGNSW exchanged logs of claims with the unions and commenced negotiations. We convened regular meetings of our award working party, updated members through quarterly human resources network meetings and sought information through surveys on particular log items.

The NSWIRC assisted the parties in conciliation of award claims between March and June 2017.

In May 2017 we briefed human resources managers and general managers on the progress of negotiations and the likely content of the new award.

With the assistance of the NSWIRC, parties reached agreement on a package of conditions for the new award. Some of the more significant variations included new provisions dealing with workplace investigations, and industry guidelines for conducting investigations. Variations were made to long service leave provisions to help councils manage leave balances. The NSWIRC made the award after being satisfied that it met the relevant statutory requirements, including that it set fair and reasonable conditions of employment for local government employees.

In April 2017 LGNSW also participated in proceedings in the NSWIRC to update rates of pay in the Local Government (Electricians) State Award.



NSW LOCAL GOVERNMENT WORKFORCE STRATEGY

In October 2016 the Minister for Local Government launched a NSW Local Government Workforce Strategy 2016–2020, setting the direction for a range of initiatives and projects to address workforce challenges facing the sector over the next four years.

The strategy integrates the elements of workforce planning, human resource management and workforce capability development to provide a framework for

building a workforce that meets current and future demands. LGNSW prepared the strategy in collaboration with OLG, Local Government Professionals NSW, the Institute of Public Works Engineering NSW, the NSW Public Sector Industry Training Advisory Body and the Institute for Public Policy and Governance, University of Technology Sydney.

The strategy identifies actions to be undertaken by peak bodies, government and industry partners in response to the key workforce development issues affecting the sector.

DEMOCRACY

SECTOR REFORM

This was the first full year of operations for 19 new NSW councils, which were established following amalgamations in May 2016. The new amalgamated Bayside Council was proclaimed on 9 September 2016, bringing the total to 20.

The year began with 29 councils with amalgamation proposals pending, subject to the outcome of legal challenges. We welcomed the NSW Government's announcement on 14 February 2017 that it would abandon all further pending amalgamation proposals in regional areas. LGNSW called upon the NSW Government to drop the five remaining amalgamation proposals in Sydney. The Premier subsequently announced (on 27 July 2017) that they would not proceed.

While continuing to oppose forced amalgamations, we supported the newly amalgamated councils via

resources, advice and services to assist them with the complex amalgamation process.

We continued to focus on the core issue of financial sustainability, reform of the rating system, joint organisations (JOs) and the Far West.

We continued to contribute to the development of the JO model through meetings, written submissions and our membership of the Ministerial Advisory Group. Separate submissions were made articulating our position on the JO model and JO boundaries.

We also made numerous representations on behalf of Far West councils and lodged a submission in response to the NSW Government's proposed model (as outlined in its August 2016 Far West Initiative Consultation Paper).

FINANCE AND ECONOMIC DEVELOPMENT

STATE AND FEDERAL BUDGETS

Our submission to the NSW Budget 2017/18 advocated for increased and better targeted funding for local government, particularly for roads and water infrastructure, libraries and local government reform. We also contributed to the Australian Local Government Association's federal budget submission 2017/18.

Our advocacy on the 2017/18 NSW and federal government budgets played its part in securing:

- funding of up to \$500 million for local water utility infrastructure under the NSW Government's Safe and Secure Water Program
- a new \$1 billion Regional Growth Economic Activation Fund for NSW

- \$100 million for round three of the Fixing Country Roads program and a \$543 million commitment to the program overall
- \$100 million over four years for a new regional cultural fund for cultural infrastructure in regional NSW
- maintenance of funding for NSW under the federal Roads to Recovery Program and Black Spots Programs (\$197 million and \$27 million respectively for 2017/18)
- the lifting of the indexation freeze on Financial Assistance Grants in the Federal Budget 2017/18.

We improved our budget update service to members this year to provide real-time information on budget announcements relevant to the sector. We added a live blog to our website and sent member emails and tweets to keep members up to date.

INFRASTRUCTURE FUNDING

LGNSW has advocated strongly over several years for a funding program to replace the Country Towns Water Supply and Sewerage Program. As noted above, our advocacy was recognised with the State Government's budget announcement of a new \$500 million funding allocation.

Our advocacy was also important in securing other funding through programs including Regional Road Block Grants, Fixing Country Rail and Fixing Country Truck Washes. These programs help councils deal with the growing freight task and the demand it places on local roads and bridges. We also welcomed the NSW Government's commitment in the 2017/18 Budget to provide:

- \$582.5 million for the Regional Freight Corridor Program
- \$341.3 million for the Regional Growth Roads Program
- \$482.5 million for works on Northern Road and \$100 million to upgrade Bringelly Road under the Western Sydney Infrastructure Plan.

IPART RATING REVIEW

As the Independent Pricing and Regulatory Tribunal (IPART) continued its review of the local government rating system, LGNSW argued strongly that the system needed to be more equitable, effective and efficient. Our submission to IPART in July 2016 called for rate pegging to be abolished, the rate exemptions regime to be modernised and pensioner concession to be fully funded by the NSW Government. We succeeded in influencing IPART's deliberations and the majority of recommendations made in the August 2016 draft report were positive for the sector. We continue to call upon the NSW Government to release and respond to the final report it received in December 2016 and implement those recommendations supported by our sector.

FIRE AND EMERGENCY SERVICES LEVY

Our advocacy was very successful in protecting local government interests under the NSW Government's proposed Fire and Emergency Services Levy.

LGNSW worked in partnership with the NSW Revenue Professionals on a working group with NSW Treasury, representatives of the NSW Valuer-General's Office and the Department of Premier and Cabinet as the NSW Government designed, planned and prepared for the implementation of a new levy.

We secured 28 changes to the draft legislation, upfront payment to councils to prepare for implementation so that no council would be out-of-pocket, and the introduction of flying squads to help councils on the ground.

We also succeeded in advocating for a levy that would have exempted council-owned property, full cost recovery for councils' collection activities and requiring the levy to be separately identified on rates notices as a NSW Government levy. We also insisted that the NSW Government undertake a public communication campaign making it clear that it was a state government charge. The NSW Government deferred the levy's introduction at the last minute, but not before significant gains were made in highlighting the absurdity of the intent to exclude councils' 11.7 per cent contribution from this levy.



PLANNING REFORM

The pace of change to planning policy and legislation by the NSW Government accelerated in 2016/17. LGNSW maintained regular communication with the planning ministers and the NSW Department of Planning and Environment (DP&E), advocating for the interests of councils and their communities. Several significant areas have been under review or proposed for change. Through submissions, stakeholder forums and meetings with government officials, LGNSW influenced the changes being considered in a range of policy areas, including complying development, state environmental planning policies (SEPPs) and various legislative amendments.

ENVIRONMENTAL PLANNING AND ASSESSMENT ACT

We actively responded to numerous planning changes introduced through proposed amendments to the *Environmental Planning and Assessment Act 1979*. LGNSW made a comprehensive submission in early 2017 and maintained ongoing discussions with the Minister for Planning and meetings with DP&E. We support the emphasis on strategic planning but strongly opposed proposals that would further erode the decision-making authority of councils, including the expansion of complying development and the imposition of mandatory planning panels.

BUILDING AND FIRE SAFETY REGULATION

Following years of persistent advocacy on the need to address building regulation and certification deficiencies, LGNSW welcomed the NSW Government's decision to finally act on the recommendations of the independent review of the *Building Professionals Act 2005*.

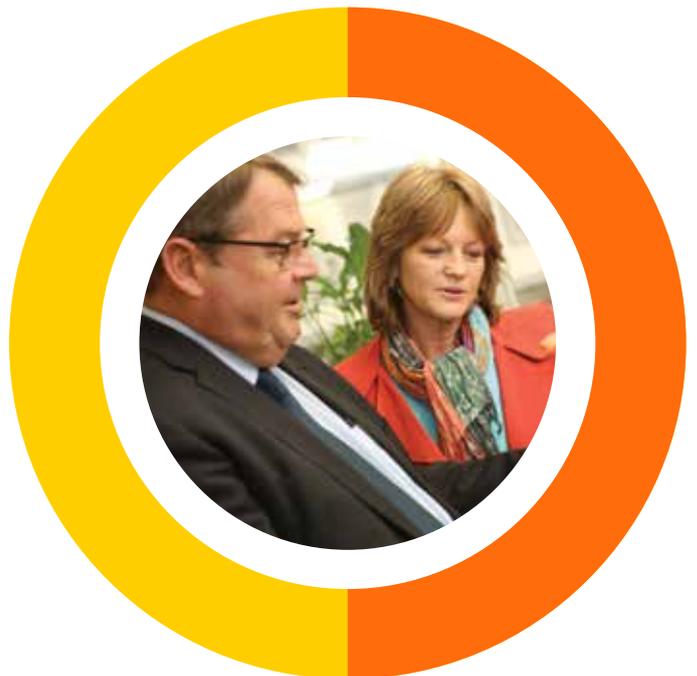
LGNSW has provided input to the NSW Government's first-priority reforms to upgrade fire safety. We assisted the NSW Government's Fire Safety and External Wall Cladding Task Force following the Grenfell Tower fire in London being a conduit between our members and the NSW Government on this critical issue. LGNSW continues to work closely with the NSW Government to ensure that improvements to certifier regulation are effective.

COASTAL MANAGEMENT

The NSW Government's coastal management reforms continued throughout 2016/17. They included development of a coastal SEPP and a coastal management manual. LGNSW consulted with coastal councils in preparing a submission on the draft SEPP. Our submission sought clarification and guidance on specific clauses to ensure council decision-making processes based on the SEPP were defensible.

We consistently lobbied the NSW Government to reconsider changes to the Coastal Management Program that restricted some councils from applying for funding. In a win for the sector, all coastal councils are now eligible to apply for funding to undertake certain low-risk actions to reduce coastal hazards without the need for certified coastal management plans.

LGNSW also represented the sector on a steering committee to review the coastal and estuary management programs, ensuring that local government views were taken into account.



GREATER SYDNEY METROPOLITAN AND DISTRICT PLANNING

LGNSW made a detailed submission to the Greater Sydney Commission following the release of the six draft district plans for Greater Sydney in late 2016. In preparing our submission, we consulted member councils through various council forums and also held a workshop attended by representatives from 21 Sydney councils. Our submission contained 28 recommendations, including a call for upfront funding and delivery of infrastructure to support growth targets, a whole-of-government commitment to delivering the district plans, protection of employment lands and establishment of affordable rental housing targets.

PLANNING PANELS

For many years, LGNSW has stridently opposed moves by various state governments to impose mandatory Independent Hearing and Assessment Panels (IHAPs) and we were successful in having the previous Minister for Planning agree not to do so state-wide. We continued our fight to protect the right of councils and communities to have a say on developments affecting their neighbourhoods. LGNSW steadfastly argued that the decision to establish a planning panel should be a matter for individual councils, made in light of particular local needs and circumstances.

LOCAL PLANNING AND DEVELOPMENT

We continued to fight against the widespread expansion of complying development as it undermines councils' local environmental plans and development control plans. LGNSW's ardent opposition to the indiscriminate expansion of state-wide complying development codes was a constant theme in submissions throughout the year: the draft Medium Density Housing Code and Design Guide, the draft SEPP on education and child care facilities, proposed amendments to planning legislation and the draft district plans for Greater Sydney. Much is weighing on councils' local housing strategies to deliver housing choice, supply and affordability. At the same time, the reliance on blanket expansion of complying development could remove the ability for councils and communities to determine important location and design considerations for housing in their areas. State-wide codes will see more and more development being certified as complying development, bypassing councils' local policies and development assessment pathways. LGNSW continued to vigorously oppose the removal of council planning authority through the expansion of complying development.

PLANNING FORUMS

LGNSW ran three planning events which gave members the opportunity to directly ask ministers and senior government officials about key policy changes and engage on current issues that directly affect councils' planning responsibilities. These forums attracted great interest from professional council staff and elected representatives. Topics included planning reform, affordable housing and regional planning.



BIODIVERSITY

The NSW Government continued to implement its biodiversity reform agenda culminating in legislation passing through Parliament in November 2016. LGNSW provided advice while the regulations and other supporting materials were being drafted. We also made a detailed submission on the draft regulation and supporting materials, including the Explanation of Intended Effect for the Urban Vegetation SEPP based on extensive member input. As a result of our representations, the Office of Environment and Heritage (OEH) held a webinar briefing for councils on the changes to legislation (in which 177 people from councils across NSW participated). OEH also agreed to establish a network of eight regional officers to provide councils with advice and free training (for up to 500 council staff) to support the roll-out of the changes in 2017/18.

ASBESTOS MANAGEMENT

Throughout the year we continued to promote best practice asbestos management and regulation across NSW. We continued to hold forums and training for councils, and also established an Aboriginal employee asbestos training scholarships program, the first in NSW. Three scholarships were awarded to Aboriginal employees of councils, providing funding to attend asbestos-related training or conferences.

The NSW Ombudsman recognised LGNSW's valuable work in asbestos awareness and policy development over the past four years and in supporting councils to adopt the model asbestos policy in the report *Asbestos: How NSW Government agencies deal with the problem*. The Ombudsman also recommended that the NSW Government continue to fund the project officer position at LGNSW in its proposed four-year state-wide Asbestos Plan. LGNSW was proud to receive this acknowledgement and is eager to continue its work with the sector on asbestos policy issues.

CONTAINER DEPOSIT SCHEME

LGNSW continued its advocacy following the NSW Government's announcement that a container deposit scheme would be introduced by 1 July 2017. LGNSW's Chief Executive was appointed to the Ministerial Advisory Committee. We lodged a submission on the draft regulation which resulted in a small but vital change: councils will be able to (retrospectively) access refunds for all eligible containers in the kerbside recycling system from the time the scheme commences.

Our submission on the Material Recovery Facility Processing Refund Protocol also contributed to a significant change. Audits will be organised by the scheme coordinator rather than by individual recovery facilities. We also argued that councils should be supported, in negotiations with material recovery facilities over refund sharing, by expert advice and guidance and data transparency.



REGULATORY REVIEWS

LGNSW made submissions on several regulatory reviews including Load Based Licensing, the draft Clean Air for NSW Strategy, the Explanation of Intended Effect for the Koala SEPP and the NSW Koala Strategy.

We also commented on the NSW Government's \$500 million Environmental Future Funding package, calling for continued support and capacity-building for local government to help communities adapt to climate change. As a result of our representations, the Environment Protection Authority (EPA) extended the period of support available for the transition of vapour recovery regulation to councils, and also deferred the transition of the Protection of the Environment (Underground Petroleum Storage Systems) Regulation to councils until 2019.

BIOSECURITY AND INVASIVE SPECIES

To enable the *Biosecurity Act 2015* to commence on 1 July 2017 the NSW Government consulted on the draft Biosecurity Regulation in late 2016 and early 2017. LGNSW's submission focused on the elements that impacted upon members as local control authorities for weeds, highlighting the need for training and guidance for council staff as well as broader community awareness-raising on the new general biosecurity obligation.

REPRESENTATION ON COMMITTEES

LGNSW represented and advocated for the sector on a range of working groups and committees relevant to environment and planning matters. We were represented on: two NSW Environmental Trust sub-committees (Biodiversity and Green Corridors, Community and Sustainability) and the Trust's Restoration and Rehabilitation Grants committee; several technical review panels assessing grant applications under the Waste Less Recycle More initiative; and the EPA's Contaminated Land Management Program steering committee. LGNSW was also represented on the DP&E Complying Development expert panel and numerous other working and consultative groups on planning issues.



ROAD REPRESENTATION

LGNSW continued to build relationships with the NSW Government, key agencies and other stakeholders to progress policy and funding advocacy for roads and other infrastructure. The LGNSW President is a member of the NSW Road Safety Advisory Council and both the President and LGNSW Chief Executive are on the NSW Road Freight Industry Council. We continued our representation on the Roads and Maritime Services Local Government Liaison Committee and on other related committees and working parties. These forums provide vital opportunities to discuss various matters relating to road management, heavy vehicle access and road safety on behalf of members.

HEAVY VEHICLES

LGNSW worked in partnership with the National Heavy Vehicle Regulator to co-host three local government heavy vehicle forums in 2016/17. The forums were held in Blacktown, Forbes and Grafton. More than 120 council staff from 70 councils attended to learn about their roles and opportunities as road managers under the heavy vehicle national law.

WATER ADVOCACY

We continued to represent council local water utilities on various government and non-government groups addressing issues such as pricing and economic regulation, infrastructure funding, best practice management and the implementation of drinking water quality management systems. We participated in liaison committees with the Department of Primary Industries - Water and the NSW Health Water Unit, the Water Directorate and other stakeholder groups.

In 2016/17 LGNSW's advocacy activities contributed to the design and establishment of the Safe and Secure Water program, providing infrastructure funding of up to \$500 million for local water utilities, the development of common positions among local government, NSW Health and DPI Water on the design and implementation of a microbial health-based targets regime, and the development of scope and terms for a review of the NSW Government's best practice water supply and sewerage management framework that governs local water utilities' activities.

LOCAL WATER UTILITIES

In its submission to the Productivity Commission's National Water Reform Inquiry (April 2017), LGNSW promoted local water utilities' performance and achievements in delivering safe, secure, efficient and affordable water supply and sewerage services in regional NSW and advocated for services to remain in local government hands. We also made a submission to the National Health and Medical Research Council urging it to consider the cost implications for councils and communities of its proposal to introduce a microbial health-based target regime for drinking water supplies.

VEGETATION MANAGEMENT NEAR ELECTRICITY ASSETS

In 2016/17 LGNSW stepped up its campaign to encourage electricity distribution network service providers, especially Ausgrid, to improve vegetation management around electricity assets. We were driven by the need to protect urban amenity and support ecosystem functions. We established a new council staff working group and made submissions on Ausgrid's engagement practices and vegetation management service charter. This was instrumental to Ausgrid's development of a new charter and securing agreement at the highest levels of Ausgrid to make significant improvements to the way Ausgrid engages with councils on this important issue.



SUBMISSIONS

GENERAL

NSW budget 2017/18

Joint organisations: Towards a new model for regional collaboration

Review of the local government rating system

National water reform inquiry

Local Government Act review

Inquiry into Crown lands

Councillor professional development

Far West Initiative consultation paper

Review of the code of meeting practice

Review of the model code of conduct for local councils in NSW

NSW Local Government Remuneration Tribunal

Domestic mobile roaming service declaration inquiry

PLANNING

Draft greenfield housing code

Draft environmental planning and assessment amendment bill

Draft district plans and towards our Greater Sydney 2056

Draft environmental planning and assessment amendment (ePlanning) regulations

Social impact assessment draft guidelines for state significant mining, petroleum production and extractive industry development

Proposed fire safety changes to the Environmental Planning and Assessment Regulation 2000

Improving voluntary planning agreements

Draft state environmental planning policy (coastal management)

Proposed medium density housing code and draft medium density design guide

ENVIRONMENT

Draft NSW travelling stock reserves review

Energy from waste technology inquiry

Review of climate change policies

Regulatory framework for container deposit scheme

Draft NSW Container Deposit Scheme Regulation 2016

Material recovery facility processing refund protocol for container deposit scheme

Land management and biodiversity conservation reforms

Proposed vegetation management/tree pruning service charter

Clean air for NSW consultation paper

Draft biosecurity regulation and related documents

Environmental future funding package

Mulch order 2015 and mulch exemption 2015

NSW koala strategy consultation process

Koala habitat protection SEPP

Review of the load-based licensing scheme

Inquiry into flying-fox management in the eastern states

SOCIAL AND COMMUNITY

Local impact assessment review discussion paper

Education and child care SEPP

Proposed changes to the regulation of water-cooling systems to prevent Legionnaires' disease in NSW consultation discussion paper

Access to transport for seniors and disadvantaged people in rural and regional NSW

Proposed microbial health-based target regime for drinking water supplies

Inquiry into museums and galleries

Human services reform preliminary findings report

SOCIAL JUSTICE AND COMMUNITY SERVICES

LGNSW's ongoing advocacy on social justice and community services issues included representations to inquiries and reviews throughout the year concerning museums and galleries, access to transport for seniors and disadvantaged people in rural and regional NSW, the Productivity Commission's inquiry into human services reform, the regulation of water-cooling systems to prevent Legionnaires' disease, social impact assessment guidelines and local impact assessment.

AGEING AND DISABILITY

LGNSW supports council ageing and disability staff to increase the participation of older people, people with disability and their carers in their communities. As a result of our advocacy, councils that only receive NSW funding for these positions can now complete self-assessment verifications rather than undertake third-party verifications of compliance with NSW disability service standards, saving each council up to \$10,000.

To help prepare councils for forthcoming ageing and disability care reforms, LGNSW brought together 69 representatives from 29 councils in a specialist ageing and disability forum. We also offered training in marketing and workforce planning in community care.

We met regularly with regional groups of councils to identify key issues in ageing and disability. Feedback from these meetings informed our advocacy to state and federal governments.

LGNSW built advocacy partnerships with peak reference groups such as the NSW Ageing Alliance and the Community Care Issues Forum. We were also represented on reference groups for research into a national disability inclusion framework for local government being undertaken by the University of Technology Sydney for the National Disability Insurance Agency.

DISABILITY INCLUSION

LGNSW appointed a senior policy officer to work with councils to develop their disability inclusion action plans (DIAPs) following funding support from the Department of Family and Community Services (FACS).

We developed templates to assist councils to develop either stand-alone DIAPs or to integrate them into their community strategic plans. We conducted seven DIAP planning sessions across NSW to assist councils in the process, with 127 participants from 72 councils. One-on-one teleconference planning sessions were held with another 22 councils. By the deadline of 30 June 2017, 127 councils had completed DIAPs and had submitted them to the Disability Council NSW.

To engage people with disability in the development of council DIAPs, we held additional strategy sessions with five councils.



INCLUSIVE TOURISM

With funding from the NSW Government, LGNSW is working on an inclusive tourism project with the University of Technology Sydney that aims to make travel and recreation more accessible to everyone. Seniors, people with a disability, people with illness or temporary injury and even families travelling with small children can all benefit from inclusive tourism.

The project, which includes research on the economic opportunities of inclusive tourism initiatives to make better information available via mainstream platforms, and advice for councils and businesses on how to make their facilities and services more accessible, was promoted by our Chief Executive at the FACS Live Work Play conference.

In June we hosted a workshop with representatives from 12 peak disability organisations and stakeholders to build a set of accessibility questions for inclusion in the Australian Tourism Data Warehouse (ATDW). Once these questions are added to the database, information on the accessibility of tourism facilities, events and destinations will be more easily available to people to inform their travel choices. This workshop consultation was supplemented by a follow-up focus group with the Physical Disability Council of NSW to further inform the wheelchair-user questions and criteria.

Between February and May 2017 LGNSW conducted site visits and workshops in regional areas (Kiama, Southern Highlands, Lithgow, Bathurst and Central Coast). LGNSW and the NSW Business Chamber met with visitor information centres and the economic development and tourism sections of council and local business chambers. Businesses in each town centre were surveyed to gain insights into their use of digital media to market and promote their services and local attractions, their awareness of the economic opportunities associated with inclusive tourism and their level of knowledge and understanding on the access and inclusion issues faced by people with disability, their family and carers.

We also advocated for information on accessible tourism services to be widely available, especially on travel websites, and began developing online learning resources for councils and tourism businesses to help them meet the needs of the growing market for inclusive tourism.

TOURISM

LGNSW was one of only five organisations invited to attend an internal local government exchange and cooperation seminar, on fostering tourism in regional areas, in Japan in February 2017.

We also hosted a tourism conference for council tourism and economic development staff and stakeholders (see p. 34).

NIGHT-TIME ECONOMIES

A local government night-time economy working group was established in early 2017 including LGNSW and Wollongong City, City of Sydney, City of Newcastle, City of Parramatta and Waverley councils. The group raises awareness of the value of night-time economies, advocates to state and federal governments, shares information on best-practice management and seeks to build partnerships and networks. The group began planning for its inaugural NSW councils' night-time economy forum.

HEALTH

LGNSW successfully negotiated for councils to have a voice on the NSW Legionella Taskforce. LGNSW, City of Sydney, City of Parramatta, Penrith City and Bathurst Regional councils were represented on the taskforce's steering group and working committees. We continued to advocate for reasonable compliance burdens on councils in terms of maintaining registers of buildings with water-cooling systems and participated in discussions with Service NSW regarding the need for a centralised register for this information.



ARTS AND CULTURE

In October 2016 LGNSW secured \$115,000 for its arts and culture program from the NSW Government. Under this program, we employ a senior policy officer to grow and build upon the arts and culture advocacy support we have provided to our members for more than 14 years.

Between November 2015 and August 2016 LGNSW conducted in-depth interviews and online surveys with 94 council general managers and senior directors on how councils deliver arts and culture. A report was produced as a result, providing a unique, qualitative study which identifies how councils deliver arts, culture and heritage services. The report highlights that existing quantitative data vastly under-represents the actual commitment of councils in NSW.

LGNSW conducted a series of training sessions in cultural development with measurable cultural outcomes in collaboration with the national Cultural Development Network. Three sessions were held in Sydney. Sessions were also held in Wagga Wagga, Albury and Coffs Harbour. Staff from more than 30 per cent of NSW councils attended. The training was a national pilot, led by LGNSW, and has since been adopted by Creative Victoria.

Employing professionals to manage council museum and heritage collections is an emerging trend in NSW. LGNSW collaborated with Museums and Galleries of NSW to expand the local government museum managers' network roundtables. The roundtables offer capacity-building opportunities and examine how these professionals can be better integrated into local government planning and operations.

We represented NSW councils on a national local government cultural forum with delegates from all states and territories and from each capital city. During 2016/17 the forum advanced a national research project to demonstrate the true resource commitment of councils to the national arts and culture sector accurately.

During the year, LGNSW also established a new arts and culture award (see p. 29).

LIBRARIES

LGNSW called for an increase in funding for public libraries to \$40 million per annum in 2017/18 (currently \$27.5 million base funding) and to index it from the following year. This would halt the continuous decline of NSW Government support for council libraries and deliver the NSW Premier's comment to LGNSW conference delegates in October 2016, that the NSW Government would investigate increasing funding to libraries. NSW Government expenditure on local government libraries has decreased as a proportion of total public library expenditure from 23.6 per cent in 1980 to 7.5 per cent in 2015/16. LGNSW remains concerned at the continuous decline in financial support and will be using the opportunity of the commencement of a new cycle of library funding in 2018/19 to lobby for significant increases for local libraries.

We continued to represent members on the Public Libraries Consultative Committee (a subcommittee of the NSW Library Council).



ABORIGINAL AFFAIRS

To promote inclusion of Aboriginal communities in council decision-making, service development and delivery, LGNSW worked with the Office of Local Government, the NSW Aboriginal Land Council, Aboriginal Affairs and others to develop Collaborate NSW, a website providing a wide range of resources. This includes a printable toolkit with practical information for councils, Aboriginal staff and people running in local government elections.

The 2016 NSW Local Government Aboriginal Network Conference at Tweed Shire Council was sponsored by LGNSW and was attended by 174 delegates. The conference, themed 'Our living culture – past, present and future', provided a forum to enhance the profile of Aboriginal communities, their skills and culture.

LGNSW Aboriginal Liaison Officer, Constance Chatfield, received the Cr Pat Dixon Lifetime Achievement Award for her outstanding contribution to advancing Aboriginal affairs issues in the local government sector.

LGNSW is represented on the Aboriginal Water and Sewerage Program steering committee. As a result of this program, 62 discrete Aboriginal communities with a total population of more than 6,000 people are receiving better water supply and sewerage services. Fifty-two of the target 62 Aboriginal communities now have full water and sewerage services under the \$205 million program.

We are working with the Office of Environment and Heritage to discuss reforms to Aboriginal culture and heritage legislation, which is due for consultation later in 2017. LGNSW has been providing input on the impact of proposed reforms on council operations.

LGNSW supports the Environment Protection Authority (EPA) in design and delivery of the Aboriginal Community Waste Management Program. This program, funded through the Waste Less, Recycle More initiative, aims to improve waste management in 61 discrete Aboriginal communities, including reducing illegally dumped material and litter and improving household waste management and recycling. During the year, a number of pilot projects were carried out and a long-term program design was established. The EPA has now committed \$4 million to the program over four years from 2017, which LGNSW will help roll out.

AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION INDIGENOUS REFERENCE GROUP

LGNSW supports the decision of the Australian Local Government Association to establish an Indigenous reference group to provide advice on Indigenous issues across the country. LGNSW is represented on the group which met for the first time in December 2016. Focus areas over the next year are housing, local government delivery standards, economic development and procurement.



MULTICULTURAL ISSUES AND REFUGEES

LGNSW represented the sector on the NSW Government Immigration and Settlement Planning Committee. We continued to advocate for additional support for councils, particularly in areas with high concentrations of refugee settlement. We provided feedback from councils which demonstrated the increased demands on them for support from agencies and service providers, and how their resources had been affected. These issues were raised with the Department of Social Services to highlight the need for funding for councils. We also worked with partners, including Multicultural NSW and the Local Government Multicultural Network, to plan an Inclusive and Cohesive Communities Conference for November 2017.

COMMUNITY SAFETY

Through representation on various advisory groups, LGNSW pursued community safety issues on behalf of the sector including natural disasters, swimming pool safety, water safety and rock fishing. We are also part of the Office of Emergency Management's Community Engagement stakeholders group.

We presented at a local government forum on preventing domestic and family violence in December 2016 and consulted councils on what support was needed. We took key issues to the Minister for the Prevention of Domestic Violence and Sexual Assault emphasising the need for: a NSW policy framework that articulates the roles and policies of the three spheres of government; evidence-based best practice resources; funding; education; and support for collaborative partnerships.

LGNSW co-hosted a workshop with City of Parramatta Council in March 2017 designed to build local government capacity in preventing violence against women and children.

We also consulted with other stakeholders such as White Ribbon Australia, Domestic Violence NSW and Women NSW to discuss local collaboration on prevention and support. We advocated for local government to be eligible for the \$20 million Domestic and Family Violence Innovation Fund and we established a Local Government Domestic and Family Violence Network for staff of member councils. Councils may apply by formally partnering or being sponsored by a non-profit organisation.

FOOD SAFETY

LGNSW represents local government interests on the NSW Food Authority's Food Regulation Forum, a statutory committee that guides and advises the food regulation partnership between the authority and councils.

The NSW Food Authority proposed changes to improve the partnership following a NSW Audit Office review. Changes included clarification of roles and responsibilities between the food authority, councils and other enforcement agencies. LGNSW submitted comments on the changes and offered assistance to members to formulate individual submissions. The NSW Food Authority reported that more than half of NSW councils participated in workshops and briefings in May and June 2017 and 43 councils made formal submissions. Changes are expected to be finalised in late 2017 following further consultation with LGNSW.

The LGNSW Board wrote to the Minister for Primary Industries advocating a single electronic platform to promote the Scores on Doors program. Under the program, businesses (and some council websites) voluntarily display the results of inspections to help inform the public and encourage businesses to comply. In 2016/17 the NSW Food Authority consulted with LGNSW over the business case to develop and implement such a database and is now seeking to secure funding to scope and implement a solution from 2018 in further consultation with LGNSW and other stakeholders.



MEDIA

The high media profile of local government in 2016/17 was reflected in more than 3,200 articles printed, broadcast and posted online throughout the year. Of these, 33 per cent were published by major metropolitan media and 45 per cent by regional and rural media. Suburban and community media accounted for 19 per cent of local government coverage while three per cent of coverage was published by national media outlets.

During 2016/17 LGNSW issued 151 media releases and responses on a wide range of issues. We refined our media tracking ability, allowing us to determine that coverage directly attributable to LGNSW (ie interviews or media releases) accounted for around 20 per cent of all tracked media including the term 'local government'.

Despite the rise of digital media, newspaper articles continued to dominate the make-up of local government media reports, accounting for almost half of all coverage. Broadcast media accounted for around one-third of local government coverage (AM Radio 16 per cent; FM Radio eight per cent; television nine per cent) while 16 per cent of local government media reports were published online.

COMMUNITY PERCEPTIONS RESEARCH

LGNSW periodically undertakes market research to gather information about community attitudes towards local government. This informs campaigns, advocacy and ongoing communication. Our latest research was conducted in May and June 2017 by independent research company, Micromex Research, with a representative sample of more than 1000 people. Detailed findings will be released during 2017/18.

LOCAL GOVERNMENT WEEK

The theme of Local Government Week (1–7 August 2016) was 'Our Council, Our Community'. We produced a range of marketing materials, including resources for social media, for councils to promote their own events and campaigns. Councils ran a wide range of activities including tree planting, bushwalks, guided tours and

community workshops. During the week, there were 6,600 page views on LGNSW's website and many local activities generated media interest. We actively promoted members' events through social media.

More than 250 guests attended LGNSW's Local Government Awards evening, a signature event of Local Government Week, at Sydney's Grace Hotel. Awards presented included the RH Dougherty Awards (see p. 29), the Heart Foundation's NSW local government awards and awards for Youth Week initiatives.

The breadth and diversity of contributions that councils make to their communities often goes unrecognised and Local Government Week is a great opportunity for them to promote their valuable work and services.

SOCIAL MEDIA

Our Twitter following grew by 13 per cent and now totals 4,800. We sent 472 tweets which received 33,270 impressions. Our content was re-tweeted 483 times with nearly 800 likes.

Our LinkedIn connections grew by 25 per cent to 1,400.

We use these channels as an additional means of communicating about campaigns, news, events, job opportunities and awards to members and stakeholders.

WEBSITE

The LGNSW website continues to provide quick access to rich, relevant and informative content. It attracted almost 250,000 sessions during the year (where visitors click through to two or more webpages). The website's bounce rate was just 38 per cent meaning the majority of users are engaging with content and consuming more than two pages of information per visit. This is an excellent result, outperforming the industry average bounce rate of 70-80 per cent (lower is better).

LGNSW also commenced procurement to redevelop the website to move to a fully responsive platform that will be able to handle future demand.



LEADERSHIP

**Addressing strategic
local government
challenges through
effective and
innovative leadership**

CAPABILITY FRAMEWORK

LGNSW worked to develop a capability framework for the NSW local government sector in 2016/17. The framework defines the core knowledge, skills and abilities expected of elected members and local government employees. It will deliver a more consistent approach to developing people, workforce planning, recruitment, performance management and career planning.

The Local Government Capability Framework has been developed in response to a strong desire from the sector for a set of capabilities to articulate clear expectations about performance and behaviour. It has been developed with significant involvement from elected and council staff representatives from across NSW.

The framework, to be released in September 2017, brings into focus the behaviours and attitudes that make up our desired culture, by emphasising how we do the things we do and making transparent 'what good looks like'. It is a leap forward in aligning elected members and the workforce to deliver community outcomes by describing capabilities in terms of observable behaviour.

GOOD GOVERNANCE FORUM

In August 2016 we adopted a governance action plan with initiatives to support the development of this capability in NSW councils. This followed last year's highly successful inaugural LGNSW good governance forum.

A second good governance forum in June 2017 focused on the who, what and how of putting fresh thinking into practice to strengthen good governance skills and practices across the board, meeting the standards expected by communities and strengthening the sector's reputation. Seventy-five people attended from around 40 councils. Speakers included NSW Ombudsman John McMillan AO, NSW Auditor General Margaret Crawford, Sydney Morning Herald journalist Elizabeth Farrelly and Iain Walker from the New Democracy Foundation.

Feedback was extremely positive with 92 per cent of participants rating the forum as very good or excellent.

BOARD WORKING COMMITTEES

The Board working committee system offers Board members the opportunity to provide detailed strategic input into LGNSW's work. Membership of the committees was refreshed in 2016/17. Board working committees provided valuable input into key initiatives including the capability framework for the NSW local government sector and the development of new LGNSW policy position statements. The committees also made important contributions to LGNSW advocacy on a range of issues, including local government reform and the review of the *Local Government Act*. There were four Board working committees at 30 June 2017: Capacity Building, Local Government Reform, Policy Review and Local Government Act Review.



MEMBER ENGAGEMENT AND INFORMATION

ANNUAL CONFERENCE

LGNSW's annual conference is the highlight of the local government year and the sector's main policy-setting forum. The October 2016 conference at WIN Entertainment Centre, co-hosted by Wollongong City Council, attracted 800 delegates including mayors, councillors and senior local government professionals. Amalgamation and reform were the key focus of addresses from the NSW Premier, the Minister for Local Government and the Shadow Minister. Other key speakers included the Minister for Aboriginal Affairs; the Chief Executive Officer of the NSW Council of Social Services Tracy Howe; the Minister for Ageing, Disability Services and Multiculturalism; and Chef de Mission of the 2016 Rio Australian Olympic Team Kitty Chiller.

Highlights included breakfasts with the Australian Local Government Women's Association and the NSW Reconciliation Council, specialist training sessions, a working lunch for general managers, and a panel on the challenges and achievements of local government reform facilitated by Tracey Spicer, the conference master of ceremonies. The conference offered three concurrent streams relating to natural resources and environment, infrastructure and planning, and capacity building and diversity. The conference also raised awareness and funds for Anti-Poverty Week and homelessness. More than 60 partnering organisations supported the conference through sponsorship and a trade exhibition.

LGNSW acted upon every conference resolution. LGNSW President Cr Keith Rhoades raised resolutions in writing with the relevant ministers; and staff pursued a variety of other advocacy measures for each resolution. Actions and outcomes from conference are documented in the 2016 action report on the LGNSW conference webpage.

MEMBER SURVEY

During the year we surveyed mayors, administrators, councillors, general managers, council staff and other stakeholders to gather information on our reputation and their understanding of our role and services. It found that member perceptions had improved markedly since similar research was conducted in 2013. Our corporate reputation score increased significantly, as did engagement and satisfaction with interactions with LGNSW. In particular, our operations and communication

were seen as organisational strengths. The research results are being used to inform future strategic directions, advocacy and operational priorities as well as performance improvements.

THE WEEKLY NEWSLETTER AND MEMBER MESSAGES

LGNSW members were provided with frequent updates on the latest sector news via our newsletter, The Weekly. News items covered legislation and policy changes, sector updates, grants, awards, training and events. The publication also contained a weekly message from LGNSW President, Keith Rhoades, discussing recent activities and LGNSW's position on various issues.

Member and non-member subscribers continued to increase throughout 2016/17. By 30 June 2017 3,810 individuals had signed up via our website. We surveyed subscribers during the year to inform future improvements.

Throughout the year LGNSW also sent all-member email updates (to mayors, administrators, councillors and general managers) on issues of broad interest such as amalgamations, legislative reforms, the federal budget and elections.



ONLINE COMMUNICATION FORUM

The online network for communication professionals who work for member organisations continued to provide a valuable forum for the exchange of information, ideas, tips and news. Forum members numbered 120 at June 30. During the year they discussed or shared information on 60 separate topics of mutual interest including Local Government Week, digital strategy, photography, media stories and copyright.

MEMBER AWARDS

RH DOUGHERTY AWARDS

LGNSW's RH Dougherty Awards, recognising excellence in local government communications, were presented at the end of Local Government Week in August 2016. Winning projects in the Excellence in Communication category were from Kempsey Shire Council, Byron Shire Council and City of Parramatta Council. Awards were presented in the Reporting to Your Community category to Coonamble Shire and Shellharbour City councils. Four councils were recognised in the Innovation in Special Events category: Mosman Municipal Council, Bathurst Regional Council and joint winners Blacktown City and Central Coast councils. An outstanding individual award was presented to Susie Escott from Berrigan Shire Council for her work in social media.

AR BLUETT MEMORIAL AWARD

LGNSW supports the AR Bluett Trust in running the AR Bluett Memorial Award. This highly-esteemed award has been presented annually since 1945, recognising high achieving and progressive councils. The 2016 winners were Albury City and Parkes Shire councils. Winning councils are also eligible for up to \$2,500 under the Stephen Ward Scholarship for staff to undertake study, professional development or research.

EXCELLENCE IN THE ENVIRONMENT AWARDS

Ten councils and four council networks were acknowledged at the LGNSW Environment Awards held in November 2016. These awards recognise outstanding local government work in environment protection and management. They attracted 82 entries from 42 councils across 15 award categories – a particularly strong result given the changes in the local government sector resulting from council amalgamations.

Ballina Shire Council won the major award for Local Sustainability for its work in integrating sustainability practices across council activities and programs. This was particularly challenging for a local government

SPEECHES

Speeches by LGNSW's President and Chief Executive to members and stakeholders are an important part of the communication mix, helping to build understanding of the sector's role and spreading the word on key advocacy issues. During the year they made more than 35 formal presentations.

area experiencing ongoing population growth while also working to address environmental issues such as sea level rise, estuary health, coastline management and biodiversity retention. A full list of winners and project case studies were published on the LGNSW website.

LEO KELLY OAM ARTS AND CULTURE AWARD

In February 2017, the LGNSW Board established a new award in commemoration of Cr Leo Kelly OAM who passed away in January 2017. The award recognises councils that lead in arts and culture and excel in strategic policy, planning, delivery and evaluation. Cr Kelly was a passionate and dedicated LGNSW Board member who served from 1983 to 2017. Cr Kelly was a long-serving Blacktown City councillor and a champion of the arts. He was instrumental in creating the Blacktown Arts Centre and a supporter of the arts through the Blacktown City Art Prize and scholarships for local artists.





**SERVICE
DELIVERY
AND
SUPPORT**

**Delivering outstanding
member services**

INDUSTRIAL REPRESENTATION

During 2016/17 LGNSW represented members in 193 court and tribunal listings. These related mainly to issues such as unfair dismissals, industrial disputes, unlawful discrimination and termination, and the making and varying of industrial awards.

Highlights included successfully defending an appeal before a full bench of the Industrial Relations Commission of New South Wales (NSWIRC), having also won the matter at first instance, and several arbitrations. We also conducted an appeal before a panel of the NSW Civil and Administrative Tribunal, and held successful conferences with both the Anti-Discrimination Board of NSW and the Australian Human Rights Commission.

SUBMISSIONS

Every year LGNSW makes a submission on the review of mayoral and councillor fees to the Local Government Remuneration Tribunal. This year's submission addressed changes to the *Local Government Act 1993* that expanded the roles of mayors and councillors. We successfully argued that fees should be increased by the maximum allowable increase under the legislation, 2.5 per cent in 2017/18.

LGNSW also made a submission to the NSW Government's statutory review of the *Work Health and Safety Act 2011*. We argued that the NSWIRC should retain the authority to disqualify health and safety representatives and review decisions. As a result, our position was recognised in the Safe Work NSW Statutory review report.

INDUSTRIAL ADVISORY

Throughout the year, LGNSW provided advice to members on a range of industrial and employment related issues including: award interpretation and compliance (in particular, the adverse working conditions allowances, consultative mechanisms, workplace change and grievances and disputes); legal obligations relating to council amalgamations and boundary alterations; managing leave and ill or injured workers; and interpreting the standard contract for senior staff.

We also helped members negotiate enterprise agreements and enterprise awards in state and federal jurisdictions.

Commencing 1 July 2016 the *Norfolk Island Act 1979* was amended to provide for the establishment of an elected Norfolk Island regional council to provide local and municipal services and the application of NSW industrial laws where federal laws previously applied. LGNSW assisted Norfolk Island to negotiate its new enterprise agreement.

Human resource managers and others with responsibility for industrial relations and/or human resources management attended LGNSW's quarterly human resources network meetings.

EMPLOYMENT LAW SEMINAR

Our annual LGNSW Employment Law Seminar in May 2017 attracted 96 delegates. Guest speakers – including the Chief Commissioner of the NSWIRC and specialist employment and industrial relations lawyers – spoke on topics such as employment contracts, workplace behaviour and culture, and complaints under the *Public Interest Disclosures Act 1994* (NSW).



LEGAL

LGNSW provided mayors and general managers with advice on many diverse topics related to legislation, governance, procedure and commercial activities. In 2016/17 we provided 93 detailed written advices and 121 short advices via phone and email.

Our legal officer also contributed to internal and joint external projects and reviewed a range of contracts, funding agreements and other documents.

We continued to offer our legal assistance scheme, which coordinates contributions to court costs for specific councils contesting issues of sector-wide importance. We assisted with two matters: councils' ability to set fees and enter into long-term contracts, and councils' jurisdiction to issue animal welfare prohibition orders.

TRAINING AND CAPACITY BUILDING

IN-HOUSE TRAINING

LGNSW provided 199 days of in-house training, delivered by expert presenters, to around 70 councils on a broad range of topics. Our training is designed for the sector and provided on request at best value rates. Popular courses included:

- Award History and Interpretation
- Chairing and Effective Meeting Procedures
- Customer Care Professionalism
- Finance for Non-Finance Managers
- Handling Difficult People
- Improving Your Correspondence Writing
- Know Your Planning
- Making Consultative Committees More Effective
- Managing Workplace Reform
- Political Awareness
- Supervisor Series
- Workforce Planning

PUBLIC WORKSHOPS

LGNSW delivered around 80 public workshops to more than 450 people from 99 councils during the year. These workshops provide the opportunity for council staff and elected representatives to meet and learn with peers.

New programs introduced in 2016/17 included:

- Administrator's Weekend Seminar
- GIPA Act Advanced Training
- Internal Audit Familiarisation Seminar
- International Perspectives on Amalgamation
- Measuring Fiscal Health
- Mental Health in the Workplace
- Navigator Men's Development Program
- Optimising Council Processes
- Transitioning Merging Teams
- Workplace Behaviour - Drawing the Line



LEARNING AND DEVELOPMENT NETWORK

The LGNSW Learning and Development Network enables council learning and development professionals to share ideas, discuss current and emerging issues and approaches, and stay up-to-date. During 2016/17 three network meetings were held, with 20 to 30 people attending each meeting. Topics covered included the latest workforce research, data collection to assist benchmarking, new legislative requirements and professional development options. Attendance at network meetings was free for member councils. Feedback from participants showed that the network provides a valuable vehicle for experienced professionals to share and mentor people new to the sector and the industry.

FINANCE SUMMIT 2016

LGNSW's Finance Summit in August 2016 focused on revenue, in particular the need for better funding arrangements and ways to optimise existing and new revenue sources.

LGNSW commissioned international municipal finance expert, Enid Slack to prepare a discussion paper, *Improving Local Government Revenue in NSW: What Are the Options?*, which opened up the conversation among member organisations, the NSW Government and other stakeholders. Dr Slack also presented at the event, along with speakers from the Office of Local Government, peak bodies, councils and the Independent Pricing and Regulatory Tribunal.

HUMAN RESOURCES CONFERENCE

More than 110 delegates attended LGNSW's Human Resources Conference in November 2016. We hold this conference once every two years. In alternate years we work with other states to arrange national conferences. The conference addresses topics of specific interest to the local government sector, which is one of the largest employers in NSW. This year's speakers included intergenerational engagement expert, Holly Ransom; City of Sydney Chief Executive Officer, Monica Barone; council HR practitioners; lawyers and others with an interest in human resources and industrial relations. All of the participants rated the conference as good or excellent.

“This was a great conference where I learnt a lot and gained an understanding of issues in local government but also solutions”

PERSONAL AND EXECUTIVE ASSISTANTS' CONFERENCE

The annual LGNSW Personal and Executive Assistants' Conference was held in August 2016. This event, attended by 145 delegates, provided a forum to help local government assistants stay on top of the demands of their roles, in particular those brought about by new technology, organisational restructuring, budget reductions and cultural change.

Awards were presented for the first time at the conference to:

- Assistant of the Year 2016: Julie Sharp, Bland Shire Council
- Best Event Organised by an Assistant 2016: Heidi Wenham, City of Canterbury-Bankstown
- Best Event Organised by a Team 2016: Power to the Bay - Nicole Matthews, Ivette Delgado, Nicole Gibson and Lucia Sandoval, City of Canada Bay



TOURISM CONFERENCE

Our 13th annual tourism conference in March 2017 was held in Taree, co-hosted by MidCoast Council. Themed 'Tourism is everyone's business', the event focused on the expectations of different tourism markets and audiences, broadening the reach of tourism programs, and building an inclusive tourism culture. The conference featured a pre-event summit for visitor information centre staff, case studies, an address from the Minister for Tourism and Major Events, and a panel discussion on new markets and products. Concurrent streams covered arts, heritage and culture, inclusive tourism and national parks. This year's conference was held in partnership with Destination NSW, with support from 19 other sponsors and was attended by 227 delegates.

WATER MANAGEMENT CONFERENCE

The 2016 LGNSW Water Management Conference was co-hosted by Broken Hill City Council in August. More than 150 delegates attended. The program covered topics including Broken Hill's water supply emergency and solutions to it, water recycling in inland towns, Sydney Water's lifestream strategy and customer-centric service design, data analytics, and utility performance benchmarking. Delegates also considered local water utilities reform and how councils, together with their regulators DPI Water and NSW Health, can find innovative solutions to achieving safe, secure and efficient water supply and sewerage services in regional NSW. Conference site visits showcased parts of Broken Hill's present and historical water supply system including Umberumberka Reservoir and Waterworks and the Mica Street Water Treatment Plant with its new desalination facility.

MAYOR AND COUNCILLOR SUPPORT

LGNSW has a longstanding commitment to providing development opportunities so elected members can acquire and maintain skills and knowledge to govern in today's complex and diverse local government environment.

At the 2016 annual conference we launched a councillor mentoring service for new and returning elected members. This program complements our popular mayoral mentoring service. Both programs are free and confidential and provide access to guidance and support from highly experienced and well-regarded colleagues.

We also offered a variety of training options and received 121 registrations from councillors for programs including: chairing and meeting procedures, executive certificate for elected members, mayors' weekend seminar and speed reading.

E-LEARNING

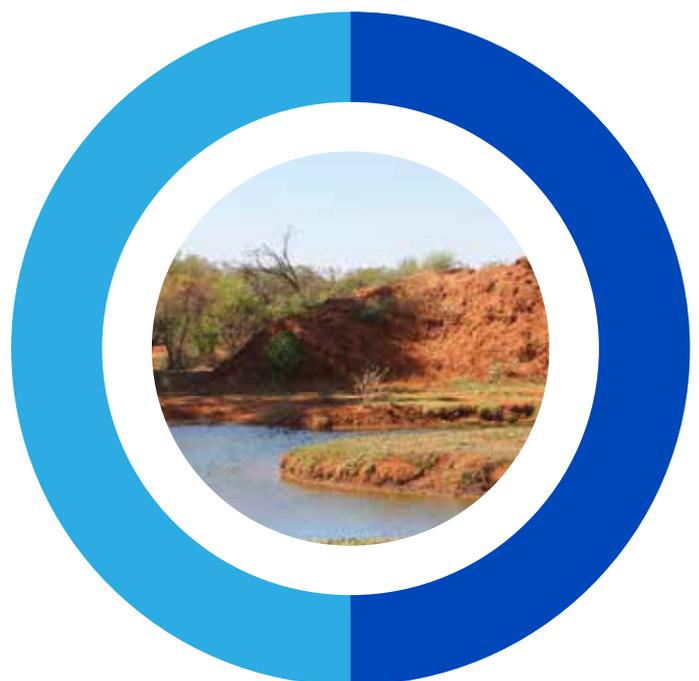
During 2016/17 LGNSW delivered online learning programs for 8,748 staff from small, medium and large councils. The programs are customised for local government and members can deliver them to staff through their own online learning systems. Courses can also be delivered directly through LGNSW's system. Learning programs provided in this way include: code of conduct, privacy, Aboriginal cultural awareness and writing.

MENTAL HEALTH AND WELLBEING TOOLKIT

In November 2016 LGNSW launched an online Mental Health and Wellbeing Toolkit to help councils prevent and minimise psychological injuries and create mentally healthy workplaces.

The kit contains information about developing, implementing and evaluating health and wellbeing programs and provides samples and templates. It also contains learning and self-assessment tools to enrich staff health and wellbeing.

LGNSW led the development of the kit, which was sponsored by StateCover and Local Government Super.



EXECUTIVE RECRUITMENT

Throughout the year, LGNSW members using our executive and senior management recruitment services continued to benefit from our broad market knowledge, extensive networks, competitive rates and quality advice on recruitment matters.

We offered end-to-end recruitment services as well as assistance with individual components such as advertising, shortlisting, interviewing, remuneration package design, contracts and performance plans.

We also provided ongoing advice to members on general recruitment issues such as workforce planning, state of the market, remuneration and contracts.

CANDIDATE BRIEFINGS

LGNSW provided candidate briefings on request for councils facing elections in September 2017. These briefings were held for 25 councils. The purpose of the briefings was to ensure that people attending could:

- understand key requirements for becoming a councillor
- recognise how the councillor role fits in with other roles and various spheres of government
- address their key expectations and potential challenges in becoming a councillor
- know how the councillor role fits in with the integrated planning and reporting framework
- identify key elements of council meetings, including code of conduct and conflict of interest.

SENIOR STAFF PERFORMANCE MANAGEMENT

In 2016/17 we assisted with 51 general manager and senior staff performance reviews. We are the leading provider of external performance management facilitation services for councils in NSW. We offer members a fair and unbiased process, providing an objective assessment of general manager and senior staff performance. Our clear and transparent approach ensures councils meet all contractual and legislative requirements in respect to a fair review process.

In partnership with our clients this year we prepared a comprehensive tailored performance review document outlining key performance indicators based on council management plans.



HR BENCHMARKING SURVEY

In December 2016 43 councils completed our HR Metrics Benchmarking Survey. The annual survey provides members with a detailed, user-friendly synopsis of performance based on HR metrics. It provides useful comparative data on HR issues, including recruitment and retention, leave (and leave liability), work health and safety, and learning and development. LGNSW is committed to continuing the survey in 2017/18 and boosting participation in future years.

REMUNERATION SURVEY

The LGNSW annual remuneration survey provides comparative information and a sector-wide perspective to assist councils in workforce planning and employee budgeting. The survey provides comprehensive data across the sector on senior staff remuneration packages (for general managers, executive, specialist and supervisory staff). In 2016/17 76 councils took part in the survey. Participating councils received free reports comparing them to median and average benchmarks. Customised reports with more detailed information and comparisons were also available. This year we included reports for merged councils to assist them in harmonising their salary systems.

GENERAL MANAGER REMUNERATION REPORTS

LGNSW general manager remuneration reports, customised for individual councils, benchmark each general manager's total remuneration package against others from similar councils (for example, by region type, size and population). Forty-nine reports were provided to member councils in December 2016, providing useful data for determining and negotiating remuneration packages.

OTHER SERVICES

Other services provided to members throughout the year by LGNSW's management solutions team included integrated planning and reporting reviews, service level reviews, structure reviews, development of a cultural change program and staff engagement surveys.



FLYING FOX GRANT PROGRAM

LGNSW was engaged by the Office of Environment and Heritage to deliver the \$1 million Flying Fox Grant Program in 2016/17. The program assists councils in implementing emergency flying-fox camp management measures where there are significant community impacts. It also assists councils to prepare and implement flying-fox camp management plans. As at 30 June 2017 24 separate projects, involving more than 24 councils, had been awarded a total of \$657,169, with a net value (cash and in-kind contribution) exceeding \$1.5 million. LGNSW secured the extension of the program through to June 2018.

BUILDING RESILIENCE TO CLIMATE CHANGE

LGNSW, in partnership with the Office of Environment and Heritage, administers the Building Resilience to Climate Change grants program. The program addresses climate change risks and vulnerabilities facing councils by providing grants of up to \$80,000 per project. The third round was announced in December 2016. Seven successful applicants (councils or groups of councils) were awarded a total of \$497,156 for projects that addressed climate risks to vulnerable communities and priority infrastructure.

COUNCIL ROADSIDE RESERVES

The Council Roadside Reserves project is a three-year project to assist councils to conserve and improve roadside environments. It is funded by the NSW Environmental Trust and managed by LGNSW. As part of the project, LGNSW developed the Council Roadside Reserves Environmental Framework to improve integration of roadside environmental management into other council activities. This included road planning and construction and maintenance, consistent with their integrated planning and reporting structure. Funding was made available to councils to trial the framework through a contestable grants round which opened in March 2017. We received 42 grant applications and after a competitive assessment process 21 grants totalling \$1,205,206 were awarded to 27 councils and one county council (several grants involved more than one council).

LIFT AND CHANGE

Some people with severe physical disability and their carers cannot use regular accessible toilets, and require adult-sized change tables and hoists. Lift and change facilities are larger than standard accessible ones, have extra features and more space to meet the needs of people with disability and their carers.

In 2016/17 LGNSW distributed \$137,000 provided by FACS for four lift and change facilities—in Cootamundra-Gundagai, Kiama, Sydney's Northern Beaches and Orange (in addition to the five funded in the previous year). We secured an additional \$70,000 to retrofit two existing accessible public toilet facilities with adult change tables and hoists. We also developed a master checklist to help councils design additional lift and change facilities.

SUSTAINABLE CHOICE

This was the final year of the Sustainable Choice program as an LGNSW and Office of Environment and Heritage collaboration. A sustainable procurement forum, held in Parramatta, attracted 31 participants and seven sustainable suppliers. The program was featured at a United Nations Environment Program global webinar on sustainable procurement programs, and at the Local Government Procurement annual conference and networking forum. The program's sustainable products and suppliers database was overhauled and work was undertaken to transition the program to Local Government Procurement from July 2017.





EXCELLENCE

**Demonstrating best
practice across
all key areas in an
efficient organisation**

GOVERNANCE AND REPORTING

GOVERNANCE ACTION PLAN

LGNSW developed and progressively implemented an internal governance action plan to ensure continuous improvement of good governance practices across the organisation. The plan builds upon our governance framework which was adopted in 2015/16.

OPERATION VALUE

LGNSW is committed to demonstrating the value we provide to our members. This year we developed customised report cards reporting on our efforts for all ordinary members, over 12 months. They were presented as easily-accessible documents with facts and figures about the legal, communication, event, financial, industrial relations and policy advice and services delivered.

BOARD OPERATION

THE BOARD

LGNSW's annual conference is the supreme policy-making event for the Association and the Board operates in accordance with its resolutions. It is responsible for governance between conferences and is established by and acts in accordance with the Rules of the Association.

The Board commenced the year with five members as a consequence of the March 2016 Federal Court decision and the NSW Government's proclamation of amalgamations in May 2016. The Board returned to a full membership of 18 as prescribed by the Association's rules following a court-ordered Board election concluded by postal ballot on 1 July 2016.

The Board convened six times during 2016/17. Its senior executive group met four times to consider and make recommendations on matters prescribed by the Association's rules, largely related to finance and performance.

GOVERNANCE

New Board members spent a half-day with senior LGNSW staff discussing roles, responsibilities, governance and key sector issues as part of the Board induction program, and also undertook training in governance and financial accountability in accordance with LGNSW's obligations under the *Fair Work (Registered Organisations) Act 2009*.

FINANCIAL SUSTAINABILITY

FINANCIAL RESULTS

The LGNSW financial statements for the year ended 30 June 2017 have received an unqualified audit opinion and will be presented to members at the LGNSW Annual Conference in December 2017.

LGNSW recorded a net surplus of \$1.07 million for the 12-month reporting period to 30 June 2017. This outcome was better than the original budget forecast, primarily as a result of unrealised gains in the LGNSW investment portfolio as well as increased revenues in some areas and lower than anticipated costs in others.

The financial performance for 2016/17 enabled LGNSW to achieve its overall budget objectives and invest in new resources and services for members while also delivering a responsible financial outcome.

FINANCIAL SUSTAINABILITY

Our core services are funded primarily by member subscriptions. However, these do not cover all costs. We rely on other revenue streams, including investment returns, sponsorship and fees for specific services to fund the balance.

We ensured these alternative revenue streams were maintained to help keep membership subscriptions as low as possible and to provide a safety net for unforeseen costs. We also continue to look for new revenue opportunities and cost savings. As a not-for-profit organisation we must ensure that we operate prudently to deliver quality outcomes for members and to maintain adequate financial resources for the future.

CHIEF EXECUTIVE PROFILE

Donna Rygate has been the Chief Executive of Local Government NSW (LGNSW) since August 2014.

She has an Economics degree with Honours in Government and Public Administration, and a Masters degree in Planning. She worked in policy, communications, governance and operational roles in the NSW public sector for over 25 years.

Donna was previously Chief Executive of the NSW Office of Communities, the umbrella organisation for a range of functions including Sport & Recreation, Venues NSW, Sydney Olympic Park Authority, Penrith Lakes, Youth, Veterans' Affairs, Volunteering, the Commission for Children & Young People, the Children's Guardian and Aboriginal Affairs.

She has also headed Corporate Governance and Policy in the NSW Department of Planning & Infrastructure. Before joining the Department of Planning in 2009, Donna was the Deputy Director-General Strategy, Communication and Governance with the then NSW Department of Community Services. Donna's broad experience has also included roles in central agencies, transport and environment protection. She was made a Fellow of the Institute of Public Administration in 2012.

Donna also runs a farming and grazing property in Central Western NSW.

LGNSW'S PEOPLE

As at June 30 2017 LGNSW employed 53.4 full-time equivalent staff (including 6.4 funded by grants). We run a lean organisation of core staff and maintain flexibility by contracting additional support to meet fluctuating demand, or when specialised expertise is required for specific projects.

LGNSW's learning and development objectives and strategies in 2016/17 focused on building capability to support performance. Learning initiatives included the whole organisation attending a clear writing workshop to assist LGNSW to continue to engage in an effective and meaningful way with members and stakeholders.

Conscious of the need to deliver and demonstrate the value that we provide to members, our internal focus in 2016/17 has been on a 'Year of Value'. This has meant not only delivering value, but also making a concerted effort to raise awareness of members, and councillors in particular, of the range and value of our services. This is an ongoing priority.

We also updated our human resources policies and procedures to reflect the productive manner in which the organisation wants to continue to operate and reinforce the importance of manager accountability and transparency.

To promote shared responsibility and accountability for decision-making, we established formal processes for our senior management team and established an IT steering committee. We also ran a management workshop to address themes arising from our member research.



ORDINARY MEMBERS

Albury City Council
 Armidale Regional Council
 Ballina Shire Council
 Balranald Shire Council
 Bathurst Regional Council
 Bayside Council
 Bega Valley Shire Council
 Bellingen Shire Council
 Berrigan Shire Council
 Blacktown City Council
 Bland Shire Council
 Blayney Shire Council
 Blue Mountains City Council
 Bogan Shire Council
 Bourke Shire Council
 Brewarrina Shire Council
 Broken Hill City Council
 Burwood Council
 Byron Shire Council
 Cabonne Council
 Camden Council
 Campbelltown City Council
 Canterbury-Bankstown Council
 Carrathool Shire Council
 Central Coast Council
 Central Darling Shire Council
 Cessnock City Council
 City of Canada Bay Council
 City of Lithgow Council
 City of Parramatta Council
 Clarence Valley Council
 Cobar Shire Council
 Coffs Harbour City Council
 Coolamon Shire Council
 Coonamble Shire Council
 Cootamundra-Gundagai Regional Council
 Council of the City of Ryde
 Council of the City of Sydney
 Council of the Municipality of Kiama
 Council of the Shire of Hornsby
 Cowra Shire Council
 Dubbo Regional Council
 Dungog Shire Council
 Edward River Council
 Eurobodalla Shire Council
 Fairfield City Council
 Forbes Shire Council

Georges River Council
 Gilgandra Shire Council
 Glen Innes Severn Council
 Goulburn Mulwaree Council
 Greater Hume Shire Council
 Griffith City Council
 Gunnedah Shire Council
 Gwydir Shire Council
 Hawkesbury City Council
 Hay Shire Council
 Hills Shire Council
 Hilltops Council
 Council of the Municipality of Hunters Hill
 Inner West Council
 Inverell Shire Council
 Junee Shire Council
 Kempsey Shire Council
 Ku-ring-gai Council
 Kyogle Council
 Lachlan Shire Council
 Lake Macquarie City Council
 Lane Cove Municipal Council
 Leeton Shire Council
 Lismore City Council
 Liverpool City Council
 Liverpool Plains Shire Council
 Lockhart Shire Council
 Maitland City Council
 MidCoast Council
 Mid-Western Regional Council
 Moree Plains Shire Council
 Mosman Municipal Council
 Murray River Council
 Murrumbidgee Council
 Muswellbrook Shire Council
 Nambucca Shire Council
 Narrabri Shire Council
 Narrandera Shire Council
 Narromine Shire Council
 Newcastle City Council
 Northern Beaches Council
 NSW Aboriginal Land Council
 Oberon Council
 Orange City Council
 Parkes Shire Council
 Penrith City Council
 Port Macquarie-Hastings Council
 Port Stephens Council

Queanbeyan-Palerang Regional Council
 Randwick City Council
 Richmond Valley Council
 Shellharbour City Council
 Shoalhaven City Council
 Singleton Council
 Snowy Valleys Council
 Strathfield Municipal Council
 Sutherland Shire Council
 Tamworth Regional Council
 Temora Shire Council
 Tenterfield Shire Council
 Tweed Shire Council
 Upper Hunter Shire Council
 Upper Lachlan Shire Council
 Uralla Shire Council
 Wagga Wagga City Council
 Walcha Council
 Walgett Shire Council
 Warren Shire Council
 Warrumbungle Shire Council
 Waverley Council
 Weddin Shire Council
 Wentworth Shire Council
 Willoughby City Council
 Wingecarribee Shire Council
 Wollondilly Shire Council
 Wollongong City Council
 Woollahra Municipal Council
 Yass Valley Council

ASSOCIATE MEMBERS

Castlereagh-Macquarie County Council
 Central Murray County Council
 Central Tablelands County Council
 Goldenfields Water County Council
 Hawkesbury River County Council
 Kimbriki Resource Recovery Centre
 Lord Howe Island Board
 MidCoast County Council
 New England Tablelands (Noxious Plants) County Council
 Norfolk Island Advisory Council
 Riverina Water County Council
 Rous County Council
 Upper Macquarie County Council
 Western Sydney Regional Organisation of Councils



**LOCAL
GOVERNMENT
PROCUREMENT**



**Delivering excellence in
procurement through
tendering, contract
management, consulting
and training services**

OVERVIEW

Local Government Procurement (LGP) is a commercial business and a wholly-owned subsidiary of LGNSW. LGP was established to ensure local government gets the best deal possible when procuring goods and services and has saved the sector \$21 million in tender resource costs in 2016/17. In addition, we refunded more than \$1 million to councils through our rebate refund program.

We are a prescribed entity under s 55 of the *Local Government Act 1993* (NSW) and the *Local Government (General) Regulation 2005* (NSW), which means councils do not need to go to tender for values greater than the tendering threshold.

Over the past three years there has been a 36 per cent growth in spending through LGP contracts. This is not only due to the savings that our contracts can provide but is also a result of responding to the needs of councils and expanding the range of contracts available.

As well as providing fully-integrated procurement services through our range of established contracts for goods and services, LGP provides consulting services for customised procurement projects and contract management. In addition we provide training and professional development for council staff to upgrade their procurement skills.

CONTRACTS

In 2016/17, LGP customers spent \$517 million through contracts. All councils, approved not-for-profit organisations, universities, and state government departments and agencies can access LGP contracts. At 30 June 2017 there were 28 LGP contracts encompassing more than 780 LGP-approved contractors.

The top four contracts most used by councils were:

- asphaltic concrete materials and related services
- HR temporary placements and associated services
- supply of electricity, gas and green power
- heavy plant and equipment.

During the year we established new contracts for:

- horticultural, pest, pool and water management
- library books and resource materials
- operating lease arrangements for information and communication technologies and other office equipment
- pipes and other water and sewerage infrastructure
- workwear and personal protective equipment.

LGP is a member of the National Procurement Network, a collective of all Australian state and territory local government procurement agencies. LGP also gave customers exclusive access to seven national contracts.



SPECIALISED CONSULTING SERVICE

The LGP consulting team provides procurement advice and support to councils, and continually works to refine its consulting processes to ensure best practice process and documentation.

During 2016/17 we delivered procurement services to more than 20 councils, as well as probity advice and audit services to five councils.

We conducted a competitive open tender for insurance brokerage services and insurance coverage on behalf of 10 councils, providing them with considerable savings.

LGP provided supplier tender training to more than 300 participants. This training covers the basic elements of writing tenders for local government, and educates suppliers on how to successfully engage with the local government sector.

We launched a Leading Efficiency and Analytics Program that focuses on using data to inform spend analysis, benchmarking and performance and drive continuous improvement of procurement.

We also prepared for the transition of the Sustainable Choice service from LGNSW to LGP. This transition will enable us to provide new services and integrate a higher level of sustainability across LGP contracts, consulting and training.

PROFESSIONAL DEVELOPMENT

LGP revised its training programs in 2016/17. New face-to-face and e-learning training modules provided accessible, cost-effective training for procurement staff.

We delivered face-to-face training to more than 150 people. In association with a registered training organisation, LGP continued to offer nationally accredited qualifications in procurement and contracting at Certificate IV, diploma and advanced diploma levels, customised to meet the needs of local government staff.

Our new e-learning program, ProcureLearn, supported more than 440 council participants. This flexible, online, self-paced learning solution was designed to complement LGP's face-to-face training for council employees engaged in different aspects of purchasing.

PROCUREMENT CONFERENCE AND AWARDS

Our annual local government procurement conference, Effective Governance: An Essential Part of Procurement, was held in November 2016. More than 95 delegates from 58 councils and other organisations attended. The event was well received by attendees, providing a forum to build skills and knowledge.

The LGP annual awards were presented at the conference, recognising excellence and achievement in local government procurement.

The winners of the 2016 Local Government Procurement Awards were:

- Kristie Ward, Mid-Western Regional Council – Procurement Professional
- Jessica Duong, City of Sydney – New Procurement Professional
- Lyn Blain, Southern Sydney Regional Organisation of Councils – Sustainable Procurement Initiative.



PROCUREMENT NETWORK

The LGP procurement network met three times during the year. Two meetings were held in regional locations and one in Sydney, attended by more than 50 delegates from 30 councils. These forums provide the opportunity for local government staff responsible for procurement to hear from guest speakers, collaborate with peers, and discuss current issues.

SERVICES AND RESOURCES

In addition to fee-for-service work, LGP provided free advice to councils throughout the year, concerning legislation compliance, procurement, governance and probity. This was complemented by a suite of procurement business tools, including procurement management resources with basic guidelines and benchmarking materials.

“It’s good to know about issues other councils are facing and the industry concerns and what others are doing. Trends, themes of the day etc.”



The image features a large graphic in the top-left corner consisting of a white circle with a red and yellow border. The text 'CORPORATE & COMPLIANCE INFORMATION' is written in red, bold, uppercase letters inside the white circle. The background is a photograph of two women in an office setting, one holding a folder and the other looking at a tablet. The entire image has a greenish-yellow tint.

**CORPORATE &
COMPLIANCE
INFORMATION**

LEGISLATION AND RULES

LGNSW is registered federally under the *Fair Work (Registered Organisations) Act 2009* (Cth) and in NSW under the *Industrial Relations Act 1996*. Each act requires compliance with a set of rules which govern the way in which the Association is operated. The rules cover matters such as objects and powers, membership, control and governance, the annual conference, the Board, finance and auditing.

SIGNIFICANT CHANGES IN FINANCIAL AFFAIRS

There were no significant changes in the Association's financial affairs during 2016/17.

RIGHTS OF MEMBER TO RESIGN

Under s 174 of the *Fair Work (Registered Organisations) Act 2009* and Rule 8 of the LGNSW Rules, a member of an organisation may resign from membership by written notice addressed and delivered to the Chief Executive. Two members, Cumberland Council and North Sydney Council, resigned in 2016/17.

BOARD

Composition of the Board varied throughout the year due to the ongoing impact of a Federal Court decision concerning the 2015 election, the 2016 postal ballot ordered by the Federal Court of Australia and the September 2016 local government elections. The Board at 30 June 2017 comprised of 18 members.

Board members are listed on page 8.

BOARD WORKING COMMITTEES

Capacity Building

Cr Ruth Fagan
Cr Lesley Furneaux-Cook
Cr Yvonne Keane
Cr Rod Kendall

Policy Review

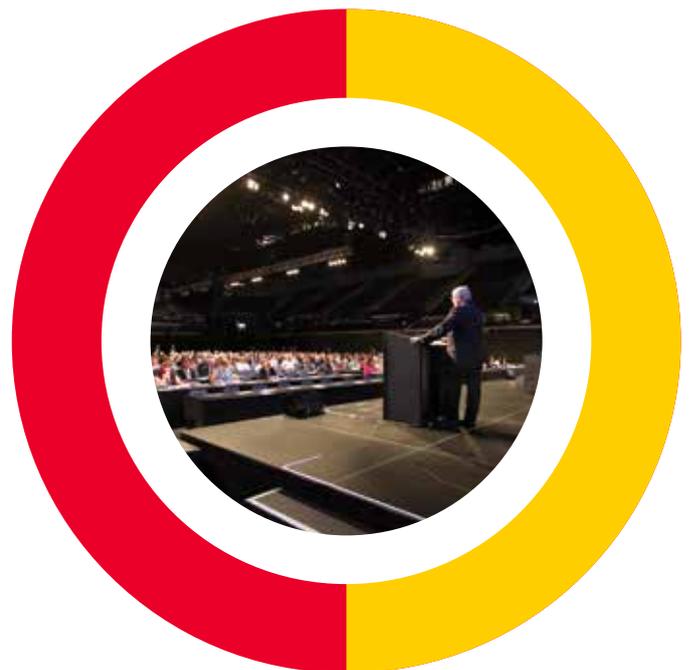
Cr Michael Banasik
Cr Christine Forster
Cr Alice Glachan
Cr Mazhar Hadid

Local Government Act Review

Cr Scott Bennison
Cr Lindsay Brown
Cr Ray Harty
Cr Denise Osborne
Cr Linda Scott

Local Government Reform Annual Conference

Cr Keith Rhoades AFSM
Cr Karen McKeown
Cr Phyllis Miller OAM
Cr Denise Osborne
Cr Bill Pickering
Cr Darriea Turley



BOARD MEETING ATTENDANCE

	2016			2017		
	AUG	OCT	DEC	FEB	APRIL	JUNE
Keith Rhoades AFSM	√	√	√	√	√	√
Scott Bennison	√	√	√	√	√	√
Bill Pickering	√	√	√	√	√	√
Zoe Baker						
Lindsay Brown	√	√	√	√	√	√
Michael Banasik			√	√	√	√
Ruth Fagan	√	√	√	√	√	√
Christine Forster	√	√	√	√	x	√
Lesley Furneaux-Cook	√	√	√	√	√	√
Alice Glachan	√	√	√	√	√	√
Mazhar Hadid	√	√	√	√	√	√
Paul Hawker	√					
Ray Harty OAM					x	x
Yvonne Keane	√	√	x	√	√	√
Leo Kelly OAM *	√	√	√			
Rod Kendall	√	√	√	√	√	√
Karen McKeown			√	√	√	√
Denise Osborne	√	√	√	√	√	√
Phyllis Miller OAM	√	√	√	√	√	√
Linda Scott	√	√	√	√	√	√
Darriea Turley	√	√	√	√	√	x
Mark Troy						

 Not elected to the Board at the relevant time

 Ceased to be a councillor following local government elections on 10 September 2016

 Resigned from the Board

* Cr Leo Kelly OAM passed away on 23 January 2017

BOARD REMUNERATION

Top five earning officers in 2016/17:

Cr Keith Rhoades AFSM, President

LGNSW	\$169,144.47
External boards	\$75,848.36
Total	\$244,992.83

Cr Lindsay Brown, Vice President Rural/Regional

LGNSW	\$13,875.84
External boards	\$45,061.50
Total	\$58,937.34

Cr Denise Osborne, Director

LGNSW	\$7,730.70
External boards	\$45,061.50
Total	\$52,792.20

Cr Lesley Furneaux-Cook, Director

LGNSW	\$3,666.06
External board	\$25,176.72
Total	\$28,842.78

Cr Bill Pickering, Vice President Metropolitan/Urban

LGNSW	\$15,021.21
External boards	\$0.00
Total	\$15,021.21

No disclosures were received in relation to material personal interests held.

LGNSW did not make any payments to related parties of the organisation or to a declared person or body of the organisation.

PROCESS FOR ENDORSING LGNSW BOARD NOMINEES TO LOCAL GOVERNMENT SUPER AND STATECOVER BOARDS

The LGNSW Board nominates four directors to the boards of LGSS Pty Ltd (the trustee for Local Government Super) and StateCover. It should be noted that the LGNSW Board follows the following open and transparent process to ensure the best representation on these significant boards.

Principles Guiding the Selection Process

The LGNSW Board has adopted the following principles to guide the process for determining the most suitable nominees for these positions:

- Transparency - decisions should be made in an open and transparent manner
- Equity - all potential applicants should be given equal opportunities to be considered for appointment on equal terms
- Merit - applicants who best meet the selection criteria should be endorsed for appointment
- Integrity - avoid or appropriately manage conflicts of interest
- Impartiality - avoid perception of bias.

The Selection Process

1. Expressions of Interest are sought via notice in the LGNSW Weekly and can also be highlighted in the President's message
2. An Information Pack, containing information about the related entity, its 'Fit and Proper' Policy, and the selection criteria is provided on request to potential applicants
3. An independent expert is engaged to assess applications against the selection criteria, to undertake a preliminary assessment against the requirements of the relevant 'Fit and Proper' Policy and to prepare a report with recommendations for the Board's consideration
4. The LGNSW Board considers the recommendations of the independent assessment report and makes a decision
5. The person endorsed by the LGNSW Board as the nominated representative is referred to the associated entity for formal assessment against the requirements of its 'Fit and Proper' Policy
6. The LGNSW nominee is referred to the related entity Board for appointment (subject to a satisfactory Fit and Proper assessment).

While the LGNSW Board makes the nomination, the final decision is made by the company. LGNSW Board nominees are subject to rigorous assessment by LGSS and StateCover to ensure the nominees are fit and proper persons to be appointed.

MEMBERS

The number of members (including associate members) at 30 June 2017 was 139.

SENIOR MANAGEMENT TEAM

The following individuals held principal positions during 2016/17.

NAME	POSITION	PERIOD IN POSITION
Donna Rygate	Chief Executive	25 August 2014 - present
Lillian Tiddy	Director Member Services	7 July 2008 - present
Kylie Yates	Director Advocacy	14 March 2016 - present

EMPLOYEE PROFILE

The data below relates to LGNSW's full-time equivalent employee (FTE) composition as at 30 June 2017. It does not include Local Government Procurement Pty Ltd, a subsidiary of LGNSW, which employed 24.5 FTE staff at the end of the financial year.

	MALE	FEMALE	TOTAL
CORE FUNDED			
Contract	0	2.2	2.2
Permanent - Full Time	13	25	38
Permanent - Part Time	0	6.8	6.8
GRANT FUNDED			
Full Time	2	0	2
Part Time	0.6	3.8	4.4
TOTAL	15.6	37.8	53.4

GRANTS AND DONATIONS

LGNSW administered the following grants exceeding \$1,000 in 2016/17.

Lift and Change

Purpose: Providing adult lift and change facilities in council owned accessible toilets through retrofitting or by new building.

Funding provided by: Department of Family and Community Services

Northern Beaches Council	\$35,000.00
Orange City Council	\$32,000.00
Cootamundra-Gundagai Regional Council	\$35,000.00
Kiama Municipal Council	\$32,000.00

Building Resilience to Climate Change

Purpose: Providing council support to adapt to climate change.

Funding provided by: Office of Environment and Heritage and NSW Environmental Trust (Round 2 instalments)

Blacktown City Council	\$5,818.18
Kyogle Council	\$13,871.00
Queanbeyan-Palerang Regional Council	\$3,800.00

Funding provided by: Climate Change Fund (Round 3 grants - first instalment)

Eurobodalla Shire Council	\$64,000.00
Sydney Coastal Councils Group Inc	\$64,000.00
Northern Beaches Council	\$64,000.00
Tweed Shire Council	\$46,720.00
Cobar Shire Council	\$48,000.00
Dubbo Regional Council	\$64,000.00
Wagga Wagga City Council	\$47,004.80

Flying Fox

Purpose: To assist in managing the impact of large scale flying fox colonies.

Funding provided by: Office of the Environment and Heritage

Cessnock City Council	\$15,000.00
Coffs Harbour City Council	\$15,000.00
Lake Macquarie City Council	\$36,000.00
Clarence Valley Council	\$27,200.00
Sutherland Shire Council	\$40,000.00
Hunter Councils	\$81,000.00
Nambucca Shire Council	\$15,000.00
Tamworth Regional Council	\$40,000.00
Tweed Shire Council	\$15,000.00
Mid-Western Regional Council	\$10,880.00
Byron Shire Council	\$15,000.00
Kempsey Shire Council	\$15,000.00
Campbelltown City Council	\$15,000.00
Upper Hunter Shire Council	\$25,000.00
Wollondilly Shire Council	\$7,000.00
Hilltops Council	\$15,000.00
Clarence Valley Council	\$33,687.00

Local Government New South Wales

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Local Government New South Wales and the entities it controls (the Company and its subsidiaries (the Association)), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Association, is in accordance with the Industrial Relations Act 1991, including:

- (i) presenting fairly the Association's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009

I declare that management's use of the going concern basis in the preparation of the financial statements of the Association is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

CHARTERED ACCOUNTANTS & ADVISORS

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Responsibilities of the Directors for the Financial Report

The directors of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Industrial Relations Act 1991 and Fair Work (Registered Organisations) Act 2009 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

I declare that I am an approved auditor, a fellow of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the Fair Work (Registered Organisations) Act 2009, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the Fair Work (Registered Organisations) Act 2009.

In our opinion, there is no matter to report.

Report on the Recovery of Wages Activity Financial Report

Opinion on the recovery of wages activity financial report

The scope of our work extended to the recovery of wages activity and we have audited the recovery of wages activity financial report for the year ended 30 June 2017.

In our opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager.

We note that there are no recoveries to report.

Responsibilities

The directors of the Association are responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. Our responsibility is to express an opinion on the recovery of wages activity financial report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in cursive script that reads "William Buck".

William Buck
Chartered Accountants
ABN 16 021 300 521

A handwritten signature in cursive script that reads "L.E. Tutt".

L.E. Tutt
Partner
Sydney, 19 September 2017

Registration number (as registered by the Registered Organisations Commissioner under the Fair Work (Registered Organisations) Act 2009): AA2017/118

**Local Government New South Wales
Board's declaration
30 June 2017**

In the opinion of the Board the financial report as set out on the following pages:

1. Presents a true and fair view of the consolidated financial position of the Association (consisting of Local Government New South Wales ('LGNSW') and the entities it controlled at the end of, or during, the year) and the financial position of Local Government New South Wales as at 30 June 2017 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Standards Board.
2. Has been prepared to meet the requirements of the Industrial Relations Act 1991 and Fair Work (Registered Organisations) Act 2009.
3. At the date of this statement, there are reasonable grounds to believe that Local Government New South Wales will be able to pay its debts as and when they fall due.
4. During the 2016/17 financial year and since the end of that year:
 - a) meetings of the committee of management were held in accordance with the rules of LGNSW;
 - b) the financial affairs of LGNSW have been managed in accordance with the rules of LGNSW; and
 - c) the financial records of LGNSW have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act

This statement is made and signed for and on behalf of Local Government New South Wales by:

Cr Keith Rhoades
(President)



Dated this *19th* Day of *SEPTEMBER* 2017

Notice to Members

Subsections (1) and (2) of section 512 of the Industrial Relations Act 1991, preserved as regulations under section 282(3) Industrial Relations Act 1996, provide that:

- (1) A member of an organisation, or the Industrial Registrar, may apply to the organisation for specified information prescribed by the regulations in relation to the organisation. [Industrial Relations Regulation 1992, clause 60]
- (2) An organisation must, on the making of such an application, make the specified information available to the member or the Industrial Registrar in the manner, and within the time, prescribed by the regulations.

Local Government New South Wales
Statements of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	LGNSW CONSOLIDATED		LGNSW	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenue					
Membership subscription		5,036,523	5,139,129	5,036,523	5,139,129
Council services		2,204,552	1,974,650	2,204,552	1,974,650
Commission received	6	8,258,631	7,469,045	1,618,234	1,609,719
Conferences and seminars		1,548,158	1,646,383	1,548,158	1,564,393
Investment income	6	1,636,015	586,333	1,635,018	605,258
Cost contribution income		-	-	951,830	220,525
Other revenue		335,303	17,003	257,750	17,003
		<u>19,019,182</u>	<u>16,832,543</u>	<u>13,252,065</u>	<u>11,130,677</u>
Grant income	7	2,406,165	1,284,712	2,406,165	1,284,712
Expenses					
Employee benefits expense	8	(9,919,116)	(9,827,024)	(6,994,194)	(6,590,111)
Affiliation fees	10	(579,043)	(568,582)	(579,043)	(568,582)
Administrative expenses	11	(4,463,427)	(4,101,996)	(3,219,212)	(2,958,150)
Grant expenses	7	(2,406,165)	(1,284,712)	(2,406,165)	(1,284,712)
Council services		(2,394,748)	(2,071,532)	(962,634)	(904,893)
Depreciation and amortisation expense	12	(338,766)	(318,945)	(250,223)	(223,721)
Legal costs	13	(208,291)	(206,075)	(148,272)	(155,826)
Audit fees	36	(35,047)	(19,432)	(23,547)	(9,827)
Net loss from sale of assets	14	(5,804)	(7,612)	-	(8,222)
		<u>1,074,940</u>	<u>(288,655)</u>	<u>1,074,940</u>	<u>(288,655)</u>
Profit/(Loss) before income tax expense					
Income tax expense		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(Loss) after income tax expense for the year attributable to the owners of Local Government New South Wales	32	<u>1,074,940</u>	<u>(288,655)</u>	<u>1,074,940</u>	<u>(288,655)</u>
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gain on the revaluation of land and buildings		-	2,217,289	-	2,217,289
		<u>-</u>	<u>2,217,289</u>	<u>-</u>	<u>2,217,289</u>
Other comprehensive income for the year, net of tax		-	2,217,289	-	2,217,289
		<u>-</u>	<u>2,217,289</u>	<u>-</u>	<u>2,217,289</u>
Total comprehensive income for the year attributable to the owners of Local Government New South Wales		<u>1,074,940</u>	<u>1,928,634</u>	<u>1,074,940</u>	<u>1,928,634</u>

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

**Local Government New South Wales
Statements of financial position
As at 30 June 2017**

	Note	LGNSW CONSOLIDATED		LGNSW	
		2017 \$	2016 \$	2017 \$	2016 \$
Assets					
Current assets					
Cash and cash equivalents	16	8,823,617	5,777,242	7,060,893	5,346,927
Trade and other receivables	17	5,947,862	5,693,926	5,535,871	4,682,669
Available-for-sale financial assets	18	5,078,709	4,803,768	5,078,709	4,803,768
Held to maturity investments	19	43,151	4,985,917	43,151	4,985,917
Prepayments	20	553,602	403,066	486,634	340,775
Total current assets		<u>20,446,941</u>	<u>21,663,919</u>	<u>18,205,258</u>	<u>20,160,056</u>
Non-current assets					
Available-for-sale financial assets	21	3,000,000	3,000,000	3,000,000	3,000,000
Held to maturity investments	22	17,154,819	13,507,947	17,154,819	13,507,947
Land and buildings	23	8,113,096	8,300,000	8,113,096	8,300,000
Property, plant and equipment	24	498,651	539,731	333,460	303,288
Intangible assets	25	10,965	31,182	-	-
Investment in associates	26	-	-	36	36
Total non-current assets		<u>28,777,531</u>	<u>25,378,860</u>	<u>28,601,411</u>	<u>25,111,271</u>
Total assets		<u>49,224,472</u>	<u>47,042,779</u>	<u>46,806,669</u>	<u>45,271,327</u>
Liabilities					
Current liabilities					
Trade and other payables	27	3,610,041	2,439,041	1,493,230	1,105,858
Short term provisions	28	1,690,001	687,662	1,441,975	513,305
Other financial liabilities	29	10,073,346	10,133,532	10,073,346	10,133,532
Total current liabilities		<u>15,373,388</u>	<u>13,260,235</u>	<u>13,008,551</u>	<u>11,752,695</u>
Non-current liabilities					
Employee provisions	30	188,420	1,194,820	134,336	929,790
Total non-current liabilities		<u>188,420</u>	<u>1,194,820</u>	<u>134,336</u>	<u>929,790</u>
Total liabilities		<u>15,561,808</u>	<u>14,455,055</u>	<u>13,142,887</u>	<u>12,682,485</u>
Net assets		<u>33,662,664</u>	<u>32,587,724</u>	<u>33,663,782</u>	<u>32,588,842</u>
Equity					
Settled sum		20	20	-	-
General funds	31	2,217,289	2,217,289	2,217,289	2,217,289
Retained earnings	32	31,445,355	30,370,415	31,446,493	30,371,553
Total equity		<u>33,662,664</u>	<u>32,587,724</u>	<u>33,663,782</u>	<u>32,588,842</u>

The above statements of financial position should be read in conjunction with the accompanying notes

**Local Government New South Wales
Statements of changes in equity
For the year ended 30 June 2017**

	General funds \$	Settled sum \$	Retained earnings \$	Total equity \$
LGNSW CONSOLIDATED				
Balance at 1 July 2015	-	20	30,659,070	30,659,090
Loss after income tax expense for the year	-	-	(288,655)	(288,655)
Other comprehensive income for the year, net of tax	2,217,289	-	-	2,217,289
Total comprehensive income for the year	2,217,289	-	(288,655)	1,928,634
Balance at 30 June 2016	2,217,289	20	30,370,415	32,587,724

	General funds \$	Settled sum \$	Retained earnings \$	Total equity \$
LGNSW CONSOLIDATED				
Balance at 1 July 2016	2,217,289	20	30,370,415	32,587,724
Profit after income tax expense for the year	-	-	1,074,940	1,074,940
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	1,074,940	1,074,940
Balance at 30 June 2017	2,217,289	20	31,445,355	33,662,664

	General funds \$	Retained earnings \$	Total equity \$
LGNSW			
Balance at 1 July 2015	-	30,660,208	30,660,208
Loss after income tax expense for the year	-	(288,655)	(288,655)
Other comprehensive income for the year, net of tax	2,217,289	-	2,217,289
Total comprehensive income for the year	2,217,289	(288,655)	1,928,634
Balance at 30 June 2016	2,217,289	30,371,553	32,588,842

	General funds \$	Retained earnings \$	Total equity \$
LGNSW			
Balance at 1 July 2016	2,217,289	30,371,553	32,588,842
Profit after income tax expense for the year	-	1,074,940	1,074,940
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,074,940	1,074,940
Balance at 30 June 2017	2,217,289	31,446,493	33,663,782

The above statements of changes in equity should be read in conjunction with the accompanying notes

**Local Government New South Wales
Statements of cash flows
For the year ended 30 June 2017**

	Note	LGNSW CONSOLIDATED		LGNSW	
		2017	2016	2017	2016
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		19,455,488	20,864,715	12,952,837	14,928,575
Payments to suppliers and employees		(18,989,434)	(18,576,012)	(13,958,338)	(13,191,489)
Investment income		923,632	1,007,262	921,977	1,005,456
Net cash from/(used in) operating activities	38	<u>1,389,686</u>	<u>3,295,965</u>	<u>(83,524)</u>	<u>2,742,542</u>
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		32,768	26,818	-	17,727
Net movements in investments		1,733,336	667,888	1,733,336	667,888
Purchase of property, plant and equipment		(129,137)	(415,961)	(93,491)	(292,529)
Purchase of intangibles		-	(11,424)	-	-
Net cash from investing activities		<u>1,636,967</u>	<u>267,321</u>	<u>1,639,845</u>	<u>393,086</u>
Cash flows from financing activities					
Net receipts from other reporting units/controlled entity	39	-	-	137,923	300,000
Net movement in government grant funding received		19,722	1,430,752	19,722	1,430,752
Net cash from financing activities		<u>19,722</u>	<u>1,430,752</u>	<u>157,645</u>	<u>1,730,752</u>
Net increase in cash and cash equivalents		3,046,375	4,994,038	1,713,966	4,866,380
Cash and cash equivalents at the beginning of the financial year		5,777,242	783,204	5,346,927	480,547
Cash and cash equivalents at the end of the financial year	16	<u><u>8,823,617</u></u>	<u><u>5,777,242</u></u>	<u><u>7,060,893</u></u>	<u><u>5,346,927</u></u>

The above statements of cash flows should be read in conjunction with the accompanying notes

**Local Government New South Wales
Recovery of wages activity
30 June 2017**

Note	LGNSW CONSOLIDATED		LGNSW	
	2017 \$	2016 \$	2017 \$	2016 \$
Cash assets in respect of recovered money at beginning of year	-	-	-	-
Receipts				
Amounts recovered from employers in respect of wages etc.	-	-	-	-
Interest received on recovered money	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Payments				
Deductions of amounts due in respect of membership for:				
12 months or less	-	-	-	-
Greater than 12 months	-	-	-	-
Deductions of donations or other contributions to accounts or funds of:				
The reporting unit:				
Account	-	-	-	-
Fund	-	-	-	-
Name of other reporting unit of the organisation:				
Account	-	-	-	-
Fund	-	-	-	-
Name of other entity:				
Account	-	-	-	-
Fund	-	-	-	-
Deductions of fees or reimbursement of expenses	-	-	-	-
Payments to workers in respect of recovered money	-	-	-	-
Total payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash assets in respect of recovered money at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of workers to which the monies recovered relates	-	-	-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed				
Payable balance	-	-	-	-
Number of workers the payable relates to	-	-	-	-
Fund or account operated for recovery of wages				
Fund	-	-	-	-

Note: LGNSW did not have any recovery of wages activity however under disclosure requirements the statement is required even if 'nil'.

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 1. Statement by the Board

The financial statements cover both Local Government New South Wales as an individual entity and the Association consisting of Local Government New South Wales and the entities it controlled at the end of, or during, the year, together referred to as "the Association". The financial statements are presented in Australian dollars, which is the Association's functional and presentation currency.

The financial statements were authorised for issue on 19 September 2017.

Note 2. Significant accounting policies

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Association.

The following Accounting Standards and Interpretations are most relevant to the Association:

AASB 10 Consolidated Financial Statements

The Association has applied AASB 10, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Association not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 12 Disclosure of Interests in Other Entities

The Association has applied AASB 12. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities.

Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board ('AASB') and the Associations Incorporations Act 1996, the Industrial Relations Act 1991 and Fair Work (Registered Organisations) Act 2009. For the purpose of preparing the general purpose financial statements, Local Government New South Wales is a not-for-profit entity.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principals of Consolidation

Consolidated Entities

The following is the list of consolidated entities. All consolidated entities have a 30 June financial year end.

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 2. Significant accounting policies (continued)

Association

By agreement dated 5 September 1994, and amended by agreement dated 26 July 2002, the Local Government Association of New South Wales ("LGA") and the Shires Association of New South Wales ("SA") (collectively referred to as "LGNSW") established an unincorporated joint venture (the "Secretariat") to be a joint operating fund. As from 1 March 2013 a new constitution came into effect, amalgamating the Local Government Association of NSW "LGA NSW" and the Shires Association of NSW "SA NSW" into a single organisation, namely the Local Government and Shires Association of New South Wales (the "Association"), known as Local Government NSW.

Local Government Procurement Partnership

Local Government Procurement Partnership is a partnership established on 18 November 2005. The partners of Local Government Procurement Partnership are LGP (LGA NSW) Pty Ltd and LGP (SA NSW) Pty Ltd, both companies incorporated and domiciled in Australia. The principal activity of the partnership during the financial year was providing tendering and purchasing services.

Local Government Procurement Pty Ltd

Local Government Procurement Pty Ltd is a proprietary company incorporated and domiciled in Australia. The company was incorporated on 18 November 2005. The company manages the principal activities of Local Government Procurement Partnership.

LGP (LGA NSW) Pty Ltd

LGP (LGA NSW) Pty Ltd is a proprietary company incorporated and domiciled in Australia. The company was incorporated on 18 November 2005. The company acts solely as trustee of a LGP (LGA NSW) Trust.

LGP (SA NSW) Pty Ltd

LGP (SA NSW) Pty Ltd is a proprietary company incorporated and domiciled in Australia. The company was incorporated on 18 November 2005. The company acts solely as trustee of a LGP (SA NSW) Trust.

LGP (LGA NSW) Trust

LGP (LGA NSW) Trust was formed on 8 December 2005. The beneficiary of the Trust is the Association as defined above.

LGP (SA NSW) Trust

LGP (SA NSW) Trust was formed on 8 December 2005. The beneficiary of the Trust is the Association as defined above.

All intercompany balances and transactions including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the Association.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Donation income

Donation income is recognised upon receipt.

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 2. Significant accounting policies (continued)

Receivables

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Rent revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Procurement commission

Commission income represents amounts raised against suppliers and contractors, based on commission rates as agreed to between the parties upon entering procurement contracts and the level of financial activity between suppliers and contractors and the partnership's customers, as reported to the partnership during the financial year.

Rendering of services

Revenue from the rendering of services is recognised upon the delivery of the service to customers.

All revenue is stated net of the amount of goods and services tax (GST).

Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Association in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The Association recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Note 2. Significant accounting policies (continued)

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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.

Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets and liabilities

Fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Held-to-maturity investments

Held-to-maturity investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Association has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Held-to-maturity investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Note 2. Significant accounting policies (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

The Association assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise grant; it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting unit obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

Land, buildings, plant and equipment

Asset recognition threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 2. Significant accounting policies (continued)

Revaluations - land and buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Buildings	2.5%
Furniture, Fixtures and Fittings	10%
Motor Vehicles	18.75%
Office Equipment	20%
Computer Equipment	33%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The useful lives of the Association's intangible assets are:

Website & Software Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Significant costs associated with the development of the revenue generating aspects of the website are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Taxation

The Association is exempt from income tax under section 50.15 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Association determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Note 2. Significant accounting policies (continued)

Recognition of grants and other contributions

Grants and other contributions are recognised as revenue when they have been expended for the purpose for which they were given. Any unexpended amounts are shown as liabilities.

Investment - StateCover Mutual Limited

LGNSW has facilitated the establishment and management of pooled Workers Compensation Insurance for its members, by way of a limited public company.

As part of this, LGNSW has provided \$3.0 million (in return for shares) to ensure that prudent financial reserve ratios required by APRA could be met. A fee is paid to LGNSW for this facilitation, governance and other services. The shares do not entitle the LGNSW to any share of profits or distributions.

Members of the scheme are fully responsible under the terms of insurance (and the company's constitution) to ensure that the company's prudential solvency requirements are met by way of Capital Shortfall calls and thereby maintain the level of LGNSW's share capital.

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory, have not been early adopted by the Association for the annual reporting period ended 30 June 2017. The Association's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Association, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets.

A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI').

For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

The Association will adopt this standard from 1 July 2018 onwards and is currently in the process of assessing its impact.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied.

Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfill a contract with a customer.

The Association will adopt this standard from 1 July 2018 onwards and is currently in the process of assessing its impact.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.

Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117.

The Association will adopt this standard from 1 July 2019 onwards and is currently in the process of assessing its impact.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Fair value measurement hierarchy

The Association is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The Association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Association tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Association assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 4. Capitation fees income

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Capitation fees received	-	-	-	-

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 5. Levies

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Levies	-	-	-	-

Note 6. Investment income and commission received

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Investment income				
Interest from deposits held with financial institutions	704,615	752,741	702,660	750,935
Interest from related party	-	-	658	20,731
Dividends income from equity portfolio	219,317	254,521	219,317	254,521
Available for sale - unrealised gains/(losses)	232,165	(305,673)	232,165	(305,673)
Held to maturity - unrealised gains/(losses)	303,335	(19,525)	303,335	(19,525)
Gain/(loss) on sale of investments	176,883	(95,731)	176,883	(95,731)
Total Investment income generated	1,636,315	586,333	1,635,018	605,258

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
Commission received				
Commission - StateWide Mutual	486,303	505,179	569,000	505,179
Commission - StateCover Mutual	951,931	924,540	951,931	924,540
Commission - supplier contracts	6,640,397	5,859,326	-	-
Management fees	180,000	180,000	180,000	180,000
Total commission received	8,258,631	7,469,045	1,700,931	1,609,719

Note 7. Grants or donations

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Grants received	2,406,165	1,284,712	2,406,165	1,284,712
Grants paid that were \$1,000 or more	(975,981)	(582,464)	(975,981)	(582,464)
Grant administration expense	(1,430,184)	(702,248)	(1,430,184)	(702,248)
Total grants	-	-	-	-

The Association does not fund grants and donations in its own capacity, but only acts in the capacity of an administrator of the respective grant programs. Administration includes providing managerial facilitation services and ensuring that grant funds and related donations are applied to meet the grants' objectives.

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
Donations				
Donations received	-	-	-	-
Donations paid	-	-	-	-
Total donations	-	-	-	-

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 8. Employee benefits expense

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Holders of office				
Wages and salaries	(155,065)	(158,121)	(155,065)	(158,121)
Superannuation	(15,556)	(25,177)	(15,556)	(25,177)
Subtotal employee expenses - holders of office	<u>(170,621)</u>	<u>(183,298)</u>	<u>(170,621)</u>	<u>(183,298)</u>
	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Employees other than holders of office				
Wages and salaries	(8,087,348)	(7,929,046)	(5,597,526)	(5,354,743)
Superannuation	(775,440)	(781,233)	(555,744)	(531,020)
Leave and other entitlements	(165,905)	(217,708)	(238,356)	(111,608)
Other employee expenses	(719,802)	(715,739)	(431,947)	(409,442)
Subtotal employee expenses - employees other than office holders	<u>(9,748,495)</u>	<u>(9,643,726)</u>	<u>(6,823,573)</u>	<u>(6,406,813)</u>
Total employee expenses	<u>(9,919,116)</u>	<u>(9,827,024)</u>	<u>(6,994,194)</u>	<u>(6,590,111)</u>

Note 9. Capitation fees paid

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Capitation fees paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note 10. Affiliation fees

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Australian Local Government Association	<u>(579,043)</u>	<u>(568,582)</u>	<u>(579,043)</u>	<u>(568,582)</u>

Local Government New South Wales
Notes to the financial statements
30 June 2017

Note 14. Net loss from the sale of assets

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Plant and equipment	(5,804)	(7,612)	-	(8,222)

Note 15. Other expenses

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Penalties - via ROI Act or RO Regulations	-	-	-	-

Note 16. Current assets - cash and cash equivalents

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash on hand	2,056	2,056	1,000	1,000
Cash at bank - LGNSW funds	4,402,729	1,981,169	2,722,662	1,632,144
Cash at bank - grant funds	4,337,231	3,713,783	4,337,231	3,713,783
Cash on deposit	81,601	80,234	-	-
	<u>8,823,617</u>	<u>5,777,242</u>	<u>7,060,893</u>	<u>5,346,927</u>

Note 17. Current assets - trade and other receivables

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Trade receivables	5,770,354	5,498,659	3,734,421	3,718,310
Provision for doubtful debts	(45,000)	(45,000)	-	-
Loans to related parties	-	-	1,628,759	814,194
Interest and other receivables	2,531	3,949	2,531	3,949
GST receivable	219,977	236,318	170,160	146,216
	<u>5,947,862</u>	<u>5,693,926</u>	<u>5,535,871</u>	<u>4,682,669</u>

The Association does not have significant concentration of credit risk with respect to any single counterparty and manages its exposure as outlined in Note 33.

Note 18. Current assets - available-for-sale financial assets

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Mutual Investment - Equities	<u>5,078,709</u>	<u>4,803,768</u>	<u>5,078,709</u>	<u>4,803,768</u>

Local Government New South Wales
Notes to the financial statements
30 June 2017

Note 19. Current assets - held to maturity investments

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Call account	43,151	1,682,688	43,151	1,682,688
Mutual Investment - Term deposits - Bank of Queensland	-	3,303,229	-	3,303,229
	<u>43,151</u>	<u>4,985,917</u>	<u>43,151</u>	<u>4,985,917</u>

Note 20. Current assets - prepayments

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Prepayments	452,073	368,317	385,105	306,026
Premium on investments	101,529	34,749	101,529	34,749
	<u>553,602</u>	<u>403,066</u>	<u>486,634</u>	<u>340,775</u>

Note 21. Non-current assets - available-for-sale financial assets

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Shares in StateCover Mutual Limited	3,000,000	3,000,000	3,000,000	3,000,000

Note 22. Non-current assets - held to maturity investments

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Term deposit - Bank of Melbourne	2,000,000	2,000,000	2,000,000	2,000,000
Mutual Investment - Fixed interest - National Australia Bank	4,584,780	4,471,083	4,584,780	4,471,083
Mutual Investment - Fixed interest - ANZ Bank	1,009,962	984,275	1,009,962	984,275
Mutual Investment - Fixed interest - Bank of Queensland	2,063,934	1,039,283	2,063,934	1,039,283
Mutual Investment - Fixed interest - Bendigo Bank	5,227,543	2,943,592	5,227,543	2,943,592
Mutual Investment - Fixed interest - Westpac Bank	146,719	-	146,719	-
Mutual investment - Fixed interest - Commonwealth Bank of Australia	2,113,657	2,069,264	2,113,657	2,069,264
	<u>17,154,819</u>	<u>13,507,947</u>	<u>17,154,819</u>	<u>13,507,947</u>

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 23. Non-current assets - land and buildings

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Land and buildings - at fair value	9,117,860	9,117,860	9,117,860	9,117,860
Less: Accumulated depreciation	(1,004,764)	(817,860)	(1,004,764)	(817,860)
	<u>8,113,096</u>	<u>8,300,000</u>	<u>8,113,096</u>	<u>8,300,000</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	8,300,000	6,214,173	8,300,000	6,214,173
Revaluation of land and building	-	2,217,289	-	2,217,289
Depreciation expense	(186,904)	(131,462)	(186,904)	(131,462)
Closing fair value	<u>8,113,096</u>	<u>8,300,000</u>	<u>8,113,096</u>	<u>8,300,000</u>

Note 24. Non-current assets - property, plant and equipment

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Leasehold improvements - at cost	78,724	185,762	-	107,038
Less: Accumulated depreciation	(27,436)	(118,729)	-	(107,038)
	<u>51,288</u>	<u>67,033</u>	<u>-</u>	<u>-</u>
Fixtures and fittings - at cost	847,753	848,260	841,377	841,884
Less: Accumulated depreciation	(633,257)	(600,871)	(629,888)	(597,869)
	<u>214,496</u>	<u>247,389</u>	<u>211,489</u>	<u>244,015</u>
Motor vehicles - at cost	170,816	185,049	39,404	-
Less: Accumulated depreciation	(70,064)	(58,333)	(304)	-
	<u>100,752</u>	<u>126,716</u>	<u>39,100</u>	<u>-</u>
Office equipment - at cost	548,551	967,474	354,969	809,540
Less: Accumulated depreciation	(420,336)	(872,781)	(275,998)	(754,167)
	<u>128,215</u>	<u>94,693</u>	<u>78,971</u>	<u>55,373</u>
Paintings and artworks	3,900	3,900	3,900	3,900
	<u>498,651</u>	<u>539,731</u>	<u>333,460</u>	<u>303,288</u>

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 24. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

LGNSW CONSOLIDATED	Leasehold Improvements \$	Furniture, Fixtures & Fittings* \$	Motor Vehicles \$	Office Equipment \$	Total \$
Balance at 1 July 2015	12,062	24,854	171,622	110,767	319,305
Additions	78,724	248,805	26,528	61,904	415,961
Disposals	-	-	(34,220)	(757)	(34,977)
Depreciation expense	(23,753)	(22,370)	(37,214)	(77,221)	(160,558)
Balance at 30 June 2016	67,033	251,289	126,716	94,693	539,731
Additions	-	-	39,404	89,733	129,137
Disposals	-	-	(38,572)	-	(38,572)
Depreciation expense	(15,745)	(32,893)	(26,796)	(56,211)	(131,645)
Balance at 30 June 2017	<u>51,288</u>	<u>218,396</u>	<u>100,752</u>	<u>128,215</u>	<u>498,651</u>

* Furniture and Fixtures for the purposes of reconciliation includes the paintings and artworks balance.

LGNSW	Leasehold Improvements \$	Furniture, Fixtures & Fittings* \$	Motor Vehicles \$	Office Equipment \$	Total \$
Balance at 1 July 2015	12,062	24,854	28,355	59,012	124,283
Additions	-	245,207	-	47,322	292,529
Disposals	-	-	(25,737)	(758)	(26,495)
Depreciation expense	(12,062)	(22,146)	(2,618)	(50,203)	(87,029)
Balance at 30 June 2016	-	247,915	-	55,373	303,288
Additions	-	-	39,404	54,087	93,491
Depreciation expense	-	(32,526)	(304)	(30,489)	(63,319)
Balance at 30 June 2017	<u>-</u>	<u>215,389</u>	<u>39,100</u>	<u>78,971</u>	<u>333,460</u>

* Furniture and Fixtures for the purposes of reconciliation includes the paintings and artworks balance.

Note 25. Non-current assets - intangible assets

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Website and software development - at cost	457,707	488,177	276,659	307,129
Less: Accumulated amortisation	(446,742)	(456,995)	(276,659)	(307,129)
	<u>10,965</u>	<u>31,182</u>	<u>-</u>	<u>-</u>

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 25. Non-current assets - intangible assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

LGNSW CONSOLIDATED	Website & Software Development \$	Total \$
Balance at 1 July 2015	46,683	46,683
Additions	11,424	11,424
Amortisation expense	(26,925)	(26,925)
Balance at 30 June 2016	31,182	31,182
Amortisation expense	(20,217)	(20,217)
Balance at 30 June 2017	<u>10,965</u>	<u>10,965</u>

LGNSW	Website & Software Development \$	Total \$
Balance at 1 July 2015	5,230	5,230
Amortisation expense	(5,230)	(5,230)
Balance at 30 June 2016	-	-
Balance at 30 June 2017	<u>-</u>	<u>-</u>

Note 26. Non-current assets - investment in associates

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Investment in related party's Trust companies	-	-	36	36

Note 27. Current liabilities - trade and other payables

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Trade payables	924,724	202,340	539,412	84,958
Sundry payables and accrued expenses	1,778,951	1,150,580	269,780	97,067
GST payable	906,366	1,086,121	684,038	923,833
	<u>3,610,041</u>	<u>2,439,041</u>	<u>1,493,230</u>	<u>1,105,858</u>

All payables are expected to be settled within 12 months and related party payables included in trade payables amount to nil (2016: \$13,334), whilst legal payables amount to \$7,150 (2016: \$7,260). Nil amounts are included relating to payroll deductions.

Local Government New South Wales
Notes to the financial statements
30 June 2017

Note 28. Current liabilities - short term provisions

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Annual leave - Employees other than office holders	739,014	671,295	636,394	513,305
Long service leave - Employees other than office holders	950,987	16,367	805,581	-
	<u>1,690,001</u>	<u>687,662</u>	<u>1,441,975</u>	<u>513,305</u>

Note 29. Current liabilities - other financial liabilities

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Scholarship funds held	587,020	580,644	587,020	580,644
Unspent government grants	3,487,743	3,474,397	3,487,743	3,474,397
Other deferred income	5,998,583	6,078,491	5,998,583	6,078,491
	<u>10,073,346</u>	<u>10,133,532</u>	<u>10,073,346</u>	<u>10,133,532</u>

Note 30. Non-current liabilities - employee provisions

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Long service leave - Employees other than office holders	188,420	1,194,820	134,336	929,790
	<u>188,420</u>	<u>1,194,820</u>	<u>134,336</u>	<u>929,790</u>

Note 31. Equity - general funds

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Revaluation surplus reserve	2,217,289	2,217,289	2,217,289	2,217,289
	<u>2,217,289</u>	<u>2,217,289</u>	<u>2,217,289</u>	<u>2,217,289</u>

Note 32. Equity - retained earnings

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Retained earnings at the beginning of the financial year	30,370,415	30,659,070	30,371,553	30,660,208
Profit/(Loss) after income tax expense for the year	1,074,940	(288,655)	1,074,940	(288,655)
Retained earnings at the end of the financial year	<u>31,445,355</u>	<u>30,370,415</u>	<u>31,446,493</u>	<u>30,371,553</u>

Note 33. Financial instruments

Financial risk management policies

Managing the financial risk exposures of Local Government NSW ("LGNSW") is the responsibility of the Board committee ("Board"). The Board monitors LGNSW's financial risk management policies and exposures and approves financial transactions within the scope of its authority.

It also reviews the effectiveness of internal controls relating to counterparty credit risk, liquidity risk and interest rate risk.

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 33. Financial instruments (continued)

The Board's overall risk management strategy seeks to assist LGNSW in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments which primarily expose LGNSW to interest rate risk are term deposits and cash and cash equivalents.

LGNSW CONSOLIDATED	2017		2016	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents	2.00%	8,823,617	2.00%	5,777,242
Receivables	-	5,727,885	-	5,457,608
Investments (subject to interest rate risk)	4.12%	<u>17,197,970</u>	4.00%	<u>18,493,864</u>
Net exposure to cash flow interest rate risk		<u><u>31,749,472</u></u>		<u><u>29,728,714</u></u>

An official increase/decrease in interest rates of one hundred (2016: one hundred) basis points would have a deemed favourable/(adverse) effect on profit before tax of \$260,216/(\$260,216) (2016: \$242,711/(\$242,711)) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to LGNSW.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Depending on the division within LGNSW, credit terms are generally 30 days from the invoice date. Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise assessed as being financially sound.

Credit risk exposures:

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting year excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 17.

Credit risk related to balances with banks and other financial institutions is managed by the Board in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA and consist exclusively of term deposits products.

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 33. Financial instruments (continued)

Liquidity risk

Liquidity risk arises from the possibility that LGNSW might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

LGNSW maintains a very strong cash investment position at all times and does not consider liquidity risk to be significant.

Financial assets pledged as collateral:

No financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

The following tables detail the Association's expected maturity profile of its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
LGNSW CONSOLIDATED - 2017	%	\$	\$	\$	\$	\$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	3,610,041	-	-	-	3,610,041
Unspent government grants	-	2,003,010	2,071,753	-	-	4,074,763
Deferred income	-	5,998,583	-	-	-	5,998,583
Total non-derivatives		11,611,634	2,071,753	-	-	13,683,387
	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
LGNSW CONSOLIDATED - 2016	%	\$	\$	\$	\$	\$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	2,439,041	-	-	-	2,439,041
Unspent government grants	-	1,599,855	2,455,186	-	-	4,055,041
Deferred income	-	6,078,491	-	-	-	6,078,491
Total non-derivatives		10,117,387	2,455,186	-	-	12,572,573
	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
LGNSW - 2017	%	\$	\$	\$	\$	\$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	1,493,230	-	-	-	1,493,230
Unspent government grants	-	2,003,010	2,071,753	-	-	4,074,763
Other deferred income	-	5,998,583	-	-	-	5,998,583
Total non-derivatives		9,494,823	2,071,753	-	-	11,566,576

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 33. Financial instruments (continued)

LGNSW - 2016	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	1,105,858	-	-	-	1,105,858
Unspent government grants	-	1,599,855	2,455,186	-	-	4,055,041
Other deferred income	-	6,078,491	-	-	-	6,078,491
Total non-derivatives		<u>8,784,204</u>	<u>2,455,186</u>	<u>-</u>	<u>-</u>	<u>11,239,390</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed above.

Fair values

Fair value estimation

The fair values of financial assets and financial liabilities can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the Association and Local Government NSW are as follows:

LGNSW CONSOLIDATED	2017		2016	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
<i>Assets</i>				
Cash and cash equivalents	8,823,617	8,823,617	5,777,242	5,777,242
Trade and other receivables	5,947,862	5,947,862	5,693,926	5,693,926
Term deposits	43,151	43,151	1,682,688	1,682,688
Mutual investments	17,154,819	17,154,819	16,811,176	16,811,176
Mutual equities	5,078,709	5,078,709	4,803,768	4,803,768
Shares in StateCover Mutual Limited (**)	3,000,000	3,000,000	3,000,000	3,000,000
	<u>40,048,158</u>	<u>40,048,158</u>	<u>37,768,800</u>	<u>37,768,800</u>
<i>Liabilities</i>				
Trade and other payables	(3,610,041)	(3,610,041)	(2,439,041)	(2,439,041)
Unspent government grants	(4,074,763)	(4,074,763)	(4,055,041)	(4,055,041)
Other deferred income	(5,998,583)	(5,998,583)	(6,078,491)	(6,078,491)
	<u>(13,683,387)</u>	<u>(13,683,387)</u>	<u>(12,572,573)</u>	<u>(12,572,573)</u>

Local Government New South Wales
Notes to the financial statements
30 June 2017

Note 33. Financial instruments (continued)

LGNSW	2017		2016	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
<i>Assets</i>				
Cash and cash equivalents	7,060,893	7,060,893	5,346,927	5,346,927
Trade and other receivables (*)	3,907,112	3,907,112	3,868,475	3,868,475
Term deposits	43,151	43,151	1,682,688	1,682,688
Mutual investments	17,154,819	17,154,819	16,811,176	16,811,176
Mutual equities	5,078,709	5,078,709	4,803,768	4,803,768
Shares in StateCover Mutual Limited (**)	3,000,000	3,000,000	3,000,000	3,000,000
Investment in LGP Trust Companies (**)	-	-	36	36
	<u>36,244,684</u>	<u>36,244,684</u>	<u>35,513,070</u>	<u>35,513,070</u>
<i>Liabilities</i>				
Trade and other payables	(1,493,230)	(1,493,230)	(1,105,858)	(1,105,858)
Unspent government grants	(4,074,763)	(4,074,763)	(4,055,041)	(4,055,041)
Other deferred income	(5,998,583)	(5,998,583)	(6,078,491)	(6,078,491)
	<u>(11,566,576)</u>	<u>(11,566,576)</u>	<u>(11,239,390)</u>	<u>(11,239,390)</u>

* Exclusive of related party loan receivable (Note 34)

** Investments represent equity instruments deemed held at fair value due to the rights and entitlements attached to those instruments.

Fair value hierarchy

LGNSW CONSOLIDATED - 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Total \$
Term deposits	-	43,151	-	-	43,151
Mutual investments	-	17,154,819	-	-	17,154,819
Mutual equities	5,078,709	-	-	-	5,078,709
Shares in StateCover Mutual Limited	-	3,000,000	-	-	3,000,000
	<u>5,078,709</u>	<u>20,197,970</u>	<u>-</u>	<u>-</u>	<u>25,276,979</u>
LGNSW CONSOLIDATED - 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Total \$
Term deposits	-	1,682,688	-	-	1,682,688
Mutual investments	-	16,811,176	-	-	16,811,176
Mutual equities	4,803,768	-	-	-	4,803,768
Shares in StateCover Mutual Limited	-	3,000,000	-	-	3,000,000
	<u>4,803,768</u>	<u>21,493,864</u>	<u>-</u>	<u>-</u>	<u>26,297,632</u>
LGNSW - 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Total \$
Term deposits	-	43,151	-	-	43,151
Mutual investments	-	17,154,819	-	-	17,154,819
Mutual equities	5,078,709	-	-	-	5,078,709
Shares in StateCover Mutual Limited	-	3,000,000	-	-	3,000,000
Investment in LGP Trust companies	-	-	36	-	36
	<u>5,078,709</u>	<u>20,197,970</u>	<u>36</u>	<u>-</u>	<u>25,276,715</u>

Local Government New South Wales
Notes to the financial statements
30 June 2017

Note 33. Financial instruments (continued)

LGNSW - 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Total \$
Term deposits	-	1,682,688	-	-	1,682,688
Mutual investments	-	16,811,176	-	-	16,811,176
Mutual equities	4,803,768	-	-	-	4,803,768
Shares in StateCover Mutual Limited	-	3,000,000	-	-	3,000,000
Investment in LGP Trust companies	-	-	36	-	36
	<u>4,803,768</u>	<u>21,493,864</u>	<u>36</u>	<u>-</u>	<u>26,297,668</u>

Note 34. Related party disclosures

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Revenue received from Local Government Procurement Partnership includes the following:				
Cost contribution income	-	-	951,830	220,525
Interest revenue	-	-	658	20,731
	<u>-</u>	<u>-</u>	<u>952,488</u>	<u>241,256</u>

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
Amounts receivable from Local Government Procurement Partnership include the following				
Trade and other receivables	-	-	1,628,759	814,194
	<u>-</u>	<u>-</u>	<u>1,628,759</u>	<u>814,194</u>

Note 35. Key management personnel disclosures

Boards

Key management personnel, as defined by the Association, represent the president of the Board as the head of the Association: Councillor Keith Rhoades

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Short-term employee benefits				
Salary (including annual leave taken)	155,065	158,121	155,065	158,121
	<u>155,065</u>	<u>158,121</u>	<u>155,065</u>	<u>158,121</u>

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
Post-employment benefits				
Superannuation	15,556	15,022	15,556	15,022
	<u>15,556</u>	<u>15,022</u>	<u>15,556</u>	<u>15,022</u>

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Other long-term benefits				
Long service leave	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 35. Key management personnel disclosures (continued)

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
Termination benefits	-	-	-	-

Transactions between key management personnel and their close family members

There were no transactions between key management personnel and their close family members for the years ended 30 June 2017 and 30 June 2016.

Note 36. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by, the auditor of Local Government NSW:

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
<i>Audit services -</i>				
Audit of the financial statements	30,000	29,000	20,395	19,395
<i>Other services -</i>				
Tax consulting services	11,630	6,985	11,630	6,985
	<u>41,630</u>	<u>35,985</u>	<u>32,025</u>	<u>26,380</u>

Note 37. Contingent liabilities, assets and commitments

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
<i>Commitments for minimum lease payments in relation to operating leases are as follows</i>				
Not later than 12 months	336,359	323,424	-	-
Between 12 months and 5 years	728,779	1,024,171	-	-
	<u>1,065,138</u>	<u>1,347,595</u>	<u>-</u>	<u>-</u>

The operating lease represents the office leases by a related party for Suite 13.01, Level 55 Clarence St, Sydney. The lease agreement terminates on the 31 August 2020 with an option for another 5 years. The lease was signed on 1 August 2015 and no commitment existed in previous financial years, when operations were conducted from group owned premises.

The Association has obtained bank guarantees for the purpose of rental contracts amounting to \$197,140 (2016: \$197,140) provided by Commonwealth Bank.

**Local Government New South Wales
Notes to the financial statements
30 June 2017**

Note 38. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Profit/(Loss) after income tax expense for the year	1,074,940	(288,655)	1,074,940	(288,655)
Adjustments for:				
Depreciation and amortisation	338,766	318,945	250,223	223,721
Net loss on disposal of property, plant and equipment	5,804	7,612	-	8,222
Capital (gain)/loss on floating rate note investments	(535,500)	325,198	(535,500)	325,198
Net (gain)/loss on sale of investments	(176,883)	95,731	(176,883)	95,731
Cost contribution income	-	-	(951,830)	(220,525)
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	(253,936)	2,861,491	913,193	3,087,192
(Increase)/decrease in prepayments	(150,536)	35,896	(145,859)	(3,507)
Increase/(decrease) in trade payables and accruals	1,171,000	(518,430)	(565,116)	(820,545)
Increase/(decrease) in deferred income	(79,908)	446,302	(79,908)	446,302
Increase/(decrease) in provisions	(4,061)	11,875	133,216	(110,592)
Net cash from operating activities	<u>1,389,686</u>	<u>3,295,965</u>	<u>(83,524)</u>	<u>2,742,542</u>

Note 39. Cash flow information

	LGNSW CONSOLIDATED		LGNSW	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash inflows				
Local Government Procurement Partnership	-	-	137,923	300,000

Note 40. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

LGNSW thanks the following for generously donating photographs: Bathurst Regional Council, Broken Hill City Council, City of Parramatta Council, Clarence Valley Council, Fairfield City Council, Hornsby Shire Council, Ku-ring-gai Council, National Heavy Vehicle Regulator.

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