

Annual Report

2018/19





About us



Local Government NSW is the peak body representing general purpose councils in New South Wales and associate members, including special purpose councils.

Our role is to support, promote, advocate for and represent the local government sector so members are in the best possible position to serve their communities.

The annual report sets out the advocacy, value and support we've delivered to our members during 2018/19.



This page: Hinterland of Byron Bay NSW

Contents



President's Message	02
Chief Executive's Message	03
Highlights 2018/19	04
Advocacy	06
› Priorities	06
› Advocacy At Work	14
Members	16
› Events & Engagement	16
› Services	22
Corporate & Compliance Information	26
› LGNSW Board	27
› Member Councils	33
› Local Government Procurement	34
Financial Statements	36

President's Message



In the lead up to the March election, our members asked us to advocate on twelve priority areas, issues that affect councils across the state.

We gained commitments from the major parties – many bipartisan – and following the re-election of the government and the 2019 State Budget, we saw much of our hard work rewarded.

We secured increased funding for public libraries, with expenditure being increased by \$12.9 million, from \$23.5 million in 2018/19 to \$36.5 million in 2019/20. This means every single council in NSW has received an increase in library funding for 2019/20 or will benefit from the increased funding to the Outback Letterbox Library.

In fact, 34 of the smallest councils – particularly in regional NSW – have seen their public library funding double or even triple. It also means that for 85% of councils, their immediate annual increase in library funding is greater than their total annual membership fee paid to LGNSW.

This is an outstanding outcome and we look forward to seeing the entire \$60 million funding boost rolled out to councils over the next 3 years.

We also ensured the voice of local government was heard on funding for local infrastructure, restoring planning powers to local communities, keeping local water utilities in local hands and putting an end to cost shifting. These are among the issues that affect all NSW councils and our progress outlined in this annual report shows the benefit of us all speaking with one voice.

During the year, I was honoured to visit councils all over the state, to meet members face to face and listen to their priorities and concerns. On the one hand it was heartbreaking to hear stories of the havoc that the prolonged drought is bringing to local communities, but I also heard many tales of resilience, innovation and cooperation.

I have now visited every single council in NSW. Increasing our engagement with you through these visits, member summits and our other events and forums, has not only been a pleasure, it has greatly improved our organisation's ability to be an even more effective advocate for you and your communities.

Our council summits bring together councils who face similar challenges to hear from each other and explore solutions. Our summit on the Central Coast focused on Local Planning Panels being imposed in large metropolitan areas, while our Temora summit

explored challenges and strategies for health care delivery in rural and regional areas.

We welcomed action to address our state's skills shortages, with allocation of around \$1.85 billion to TAFE NSW, and the extension of the Stronger Country Communities, with \$5 million allocated for regional youth and the appointment of the first Minister for Regional Youth.

I would like to thank LGNSW Board members past and present for their service and to acknowledge our LGNSW staff and their dedication to providing value to our members.

It's been an honour to serve as President of LGNSW and I'm proud to present this annual report detailing the achievements and the value provided over the past 12 months.

I look forward to continuing to do so in the year ahead.

Linda Scott

Linda Scott
President

I have now visited every single council in NSW...

Chief Executive's Message



It's been another busy year of challenges and achievements at LGNSW, particularly with state and federal elections within a couple of months of each other.

Our sector's NSW election priorities included funding for libraries, local infrastructure and recycling, reform of the planning system, local government electoral laws and financial independence, and supporting disadvantaged communities, ending cost shifting and protecting local water utilities.

Our member events, council summits and major conferences brought members together for a valuable exchange of ideas and expertise and helped keep members' interests and concerns at the forefront of our advocacy.

Reform of the planning system continues to concern councils, whether metro, regional or rural. We saw progress in several areas, with a welcome pause on the introduction of the medium-density planning code, more time for councils to finalise their local strategic planning statements and limits to the size of boarding houses in low-density areas.

However, we continue to fight on a number of fronts for councils and their communities to be allowed to make decisions that affect their neighbourhoods.

We also welcomed harmonising rates across old boundaries of merged councils and the appointment of both a dedicated Minister for Local Government and the first Minister for Public Spaces.

Members continued to make regular use of our industrial relations, management support and training and professional development services.

Our industrial relations team settled over 100 matters on behalf of councils and had five matters determined by a court or tribunal (in all five matters the council received a favourable outcome), while also representing councils in negotiation and ratification of six enterprise agreements and awards. In addition, the Legal Officer provided around 320 advices worth up to \$150,000 over the year to member councils.

Through our management solutions program we helped members with the recruitment of general managers/CEOs, directors and senior managers. We delivered 39 GM and director performance reviews and our team was also on hand for members with specialist advice and support in human resources and employment services.

With new Model Code of Conduct and Meeting Practice regulations, our learning and development team delivered vital training to both councillors and council staff.

250 councillors and more than 1,180 council staff have received face to face training on the new codes, while 6,380 staff and 48 councillors signed up for our eLearning courses on the same topics.

The introduction of mandatory annual reporting of councillor professional development saw new courses introduced and quickly taken up through our in-house and public programs and increased demand for our free and confidential PD in a Box portal for elected officials.

I want to thank our acting Chief Executives Lillian Tiddy and Kylie Yates for their leadership of the organisation in the first half of the year. My thanks and gratitude also to the LGNSW team for their ongoing hard work and commitment on behalf of our members.

Tara McCarthy
Chief Executive

Highlights 2018/19

Delivering Value to Members



Member Value – Spotlight on Libraries



All 128 councils benefitted from increases in library funding ranging from

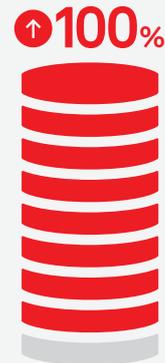
\$11k to \$120k
(for 2019/20)



108 Councils
(85%) received funding increases that exceeded their annual LGNSW membership fee



45 Councils
got an increase in funding that exceeded their annual membership fee by 50%



20 Councils
got an increase in funding that exceeded their annual membership fee by 100%

Advocacy Wins



Libraries

- Secured **extra \$60 million** over four years



Recycling

- Commitment from government to produce **circular economy** strategy



Local Infrastructure

- Secured additional **\$1 billion** for local roads and country bridges.
- Won **\$150 million** in new public parks
- Welcomed **\$400 million** for regional telecommunications towers
- Gained 13 new bus routes to connect 44 regional towns
- Prevented Crown Land used for recreation from being sold



Disadvantaged Communities

- Helped gain **extra \$355 million** for drought affected communities, including \$170 million Drought Stimulus Package **to be delivered through councils**



Outside School Hours Care

- Before and after school care available to all parents of children at public primary schools by 2021



Electoral Expenditure

- Successfully lobbied for fairer electoral **funding and caps** before 2020 council elections



Planning

- Calls for Building Commissioner headed (appointed August 2019)
- Commitment to register **builders and designers secured**
- Won greater control for regional councils to set caps for short-term holiday letting
- Secured postponement of Low-Rise Medium-Density Housing Code** for 50 councils and review of Code
- Secured affordable housing SEPP for all councils
- Negotiated size limits for boarding houses in low-density areas



Asbestos

- Secured **extra time** for councils to implement asbestos checks at waste facilities



Stronger Country Communities

- Gained extension of funding for another year – **\$100 million** – with half for regional youth



Cost shifting

- Secured government commitment to take back up to **15,000 km** of regional roads



Live Music

- Helped secure **\$1million** for live music



Local Government Minister

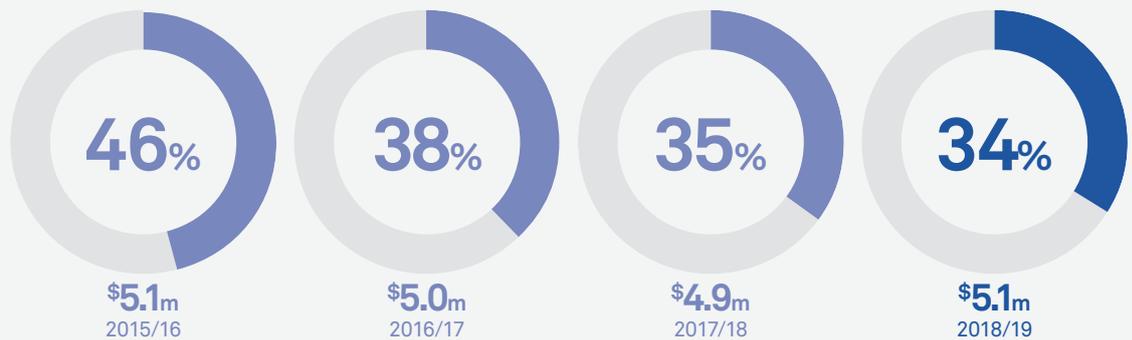
- Successfully called for a stand-alone Local Government Minister

Member subscriptions vs other revenue

Revenue from membership fees as a proportion of total revenue has decreased in recent years.

Membership fees comprise only 34% of total LGNSW revenue.

The rest is derived from other sources such as sponsorship, fees for services and investment income allowing us to improve services while keeping membership fees low.



Member Services



Training & Events

- more than **12,000 attendees** at Learning & Development events
- more than **6,500 councillors and staff** trained on new code of conduct
- more than **7,300 users** registered for e-learning
- more than **1,800 council attendees** at LGNSW events
- specialised procurement training delivered to almost **800 local government staff** by Local Government Procurement



Industrial relations

- Negotiated and ratified six enterprise agreements and awards
- over 100 matters settled** on behalf of councils
- five matters determined by a court or tribunal (in all five matters the council received a favourable outcome)



Recruitment and workforce support

- Assisted recruitment of **25 general managers** and senior staff
- Completed **42 senior staff** performance reviews for 31 councils
- Launched new digital benchmarking platform in February 2019 with more than **70 councils** using the tool to compare performance data



Legal Support

- \$150,000 worth of legal advices** provided to members



Financial Returns to Members

Local Government Procurement

- Saved the sector **\$22 million** in costs for goods and services during 2018/19
- Delivered specialised procurement training to almost 800 local government staff
- Allocated **\$1.4 million** in rebates for regional organisations of councils, joint organisations and councils



Grants Approved

- \$1 million-plus for councils** to address identified climate change risks
- Additional **\$500,000 grants** to manage flying fox camps

Advocacy



Priorities

In the lead up to the March 2019 NSW election, councils asked us to advocate on 12 priority areas, drawn from resolutions passed at the 2018 Annual Conference.

Since the election, we've worked with the NSW government to ensure the voice of local government continues to be heard.

Wins



Libraries

Our *Renew Our Libraries* campaign with the NSW Public Libraries Association resulted in bipartisan support for increased funding for public libraries.

The NSW Government's \$60 million boost for libraries over four years was confirmed in the 2019/20 State Budget on 18 June. All 128 councils in NSW received an increase in library funding for 2019/20, or will benefit from increased funding to the Outback Letterbox Library. Thirty four of the smallest councils – particularly in rural and regional NSW – have seen their public library funding double or even triple as a result of our campaign.

This \$60 million increase our sector achieved by campaigning together is the largest single funding increase for public libraries since the introduction of the Libraries Act in 1939.



Renew our Libraries campaign



The NSW Government's

\$60m

boost for libraries over four years was confirmed in the 2019/20 State Budget



Randwick Council Beach Library

The largest single funding increase for public libraries since 1939

Campaign Success

NSW Local Government Areas



%↑

increase from 2018/19 to 2019/20

\$↑

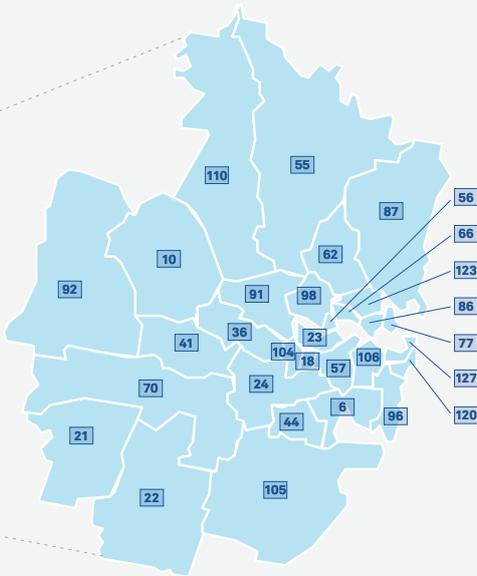
increase from 2018/19 to 2019/20



1	Albury	44%	\$58,433	23	Canada Bay	22%	\$51,926	45	Gilgandra	190%	\$48,062
2	Armidale Regional	33%	\$33,144	24	Canterbury-Bankstown	14%	\$117,059	46	Glen Innes Severn	70%	\$34,819
3	Ballina	53%	\$57,734	25	Carrathool	193%	\$43,731	47	Goulburn Mulwaree	55%	\$48,145
4	Balranald	217%	\$46,147	26	Central Coast	13%	\$100,647	48	Greater Hume Shire	46%	\$26,393
5	Bathurst Regional	38%	\$45,166	27	Central Darling*	-	-	49	Griffith	65%	\$49,383
6	Bayside	20%	\$81,072	28	Cessnock	45%	\$64,022	50	Gunnedah	98%	\$45,893
7	Bega Valley	48%	\$46,352	29	Clarence Valley	7%	\$11,821	51	Gwydir	84%	\$34,180
8	Bellingen	88%	\$43,166	30	Cobar	131%	\$40,845	52	Hawkesbury	33%	\$55,303
9	Berrigan	109%	\$42,609	31	Coffs Harbour	37%	\$66,074	53	Hay	202%	\$47,025
10	Blacktown	14%	\$120,704	32	Coolamon	156%	\$42,198	54	Hilltops	24%	\$20,419
11	Bland	130%	\$41,850	33	Coonamble	181%	\$47,864	55	Hornsby	22%	\$75,583
12	Blayney	124%	\$42,314	34	Cootamundra-Gundagai	63%	\$34,369	56	Hunters Hill	110%	\$48,292
13	Blue Mountains	30%	\$57,383	35	Cowra	107%	\$48,726	57	Inner West	16%	\$73,228
14	Bogan	192%	\$44,758	36	Cumberland	16%	\$87,646	58	Inverell	82%	\$46,960
15	Bourke	203%	\$45,612	37	Dubbo Regional	34%	\$47,433	59	Junee	147%	\$46,416
16	Brewarrina	226%	\$47,465	38	Dungog	110%	\$42,157	60	Kempsey	72%	\$57,190
17	Broken Hill	75%	\$46,136	39	Edward River	40%	\$22,799	61	Kiama	84%	\$51,384
18	Burwood	56%	\$55,309	40	Eurobodalla	46%	\$48,686	62	Ku-ring-gai	24%	\$71,074
19	Byron	63%	\$55,064	41	Fairfield	18%	\$88,063	63	Kyogle	130%	\$48,659
20	Cabonne	83%	\$40,999	42	Federation	56%	\$33,138	64	Lachlan	122%	\$42,253
21	Camden	38%	\$78,920	43	Forbes	117%	\$46,285	65	Lake Macquarie	17%	\$81,042
22	Campbelltown	23%	\$89,861	44	Georges River	20%	\$73,475				

*Note: Central Darling does not have a public library but will benefit from the doubling of funding to \$200k pa for the Outback Letterbox Library.

Secured
\$60m
 over four
 years



Greater Sydney Region



Libraries

From this one campaign alone, all 128 councils in NSW received an increase in library funding in 2019/20 or are benefitting from additional funding to the Outbox Letterbox Library.

Councils will continue to reap the benefits of our advocacy win over the next 3 years as the NSW Government delivers on its commitment to roll out an additional \$60 million to public libraries until 2022/23.

For 85% of councils (105 councils), the immediate funding increase from 2018/19 to 2019/20 is greater than their total annual membership fee paid to LGNSW. And 34 of the smallest councils – particularly in regional NSW – have seen their public library funding double or even triple as a result of our Renew our Libraries campaign.

66	Lane Cove	59%	\$56,646	87	Northern Beaches	13%	\$80,955	108	Temora	149%	\$46,149
67	Leeton	94%	\$43,016	88	Oberon	150%	\$43,017	109	Tenterfield	133%	\$46,076
68	Lismore	54%	\$58,672	89	Orange	54%	\$56,735	110	The Hills	23%	\$90,039
69	Lithgow	91%	\$55,297	90	Parkes	87%	\$45,801	111	Tweed	23%	\$55,334
70	Liverpool	17%	\$87,823	91	Parramatta	20%	\$109,907	112	Upper Hunter Shire	33%	\$22,979
71	Liverpool Plains	112%	\$43,545	92	Penrith	20%	\$93,295	113	Upper Lachlan Shire	70%	\$31,489
72	Lockhart	198%	\$43,674	93	Port Macquarie-Hastings	35%	\$67,886	114	Uralla	136%	\$41,760
73	Maitland	34%	\$66,052	94	Port Stephens	31%	\$56,027	115	Wagga Wagga	39%	\$60,341
74	Mid-Coast	15%	\$38,410	95	Queanbeyan-Palerang Region	17%	\$29,529	116	Walcha	189%	\$43,272
75	Mid-Western Regional	44%	\$36,871	96	Randwick	23%	\$80,088	117	Walgett	129%	\$44,589
76	Moree Plains	84%	\$43,613	97	Richmond Valley	54%	\$42,881	118	Warren	204%	\$45,139
77	Mosman	68%	\$53,117	98	Ryde	27%	\$77,460	119	Warrumbungle Shire	71%	\$36,197
78	Murray River	44%	\$26,909	99	Shellharbour	38%	\$64,591	120	Waverley	35%	\$61,930
79	Murrumbidgee	108%	\$37,763	100	Shoalhaven	23%	\$58,753	121	Weddin	176%	\$44,270
80	Muswellbrook	76%	\$42,881	101	Singleton	74%	\$48,443	122	Wentworth	130%	\$43,384
81	Nambucca	79%	\$49,956	102	Snowy Monaro Regional	22%	\$19,275	123	Willoughby	33%	\$63,328
82	Narrabri	87%	\$43,212	103	Snowy Valleys	53%	\$33,201	124	Wingecarribee	45%	\$56,445
83	Narrandera	160%	\$47,681	104	Strathfield	51%	\$56,060	125	Wollondilly	41%	\$53,857
84	Narromine	152%	\$47,678	105	Sutherland Shire	17%	\$89,407	126	Wollongong	18%	\$89,915
85	Newcastle	21%	\$78,998	106	Sydney	19%	\$103,142	127	Woolahra	40%	\$57,603
86	North Sydney	35%	\$62,097	107	Tamworth Regional	9%	\$16,710	128	Yass Valley	54%	\$34,289



Commitment to take back
15,000km
 of regional roads



Local Infrastructure

In the lead up to the state election we secured bipartisan commitments of \$1 billion for fixing local roads and country bridges, to be divided equally between the two programs.

The government also agreed to:

- take back up to 15,000km of regional roads
- appoint a Minister for Public Spaces
- \$150 million for new public parks
- \$400 million for regional telecommunications towers
- Establish 13 new bus routes to connect 44 regional towns
- fast track Metro West
- prevent Crown Land used for recreation from being sold

LGNSW continues to lobby government for sufficient funding to significantly reduce an estimated road maintenance backlog of more than \$700 million.



Cost Shifting

Cost shifting is one of the most significant problems faced by councils in NSW. It directly affects councils' abilities to deliver and maintain infrastructure for their communities.

Our 2018 report revealed that cost shifting had grown to \$820 million in 2018/19 and to an estimated total of \$6.2 billion over 10 years.

The NSW Government responded to our calls to end cost shifting by promising to take back up to 15,000km of regional roads.

We secured a commitment that the government will work closely with councils, who will submit which roads they want to hand back, to ensure councils are better off.

Commitments of

\$1bn
 for fixing local roads
 and country
 bridges





Recycling

We gained bipartisan support for a state-wide recycling and waste management plan and continue to call on the NSW Government to invest 100 per cent of its increasing waste levy revenue in driving a circular economy.

While the NSW Government heeded our call to develop a state wide plan for waste and recycling, no commitments were made to return more of the waste levy to councils. Waste and recycling is at a crossroads in NSW. LGNSW will step-up our campaign for greater innovation and investment in solutions, which must be developed with councils, and funded by a return of the waste levy contributions councils already pay to the State Government.

NSW Government committed to

Circular Economy Strategy

for NSW



Save Our Recycling Campaign



left-to-right: Paul Green (Christian Democrats), Cr Linda Scott (LGNSW President), Cr Ben Shields (Mayor Dubbo Regional Council), Cate Faehrmann (NSW Greens Environment spokesperson), Penny Sharpe (NSW Shadow Minister for the Environment).



Planning

- Calls for Building Commissioner headed (appointed August 2019)
- Commitment to register of **builders and designers secured**
- Won greater control for regional councils to set caps for short-term holiday letting
- **Secured postponement of Low-Rise Medium-Density Housing Code for 50 councils and review of Code**
- Secured affordable housing SEPP for all councils
- Negotiated size limits for **boarding houses** in low-density areas



LGNSW also secured:

- a three-month extension for councils in the Greater Sydney Region to deliver their local strategic planning statements
- a 12-month deferral of the Low Rise Medium Density Housing Code for 50 councils from July 2018 and, subsequently, a further deferral to 31 October 2019

Top 5 areas of skill shortage – NSW councils

1. Engineers
2. Urban and Town Planners
3. Building Surveyors
4. Environmental Health Officers
5. Project Managers



Skills Shortages

Partnered with the Australian Local Government Association (ALGA) to release a national skills survey report, in March 2019, to identify council areas and professions facing critical skills shortages. This will form the basis of our advocacy.



Broken Hill main street



Financial Independence

We secured agreement from the government that it will review the T-Corp loans policy that prevents councils from using regional (unrated) banks. We also called for councils to be allowed to levy rates up to 2% over the rate peg, so they can meet community needs with less red tape.



Disadvantaged Communities

LGNSW continues to fight for increased assistance for all who are experiencing hardship as the result of prolonged drought.

To date, these efforts have helped secure \$355 million in additional drought assistance in the NSW Budget, including a new \$170 million Drought Stimulus Package, that will be largely channelled to infrastructure projects through drought-affected councils.

\$355m

in additional drought assistance

with

\$170m

to be delivered via councils



Protect Local Water Utilities

LGNSW succeeded in securing pre-election commitments from both major parties to continued local government ownership of Local Water Utilities.



Renew Agreement

Secured commitment to new intergovernmental agreement. The previous intergovernmental Agreement between the State and LGNSW expired in 2015 and was not renewed during the difficult period of forced council mergers.



Fair Superannuation

We continue to push for mayors and councillors to receive superannuation, in line with elected federal and state parliamentarians and everyone else in the Australian workforce. This will be a strong focus for 2019/20.



Electoral Expenditure

The government agreed with our call to amend unfair local government electoral expenditure legislation well before the 2020 council elections, to ensure equitable and balanced expenditure caps for all candidates. Amendments will also ensure that prior to casting a ballot, voters are informed on what their candidates stand for, an essential component of a robust democracy.

Advocacy At Work



Music

The NSW Government announced the \$1 million MusicNow funding program after calls from LGNSW and the sector for urgent funding to address the decline in live music and performances spaces in NSW.

LGNSW also secured changes to requirements that would have impacted music festivals across NSW.



Archie Roach performing at a folk festival



The Hon Shelley Hancock MP, Minister for Local Government, NSW Premier the Hon Gladys Berejiklian MP and LGNSW President Cr Linda Scott



Dedicated Voice For Local Government

LGNSW was pleased to welcome a dedicated, stand-alone minister for the local government portfolio following the state election in March 2019. Minister Hancock's significant experience in local government prior to entering parliament has meant she has hit the ground running and is providing great support to the sector.



A Voice For Young People

LGNSW and the youth sector's push for the appointment of a dedicated minister for youth affairs resulted in the creation of a new Minister for Regional Youth portfolio (The Hon Bronnie Taylor MLC appointed June 2019) and an Office of Regional Youth.



Asbestos

Secured extra time for councils to implement changes to asbestos management at waste facilities.



Stronger Country Communities Fund

The NSW Government has extended the very successful Stronger Country Communities Fund by \$100 million in 2019/20, with up to half dedicated to regional youth infrastructure and programs.



Grants Approved

- Ten Round One grants for the Increasing Resilience to Climate Change program awarded to councils or local government groups: \$1,011,300 to address identified climate change risks and vulnerabilities.
- Twenty grants totalling \$465,353 awarded to 16 councils for a further round of Flying-fox grants.

Ten grants approved totalling

\$1.011m

to address identified climate change risks



Children's Education & Care

The State Government has responded to LGNSW's call for adequate outside-school-hours care on school grounds, pledging before and after school care for all parenting of children at public primary schools by 2021.



Kingscliff Library, NSW

Members



Events & Engagement

LGNSW conferences, summits and events bring members together to exchange ideas, debate the issues and keep up to date with developments in local government.

We significantly increased our engagement with councils during the year, and the LGNSW President has visited every council in the state to see and hear their issues first hand.

Annual Conference 2018



Annual Conference Dinner

Annual Conference

The annual conference was co-hosted by AlburyCity Council in 2018 and produced resolutions on drought, road funding, waste levy distribution and affordable housing. Overall 101 motions were debated.

- Lifetime Achievement Awards**
 Councillor Lilliane Brady, now 88, moved to Cobar from Sydney with her GP husband Allan 'Doc' Brady in the late 1960s, intending to let her children "experience country life for a year". Today she is NSW's longest serving female Mayor, following 36 years as a councillor and 19 as Mayor of Cobar Shire Council.



Lilliane Brady receiving her award

- Councillor Norman 'Rex' Wilson OAM** stood for Warren Shire Council in 1983 feeling that as a fourth-generation resident of the district he needed to make "some sort of commitment". In 1988 he was elected Mayor, a position uncontested for 30 years. Ill health led to his retirement from the role of Mayor in late 2018.



Fairfield Council presentation



Rex Wilson OAM receiving his award

- AR Bluett Memorial Award**

The A R Bluett Memorial Award – awarded annually since 1945 – is recognised as the most prestigious award in the local government sector. Fairfield City Council was announced as LGNSW's City and Regional winner, while Narrabri Shire took out the rural title.

- RH Dougherty Awards**

RH Dougherty Awards recognising excellence in communication and reporting to the community were presented to Ballina Shire Council, Bega Valley Shire Council, Cessnock City Council, Mid-Western Regional Council, Mosman Council, Northern Beaches Council, Randwick City Council, Singleton Council and for 'Outstanding Individual Contribution' to Katrina Dwyer from Parkes Shire Council.



Narrabri Council presentation

Member Summits



LGNSW summits bring neighbouring councils together with key LGNSW staff to address local challenges and solutions. These summits were initiated at members' request, following an Annual Conference resolution.



Small Business Friendly Councils conference group, Narrabri

Small Business Friendly Councils Conference Narrabri

An important initiative of LGNSW, council representatives from across the NSW North-West met with state and local government bodies at a specially convened summit in Narrabri to explore ways to boost small business throughout the region.

Local Planning Panels Central Coast

Members from councils facing the introduction of mandatory Independent Hearing and Assessment Panels in their local areas met in Gosford to support the LGNSW campaign to restore planning powers to communities.



Local Planning Panels Central Coast

Rural and Regional Health Summit Temora

Health was centre stage at our Temora Summit, with councils gathering to outline the challenges and explore solutions to health care delivery in rural and regional areas.

Other Events



Tourism Conference

LGNSW's Tourism Conference gives councilors and council staff the opportunity to meet, listen to experts and peers, and find out how other councils are engaging and managing their tourism industry.

More than 160 tourism professionals attended the 2019 Conference - held at the Crowne Plaza in Terrigal and co-hosted by Central Coast Council - where the theme was Experience Changes Perceptions and related to 'creating tourism experiences that will attract and sustain a local and visiting audience, investment, partnerships and content development'. The theme also looked at 'how to address assumptions tourists make about destinations and how we can change visitor perceptions with real experiences and technology'.

Water Conference

Nearly 200 people gathered in Armidale to hear experts in their field discuss important safety and water quality issues faced by all NSW local water utilities (LWUs). Issues covered challenging and innovative LWU projects, including a presentation on how drone technology is revolutionising the water industry.



LGNSW Water Conference Armidale

Big Ideas Forum 2019

Leading experts from universities and local government showcased their projects and innovations and explored ways for councils to work with universities and commercial companies to access funding for innovation.



International Women's Day Lunch

A sold-out event where 200 women in local government gathered to hear Leigh Sales, award-winning author, journalist and anchor of the ABC's 7.30 program talk about leadership, dealing with self-doubt and what truly matters in life.

LGNSW Chief Executive Tara McCarthy, International Women's Day Lunch

Crossbench Leaders' Debate

This year's event, run jointly with the Country Mayors' Association, helped deliver strong support from party leaders on public libraries, for recycling and a circular economy, better infrastructure funding and returning planning powers to communities. This debate shone a light on the policies of the crossbenchers and will allow us to continue to seek their support during the current term of state government on issues local government cares about.



Crossbench Leaders' Debate, NSW Parliament House

Good Governance Forum 2018

High profile speakers shared emerging lessons and good practice to safeguard councils' credibility, reputation and performance.

Local Government Employment Law Seminar

Our annual Employment Law Seminar was attended by more than 100 delegates who heard from some of Australia's leading employment and industrial relations lawyers.

Local Government Week & Awards



▪ Leo Kelly Awards

The Leo Kelly OAM Arts and Culture Awards celebrating outstanding achievement by local government in strategic planning for arts and culture were presented to Bland and Wollondilly Shire Councils and Port Macquarie-Hastings Council, with a special mention to Parramatta City Council.



Wheethalle Silo Art Project: Bland Shire Council



Gulargambone cattle sculpture

▪ Youth Week Awards

'Best On-Going Commitment to Local Youth Week Programs 2018': Brewarrina Shire Council, Camden Council, Coolamon Shire Council, Gilgandra Shire Council, Port Macquarie-Hastings Council and Walgett Shire Council.

▪ Local Government NSW Planning Awards

'Excellence In Leadership': Liz Makin (Yass Valley Council); Gordon Clark (Shoalhaven City Council); Andrew MacGee (Campbelltown City Council).
 ▪ 'Culture Change Innovation & Excellence': Singleton Council, Coffs Harbour City Council and Blacktown City Council.



Adam Spencer presenting multiple awards to Ballina Shire Council's Christine Pitman

▪ Excellence in the Environment Awards

LGNSW's highly-coveted environment awards recognised exceptional environmental achievements by 14 councils across categories including water management, waste and resource recovery, asbestos and climate change. Parramatta City Council took out the major Local Sustainability Award and Randwick City Council's Peter Maganov won the Louise Petchell Memorial Award for Individual Sustainability.

Services



- LGNSW has provided tailored professional development and services for thousands of council staff and elected officials, to help the 55,000-strong local government workforce in NSW be the best-in-class.
- Every member council in NSW has access to our industry-leading Industrial Relations (IR) support and case management at no additional cost, saving them tens of thousands of dollars when they need IR advice and representation.
- Executive Recruitment is another specialised service available to all councils. Our recruiters know the market, deeply understand local government and councils' needs when it comes to recruiting General Managers and senior executives as well as reviewing performance.

Legal Advice

Members have daily access to free, confidential legal and policy advice through the Legal Officer, who also co-ordinates the mayor and councillor mentor service.

The Legal Officer provided around 320 advices worth up to \$150,000 over the year to member councils on a wide range of legislative, procedural and commercial issues relating to local government.



\$105k
worth of legal advices

over
100
Industrial Relations
matters settled

6
enterprise agreements
& awards

5
Industrial Relations matters
determined by a court or tribunal
(100% favourable outcome)

Industrial Relations Support

Our industrial relations team provides specialist advice in local government IR and employment law. Our depth of knowledge and experience is second to none – we've represented the sector in more employment matters than any other organisation in NSW.

While we represented councils before the Fair Work Commission, the Local Court and the Supreme Court, our team also provided an industrial and employment related advisory service, helping councils avoid escalation of disputes in the first place.

The team had more than 100 matters settled in the financial year, five matters determined by a court or tribunal (all with favourable outcomes) and represented councils in the negotiation and ratification of six enterprise agreements and awards.



Management Solutions

The Management Solutions team continued to provide the sector with competitively priced, specialist human resource and employment services.

Workforce Consulting

Our organisation structure review service assisted councils to identify any strengths and weaknesses of existing structures in order to identify delivery priorities and challenges. We also assisted councils to manage performance and develop their strategic capacity through workshops and consulting services.

Workforce Benchmarking Surveys

Our annual HR benchmarking and remuneration survey reports provided members with valuable comparative data on issue such as recruitment and retention, leave, work health and safety, learning and development, and remuneration. In February 2019 we launched a new digital benchmarking platform, and more than 70 councils in NSW have purchased access at an extremely reasonable price. This new tool provides clear reporting and analysis, and enables councils to compare data with other councils to better recognise how their council is performing as part of the bigger picture.

Performance Reviews

This year we worked with 31 councils to facilitate 42 senior staff performance reviews. We offer valuable third-party support to ensure that contractual obligations are upheld, and we facilitate opportunities for open and constructive conversations about performance.

Executive Recruitment

Our Management Solutions Unit has a strong understanding of councils' legal obligations and offers a cost effective service. This year we facilitated the recruitment of 25 general managers, senior staff and specialist professional roles.



Learning Solutions

Capacity building for council staff

Executive Assistant & Personal Assistant Conference, Sydney 2018

As one of the few opportunities for personal and executive assistants to access professional development and learn practical skills among their peers, the conference continues to grow in popularity. This year, 128 staff attended from 50 councils.

NSW Local Government Human Resources Conference, Sydney 2018

145 human resources professionals from 79 councils took part in our annual conference to keep up to date with the latest technology, legal changes and major issues in the HR field.

Learning & Development Network Forums

The learning and development network forums are held quarterly, with around 35 learning and development staff from up to 30 councils attending each time. They're highly recommended for anyone with training responsibilities in NSW councils.

Professional Development

Councillors and 1,180 council staff have received face to face training on the Code of Conduct, with elected officials also trained in meeting practice.

6,380 staff signed up for the new e-Learning Code of Conduct (staff) module, while 48 councillors signed up for the Code of Conduct (councillor) module.

In response to the introduction of mandatory annual reporting of councillor professional development, we also provided new programs for elected members including:

- Audit, Risk & Improvement Committee
- The new Model Code of Conduct and Meeting Practice (delivered face to face and online)
- Social Media and Public Speaking Skills

LGNSW delivered:

38

inhouse programs for 228 councillors

37

public programs for 173 councillors, and

126

councillors registered for Professional Development in a Box

More than 7,300

users have registered for LGNSW's new e-Learning modules including:

- The Code of Conduct for staff and the Code of Conduct for councillors
- Equal Employment Opportunity Aboriginal Cultural Awareness
- Write for Impact
- Property 101



LGNSW workshops:

310

staff from 75 councils attended best practice asbestos management forums

29

staff from 18 councils learned Rapid Assessment Methodology for roadsides

25

staff from 12 councils learned integration of natural assets management

Workshops

Asbestos Forums

More than 310 council staff from 75 councils participated in eight best practice asbestos management workshops across NSW.

Rapid Assessment Methodology and EcoRoadside App Workshops

Part of the Council Roadside Reserves project, three training workshops held in Parkes, Penrith and Wagga Wagga (with 29 council staff from 18 councils attending) helped council staff improve their management of local roadsides by learning the Rapid Assessment Methodology and how to use the EcoRoadside App. More than 1,000 sites have been evaluated using the Rapid Assessment tool with 800 roadside assessments undertaken using the App.

Natural Asset Workshops

Workshops held by LGNSW, in collaboration with Hunter Joint Organisation and Port Stephens Council, focused on the integration of natural assets into council asset management systems and were attended by 25 council staff from 12 councils as well as staff from Roads & Maritime Services and the Department of Defence.

Night Time Economy Masterclasses

The NSW Night Time Economy Councils' Committee hosted three free masterclasses for council staff, while more than 160 council staff benefitted from the LGNSW night time economy email network



1,000+

roadside reserves assessed using specialist tools developed by LGNSW

Corporate & Compliance Information



LGNSW employees are dedicated people, skilled in their areas of technical expertise and committed to their work.

As at 30 June 2019, LGNSW employed 55.1 full-time equivalent staff.

LGNSW Board



The LGNSW Board operates in accordance with the resolutions of the Conference and is responsible for governance of the Association between Conferences. It is established by and acts in accordance with the Rules of the Association. There were 19 Board members at 30 June 2019. A new Vice President (Rural/Regional) was elected in September 2018 to fill a casual vacancy.

The Board met six times during 2018/19, and the Senior Executive Group four times. Board working committees also met to provide guidance on key focus areas.

(left-to-right) Cr Julie Griffiths, Cr Angelo Tsirekas, Cr Marjorie O'Neill, Cr Keith Rhoades AFSM, Cr Ben Shields, Cr Karen McKeown OAM, Cr Phyllis Miller OAM, Cr Marianne Saliba, Cr Scott Ferguson, Cr Linda Scott, Cr Rod Kendall, Cr Mazhar Hadid, Cr Paul Harmon, Cr Ruth Fagan, Cr George Griess, Cr Lesley Furneaux-Cook, Cr Darriea Turley AM. Not present: Cr Khal Asfour, Cr Michael Regan.

Board Members

As at 30 June 2019

President

Cr Linda Scott

City Of Sydney Council

Immediate Past President

Cr Keith Rhoades AFSM

Coffs Harbour City Council

Treasurer

Cr Marjorie O'Neill

Waverley Council

Vice-President Rural/Regional

Cr Scott Ferguson

Blayney Shire Council

Vice-President Metropolitan/Urban

Cr Angelo Tsirekas

City of Canada Bay Council

Directors Regional/Rural

Cr Ruth Fagan

Cowra Council

Cr Paul Harmon

Inverell Shire Council

Cr Rod Kendall

Wagga Wagga City Council

Cr Phyllis Miller OAM

Forbes Shire Council

Cr Marianne Saliba

Shellharbour City Council

Cr Ben Shields

Dubbo Regional Council

Cr Darriea Turley AM

Broken Hill City Council

Directors Metropolitan/Urban

Cr Khal Asfour

Canterbury-Bankstown Council

Cr Lesley Furneaux-Cook

Burwood Council

Cr George Griess

Campbelltown City Council

Cr Julie Griffiths

Blacktown City Council

Cr Mazhar Hadid

Liverpool City Council

Cr Karen McKeown OAM

Penrith City Council

Cr Michael Regan

Northern Beaches Council

Board Working Committees

Board working committees also met to provide strategic guidance on key focus areas.

As at 30 June 2019 the board working committees' key focus areas were: campaigns and advocacy, member value, and policy review. Other key focus areas during the year were the rules review and the capability framework.

Board Working Committees as at 30 June 2019:

- **Campaigns & Advocacy:** Cr Linda Scott, Cr Ben Shields, Cr Keith Rhoades AFSM, Cr Khal Asfour, Cr Lesley Furneaux-Cook.
- **Member Value:** Cr Linda Scott, Cr George Greiss, Cr Marianne Saliba, Cr Marjorie O'Neill, Cr Michael Regan, Cr Paul Harmon, Cr Darriea Turley AM, Cr Karen McKeown OAM, Cr Mazhar Hadid, Cr Rod Kendall.
- **Policy Review:** Cr Linda Scott, Cr Angelo Tsirekas, Cr Julie Griffiths, Cr Phyllis Miller OAM, Cr Ruth Fagan, Cr Scott Ferguson.
- **Capability:** Cr Linda Scott, Cr Darriea Turley AM, Cr Karen McKeown OAM, Cr Mazhar Hadid, Cr Rod Kendall.
*This Committee was dissolved by Board resolution on 7 June 2019 and its members transferred to the Member Value Committee.

Governance & Reporting

Legislation & 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 that govern how the Association operates. The rules cover object and powers, memberships, 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 2018/19.

Rights of members to resign

Under section 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.

Board Meeting Attendance 2018/19

	2018			2019		
	AUG	OCT	DEC	FEB	APR	JUN
Cr Linda Scott	✓	✓	✓	✓	✓	✓
Cr Keith Rhoades AFSM	✓	✓	×	✓	✓	✓
Cr Khal Asfour	✓	✓	✓	×	✓	×
Cr Ruth Fagan	✓	×	✓	✓	✓	✓
Cr Scott Ferguson	N/A	✓	✓	✓	✓	✓
Cr Lesley Furneaux-Cook	✓	✓	✓	✓	✓	✓
Cr George Greiss	✓	✓	✓	✓	✓	✓
Cr Julie Griffiths	×	✓	✓	×	✓	✓
Cr Mazhar Hadid	✓	×	✓	✓	✓	✓
Cr Paul Harmon	✓	✓	✓	×	×	✓
Cr Rod Kendall	✓	✓	✓	✓	✓	✓
Cr Karen McKeown OAM	✓	✓	✓	✓	✓	✓
Cr Phyllis Miller OAM	✓	✓	✓	✓	✓	✓
Cr Marjorie O'Neill	✓	✓	✓	✓	×	✓
Cr Michael Regan	✓	✓	✓	✓	✓	×
Cr Marianne Saliba	✓	✓	✓	✓	✓	✓
Cr Ben Shields	✓	✓	✓	✓	✓	✓
Cr Angelo Tsirekas	✓	✓	✓	×	✓	✓
Cr Darriea Turley AM	✓	✓	×	✓	✓	✓

Representation On External Boards & Committees

LGNSW and the local government sector are represented on a wide range of external boards and committees, in addition to StateCover and Local Government Super. When vacancies arise LGNSW undertakes an open, transparent and merit-based expression of interest process to identify councillors interested in representing the sector on external boards and significant committees.

Local Government Super & StateCover

The LGNSW Board nominates 4 directors to the Board of StateCover. LGNSW also nominates directors to the Board of LGSS Pty Ltd (the trustee for Local Government Super). Following changes to the LGSS constitution in June 2019 the number of LGNSW directors changed from 4 to 3. In future the Board will nominate 3 directors to the LGSS Board. The Board undertakes an open, transparent and merit-based process to ensure the local government sector has strong representation on these significant boards. While the LGNSW Board makes the nomination, the final decision is made by the company. LGNSW nominees are subject to rigorous assessment by Local Government Super and StateCover to ensure the nominees are fit and proper persons to be appointed and appropriately skilled.

Representation at 30 June 2019

StateCover	Date appointed	Term Expires
Cr Bruce Miller Cowra Shire Council	27 March 2004 Re-appointed 15 November 2017	Annual General Meeting November 2020
Cr Keith Rhoades AFSM Coffs Harbour Shire Council	21 November 2012 Re-appointed 16 November 2016	Annual General Meeting November 2019
Cr Denise Osborne Greater Hume Shire Council	1 August 2016 Re-appointed November 2017	Annual General Meeting November 2020
Cr Jerome Laxale Ryde City Council	10 September 2018	Annual General Meeting November 2019

Local Government Super	Date appointed	Term Expires
Cr Bruce Miller Cowra Shire Council	1 July 2011 Re-appointed 26 March 2017	25 March 2021
Cr Dominico Figliomeni GAICD Wollongong City Council	5 December 2017	4 December 2021
Cr Karen McKeown OAM Penrith City Council	10 April 2018	9 April 2022
Cr Khal Asfour Canterbury Bankstown City Council	16 August 2018	15 August 2022*

*Due to constitutional changes after 30 June 2019, Cr Khal Asfour has stepped down from the LGSS Board.

Officer & Related Party Disclosure Statement in accordance with Section 293J Fair Work (Registered Organisations) Act 2009

I, Linda Scott, being the President of the Local Government and Shires Association of NSW, declare the following Officer and Related Party Disclosure Statement.

Organisation Name:	Local Government and Shires Association of NSW	Branch Name:	N/A
Financial year start date:	1 July 2018	Financial year end date:	30 June 2019

Top Five Officers – Relevant remuneration and non-cash benefits

When all officers in the Local Government and Shires Association of NSW are ranked by relevant remuneration for the financial year, the following officers are ranked no lower than fifth:

Name	Office		Actual Amount of Relevant Remuneration	Value of Relevant non-cash benefits	Form of relevant non-cash benefits
1. Cr Linda Scott	President	LGNSW	\$ 175,178.26	\$ 2,644.71	Life and income protection insurance
		External Boards	\$ -		
		Total	\$ 175,178.26		
2. Cr Karen McKeown	Director	LGNSW	\$ 7,875.27	NIL	N/A
		External Boards	\$ 69,707.00		
		Total	\$ 77,582.27		
3. Cr Keith Rhoades	Immediate Past President	LGNSW	\$ 23,804.25	NIL	N/A
		External Boards	\$ 53,049.00		
		Total	\$ 76,853.25		
4. Cr Khal Asfour	Director	LGNSW	\$ 11,296.06	NIL	N/A
		External Boards	\$ 61,087.99		
		Total	\$ 72,384.05		
5. Cr Lesley Furneaux-Cook	Director	LGNSW	\$ 10,923.75	NIL	N/A
		External Boards	\$ 25,880.00		
		Total	\$ 36,803.75		

Only one of the officers listed above received non-cash benefits from the Local Government and Shires Association of NSW in the form of life and income protection insurance which is provided to all salaried members of the organisation.

Payments to related parties and declared persons or bodies

The Local Government and Shires Association of NSW did not make any payments to related parties or declared persons or bodies that are required to be disclosed.

Signed by the officer:

Dated: 10/9/2019

Other Officers – Relevant remuneration and non-cash benefits

Name	Office	Actual Amount of Relevant Remuneration		Value of Relevant non-cash benefits	Form of relevant non-cash benefits
Cr Phyllis Miller	Director	LGNSW	\$ 15,504.14	NIL	N/A
		External Boards	\$ 1,870.00		
		Total	\$ 17,374.14		
Cr Rod Kendall	Director	LGNSW	\$ 15,504.17	NIL	N/A
		External Boards	\$ 251.35		
		Total	\$ 15,755.52		
Cr Ben Shields	Director	LGNSW	\$ 10,093.74	NIL	N/A
Cr Marjorie O'Neill	Treasurer	LGNSW	\$ 9,618.53	NIL	N/A
Cr Darriea Turley	Director	LGNSW	\$ 8,891.45	NIL	N/A
Cr George Greiss	Director	LGNSW	\$ 7,087.95	NIL	N/A
Cr Marianne Saliba	Director	LGNSW	\$ 6,071.80	NIL	N/A
Cr Scott Ferguson	Director	LGNSW	\$ 5,410.42	NIL	N/A
Cr Michael Regan	Director	LGNSW	\$ 5,055.65	NIL	N/A
Cr Ruth Fagan	Director	LGNSW	\$ 4,869.49	NIL	N/A
Cr Angelo Tsirekas	Director	LGNSW	\$ 4,809.28	NIL	N/A
Cr Mazhar Hadid	Director	LGNSW	\$ 4,445.74	NIL	N/A
Cr Paul Harmon	Director	LGNSW	\$ 4,445.72	NIL	N/A
Cr Julie Griffiths	Director	LGNSW	\$ 3,420.81	NIL	N/A

Grants & Donations

LGNSW administered the following grants exceeding \$1,000 in 2018/19.

Building resilience to climate change stage 2

Purpose: providing council support to adapt to climate change.

Funding provided by: Office of the Environment and Heritage, NSW Environmental Trusts and Climate Change Fund

Northern Beaches Council	\$ 16,000.00
Sydney Coastal Councils Group Inc	\$ 16,000.00
Wagga Wagga City Council	\$ 11,751.00
Dubbo Regional Council	\$ 16,000.00
	\$ 59,751.00

Flying fox

Purpose: To help councils manage flying-foxes and work with local communities

Funding provided by: Office of the Environment and Heritage

Clarence Valley Council	\$ 8,422.00
Cessnock City Council	\$ 1,535.00
Coffs Harbour City Council	\$ 7,000.00
Lake Macquarie City Council	\$ 9,000.00
Bellingen Shire Council	\$ 8,735.00
Sutherland Shire Council	\$ 4,150.00
Hunters Hill Council	\$ 16,000.00
Richmond Valley Council	\$ 15,000.00
Byron Shire Council	\$ 28,000.00
Ku-ring-gai Council	\$ 50,000.00
Wollondilly Shire Council	\$ 15,000.00
	\$ 162,842.00

Council roadside reserves

Purpose: to conserve and improve roadside environments

Funding provided by: NSW Environmental Trust

Wingecarribee Shire Council	\$ 4,149.50
Parkes Shire Council	\$ 10,000.00
Glen Innes Severn Council	\$ 9,000.00
Bellingen Shire Council	\$ 10,000.00
	\$ 33,149.50

Total grants

\$255,742.50

Member councils

As at 30 June 2019, 126 of the general-purpose councils in NSW were members of the organisation. The total number of members, including associate members, was 139.

Ordinary Members

- | | | |
|---|---|--|
| 1. AlburyCity Council | 43. Dubbo Regional Council | 85. Narrandera Shire Council |
| 2. Armidale Regional Council | 44. Dungog Shire Council | 86. Narromine Shire Council |
| 3. Ballina Shire Council | 45. Edward River Council | 87. Newcastle City Council |
| 4. Balranald Shire Council | 46. Fairfield City Council | 88. Northern Beaches Council |
| 5. Bathurst Regional Council | 47. Federation Council | 89. North Sydney Council |
| 6. Bayside Council | 48. Forbes Shire Council | 90. Oberon Council |
| 7. Bega Valley Shire Council | 49. Georges River Council | 91. Orange City Council |
| 8. Bellingen Shire Council | 50. Gilgandra Shire Council | 92. Parkes Shire Council |
| 9. Berrigan Shire Council | 51. Glen Innes Severn Council | 93. Penrith City Council |
| 10. Blacktown City Council | 52. Greater Hume Shire Council | 94. Port Macquarie-Hastings Council |
| 11. Bland Shire Council | 53. Griffith City Council | 95. Port Stephens Council |
| 12. Blayney Shire Council | 54. Gunnedah Shire Council | 96. Queanbeyan-Palerang Regional Council |
| 13. Blue Mountains City Council | 55. Gwydir Shire Council | 97. Randwick City Council |
| 14. Bogan Shire Council | 56. Hawkesbury City Council | 98. Richmond Valley Council |
| 15. Bourke Shire Council | 57. Hay Shire Council | 99. Shellharbour City Council |
| 16. Brewarrina Shire Council | 58. Hills Shire Council | 100. Shoalhaven City Council |
| 17. Broken Hill City Council | 59. Hilltops Council | 101. Singleton Council |
| 18. Burwood Council | 60. Council of the Municipality of Hunters Hill | 102. Snowy Monaro Regional Council |
| 19. Byron Shire Council | 61. Inner West Council | 103. Snowy Valleys Council |
| 20. Cabonne Council | 62. Inverell Shire Council | 104. Strathfield Municipal Council |
| 21. Camden Council | 63. Junee Shire Council | 105. Sutherland Shire Council |
| 22. Campbelltown City Council | 64. Kempsey Shire Council | 106. Tamworth Regional Council |
| 23. Canterbury-Bankstown Council | 65. Ku-ring-gai Council | 107. Temora Shire Council |
| 24. Carrathool Shire Council | 66. Kyogle Council | 108. Tenterfield Shire Council |
| 25. Central Coast Council | 67. Lachlan Shire Council | 109. Tweed Shire Council |
| 26. Central Darling Shire Council | 68. Lake Macquarie City Council | 110. Upper Hunter Shire Council |
| 27. Cessnock City Council | 69. Lane Cove Municipal Council | 111. Upper Lachlan Shire Council |
| 28. City of Canada Bay Council | 70. Leeton Shire Council | 112. Uralla Shire Council |
| 29. City of Lithgow Council | 71. Lismore City Council | 113. Wagga Wagga City Council |
| 30. City of Parramatta Council | 72. Liverpool City Council | 114. Walcha Council |
| 31. Clarence Valley Council | 73. Liverpool Plains Shire Council | 115. Walgett Shire Council |
| 32. Cobar Shire Council | 74. Lockhart Shire Council | 116. Warren Shire Council |
| 33. Coffs Harbour City Council | 75. Maitland City Council | 117. Warrumbungle Shire Council |
| 34. Coolamon Shire Council | 76. MidCoast Council | 118. Waverley Council |
| 35. Coonamble Shire Council | 77. Mid-Western Regional Council | 119. Weddin Shire Council |
| 36. Cootamundra-Gundagai Regional Council | 78. Moree Plains Shire Council | 120. Wentworth Shire Council |
| 37. Council of the City of Ryde | 79. Mosman Municipal Council | 121. Willoughby City Council |
| 38. Council of the City of Sydney | 80. Murray River Council | 122. Wingecarribee Shire Council |
| 39. Council of the Municipality of Kiama | 81. Murrumbidgee Council | 123. Wollondilly Shire Council |
| 40. Council of the Shire of Hornsby | 82. Muswellbrook Shire Council | 124. Wollongong City Council |
| 41. Cowra Shire Council | 83. Nambucca Shire Council | 125. Woollahra Municipal Council |
| 42. Cumberland Council | 84. Narrabri Shire Council | 126. Yass Valley Council |

Associate Members

- | | | |
|---|---|--|
| 1. Castlereagh-Macquarie County Council | 6. Kimbriki Resource Recovery Centre | 11. Rous County Council |
| 2. Central Murray County Council | 7. Lord Howe Island Board | 12. Upper Macquarie County Council |
| 3. Central Tablelands County Council | 8. New England Tablelands (Noxious Plants) County Council | 13. Western Sydney Regional Organisation of Councils |
| 4. Goldenfields Water County Council | 9. Norfolk Island Regional Council | |
| 5. Hawkesbury River County Council | 10. Riverina Water County Council | |

Local Government Procurement



Local Government Procurement (LGP) is a wholly-owned entity of Local Government NSW. LGP adds value by getting the best possible deal when procuring goods and services, saving councils time and money. The more councils use LGP contracts and services, the greater the potential returns available to councils and LGNSW, keeping membership fees low.

LGP saved the sector

\$22m

in costs for goods and services

Contracts Negotiated For The Sector

In 2018/19 the local government sector spent \$767 million through LGP contracts delivering value through negotiated pricing, access to leading and local suppliers and by reducing procurement risk. LGP had 31 contracts in operation, encompassing 890 LGP Approved Contractors.



John Truman (Chairperson, Local Government Procurement Board), Cindy Garrahy (Program Leader, Contracts and Leases, Armidale Regional Council) and Luke Kenny (Chief Executive Officer, Local Government Procurement)

Procurement Solutions For The Sector

Local Government Procurement (LGP) **saved the sector \$22 million** in costs for goods and services during 2018/19 and delivered specialised procurement training to almost 800 local government staff.

In addition, LGP allocated **\$1.4 million in rebates** for regional organisations of councils, joint organisations and councils.

LGP is a prescribed entity under s55 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 (as they otherwise would be required to do).

Financial Results

LGP's revenue growth continued in 2018/19 with a 7% increase on the previous year resulting in a gross surplus (before allocation of rebates) of \$3.8 million.

\$1.4m

in rebates paid to councils, JOs and ROCs

**Note: LGP is a partnership business that involves trusts and companies designed at the inception of LGP. In the interests of transparency, this annual report contains a set of audited accounts for each of the LGP entities, as well as a consolidated set of accounts for LGNSW encompassing all the entities.*

Specialised Consulting Service

In 2018/19 we provided advice and support to councils through 22 procurement projects, including probity advice and audit services. Using our efficiency and analytics program (LEAP) we have helped nine councils identify more than \$5.2 million in savings. Our Sustainable Choice program helps the sector integrate sustainability systematically into procurement through ISO20400 Sustainable Procurement training.

\$5.2m
savings for 9 councils
in LEAP initiative



Procurement Skills

LGP delivered specialised, cost-effective training, qualifications and e-Learning to more than 800 people during the year. LGP has introduced a virtual classroom, allowing people from any geographic location the opportunity to remotely attend the courses conducted at our office in Sydney.

Services & Resources

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

Network Events

LGP delivered seven procurement and engineering network events attended by more than 290 delegates and three sustainability forums attended by more than 70 delegates. These events provided the opportunity for local government staff to hear from guest speakers, collaborate with their peers and discuss current issues.

Conference & Awards

Our annual Local Government Procurement Conference in October 2018, was attended by 98 delegates. The LGP annual awards were presented at the conference, recognising excellence and achievement in Local Government Procurement.

Financial Statements



Local Government New South Wales Financial Statements	37
Local Government Procurement Partnership Financial Statements	71
Local Government Procurement Pty Ltd Financial Statements	85
LGP (LGA NSW) Trust Financial Statements	93
LGP (LGA NSW) Pty Ltd Financial Statements	101
LGP (SA NSW) Trust Financial Statements	110
LGP (SA NSW) Pty Ltd Financial Statements	118



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 2019, 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 1996, including:

- (i) presenting fairly the Association's financial position as at 30 June 2019 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 2019, 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.

ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

Telephone: +61 2 8263 4000
williambuck.com



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 1996 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.

Directors are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is 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.

A further description of our responsibilities for the audit of this financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

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 auditor registered under the Fair Work (Registered Organisations) Act 2009.

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 are no matters to report.

A handwritten signature in black ink that reads 'William Buck'.

William Buck
Accountants & Advisors
ABN 16 021 300 521

A handwritten signature in black ink that reads 'R. Ahrens'.

R. Ahrens
Director
Sydney, 10th September 2019

Registration number (as registered by the Registered Organisations Commissioner under the Fair Work (Registered Organisations) Act 2009): AA2018/24

**Local Government New South Wales
Board's Declaration
30 June 2019**

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

1. Presents fairly, in all material respects, 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 2019 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 1996 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 2018/19 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 Linda Scott
(President)



Dated this 10 Day of September 2019

Cr Marjorie O'Neill
(Treasurer)



Dated this 10 Day of September 2019

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 2019

	Note	LGNSW CONSOLIDATED		LGNSW	
		2019	2018	2019	2018
		\$	\$	\$	\$
Revenue					
Membership subscription		5,138,150	4,989,784	5,138,150	4,989,784
Capitation fees and other revenue from another reporting unit		-	-	-	-
Council services		3,198,510	2,961,174	2,431,013	2,349,853
Commission received	5	10,576,630	8,979,583	1,782,764	1,703,965
Conferences and seminars		2,160,296	2,196,223	1,880,196	1,986,787
Investment income	5	1,266,318	1,246,330	1,262,847	1,244,435
Trust distributions		-	-	2,260,066	1,749,760
Other revenue		322,874	150,992	177,945	54,212
Revenue from recovery of wages activity		-	-	-	-
		<u>22,662,778</u>	<u>20,524,086</u>	<u>14,932,981</u>	<u>14,078,796</u>
Grant income	6	1,342,531	2,567,931	1,342,531	2,567,931
Expenses					
Employee benefits expense	7	(12,098,536)	(11,023,891)	(7,915,784)	(7,448,619)
Capitation fees and other expenses to another reporting unit		-	-	-	-
Affiliation fees	8	(599,632)	(589,910)	(599,632)	(589,910)
Administrative expenses	9	(6,277,240)	(5,546,993)	(4,340,540)	(3,983,353)
Grant expenses	10	(1,342,532)	(2,567,931)	(1,342,532)	(2,567,931)
Council services		(2,461,161)	(2,241,253)	(954,421)	(1,074,747)
Depreciation and amortisation expense	11	(403,546)	(391,712)	(330,025)	(302,683)
Legal costs	12	(173,218)	(109,791)	(157,404)	(72,492)
Audit fees	36	(57,676)	(41,541)	(45,676)	(30,041)
Net losses from sale of assets	13	(6,707)	(11,999)	(4,437)	(9,955)
		<u>585,061</u>	<u>566,996</u>	<u>585,061</u>	<u>566,996</u>
Profit before income tax expense					
Income tax expense		-	-	-	-
Profit after income tax expense for the year attributable to the owners of Local Government New South Wales	32	<u>585,061</u>	<u>566,996</u>	<u>585,061</u>	<u>566,996</u>
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year attributable to the owners of Local Government New South Wales		<u><u>585,061</u></u>	<u><u>566,996</u></u>	<u><u>585,061</u></u>	<u><u>566,996</u></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 2019**

	Note	LGNSW CONSOLIDATED		LGNSW	
		2019	2018	2019	2018
		\$	\$	\$	\$
Assets					
Current assets					
Cash and cash equivalents	14	10,218,195	7,300,660	6,897,489	4,461,652
Trade and other receivables	15	5,988,120	6,309,169	6,025,858	6,468,140
Available-for-sale financial assets	16	6,601,378	5,754,052	6,601,378	5,754,052
Held to maturity investments	17	122,008	14,671	122,008	14,671
Prepayments	18	692,819	558,069	579,421	501,679
Total current assets		23,622,520	19,936,621	20,226,154	17,200,194
Non-current assets					
Trade and other receivables	19	-	-	668,313	291,627
Investments at cost	20	3,000,000	3,000,000	3,000,000	3,000,000
Held to maturity investments	21	16,502,395	17,004,261	16,502,395	17,004,261
Land and buildings	22	7,739,288	7,926,192	7,739,288	7,926,192
Property, plant and equipment	23	846,131	617,011	722,196	492,752
Intangible assets	24	15,998	27,905	-	-
Investment in associates	25	-	-	36	36
Total non-current assets		28,103,812	28,575,369	28,632,228	28,714,868
Total assets		51,726,332	48,511,990	48,858,382	45,915,062
Liabilities					
Current liabilities					
Trade and other payables	26	4,301,934	3,349,403	2,141,466	1,380,624
Short term provisions	27	1,792,972	1,678,234	1,391,340	1,334,427
Other financial liabilities	28	10,503,498	9,004,027	10,340,298	8,809,227
Total current liabilities		16,598,404	14,031,664	13,873,104	11,524,278
Non-current liabilities					
Employee provisions	29	313,207	250,666	169,439	160,006
Total non-current liabilities		313,207	250,666	169,439	160,006
Total liabilities		16,911,611	14,282,330	14,042,543	11,684,284
Net assets		34,814,721	34,229,660	34,815,839	34,230,778
Equity					
Settled sum and issued capital		56	56	-	-
General funds	31	2,217,289	2,217,289	2,217,289	2,217,289
Retained earnings	32	32,597,376	32,012,315	32,598,550	32,013,489
Total equity		34,814,721	34,229,660	34,815,839	34,230,778

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 2019**

	General funds \$	Settled sum and issued capital \$	Retained earnings \$	Total equity \$
LGNSW CONSOLIDATED				
Balance at 1 July 2017	2,217,289	56	31,445,319	33,662,664
Profit after income tax expense for the year	-	-	566,996	566,996
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	566,996	566,996
Balance at 30 June 2018	<u>2,217,289</u>	<u>56</u>	<u>32,012,315</u>	<u>34,229,660</u>
LGNSW CONSOLIDATED				
	General funds \$	Settled sum and issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2018	2,217,289	56	32,012,315	34,229,660
Profit after income tax expense for the year	-	-	585,061	585,061
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	585,061	585,061
Balance at 30 June 2019	<u>2,217,289</u>	<u>56</u>	<u>32,597,376</u>	<u>34,814,721</u>
LGNSW				
	General funds \$	Retained earnings \$	Total equity \$	
Balance at 1 July 2017	2,217,289	31,446,493	33,663,782	
Profit after income tax expense for the year	-	566,996	566,996	
Other comprehensive income for the year, net of tax	-	-	-	
Total comprehensive income for the year	-	566,996	566,996	
Balance at 30 June 2018	<u>2,217,289</u>	<u>32,013,489</u>	<u>34,230,778</u>	
LGNSW				
	General funds \$	Retained earnings \$	Total equity \$	
Balance at 1 July 2018	2,217,289	32,013,489	34,230,778	
Profit after income tax expense for the year	-	585,061	585,061	
Other comprehensive income for the year, net of tax	-	-	-	
Total comprehensive income for the year	-	585,061	585,061	
Balance at 30 June 2019	<u>2,217,289</u>	<u>32,598,550</u>	<u>34,815,839</u>	

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 2019**

	Note	LGNSW CONSOLIDATED		LGNSW	
		2019 \$	2018 \$	2019 \$	2018 \$
Cash flows from operating activities					
Receipts from customers		23,128,580	21,858,467	13,368,175	13,457,683
Payments to suppliers and employees		(22,013,404)	(22,335,936)	(14,983,228)	(15,976,622)
Investment income		1,142,471	948,555	1,139,000	765,440
Net cash from/(used in) operating activities	40	<u>2,257,647</u>	<u>471,086</u>	<u>(476,053)</u>	<u>(1,753,499)</u>
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		32,611	4,091	26,000	-
Net movements in investments		(328,950)	(198,530)	(328,950)	(17,310)
Purchase of property, plant and equipment		(474,704)	(328,082)	(403,002)	(285,026)
Purchase of intangibles		-	(28,116)	-	-
Net cash used in investing activities		<u>(771,043)</u>	<u>(550,637)</u>	<u>(705,952)</u>	<u>(302,336)</u>
Cash flows from financing activities					
Net receipts from other reporting units/controlled entity	41	-	-	2,186,911	900,000
Net movement in government grant funding received		1,430,931	(1,443,406)	1,430,931	(1,443,406)
Net cash from/(used in) financing activities		<u>1,430,931</u>	<u>(1,443,406)</u>	<u>3,617,842</u>	<u>(543,406)</u>
Net increase/(decrease) in cash and cash equivalents		2,917,535	(1,522,957)	2,435,837	(2,599,241)
Cash and cash equivalents at the beginning of the financial year		7,300,660	8,823,617	4,461,652	7,060,893
Cash and cash equivalents at the end of the financial year	14	<u>10,218,195</u>	<u>7,300,660</u>	<u>6,897,489</u>	<u>4,461,652</u>

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

**Local Government New South Wales
Notes to the financial statements
30 June 2019**

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 10th September 2019.

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 15 Revenue from Contracts with Customers

The Association has adopted AASB 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are 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. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The Association has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (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. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

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 2009, the Industrial Relations Act 1996 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.

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 2. Significant accounting policies (continued)

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.

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 are 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 Partnership 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.

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 2. Significant accounting policies (continued)

Revenue recognition

The Association recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Donation income

Donation income is recognised upon receipt.

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.

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 2. Significant accounting policies (continued)

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.

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.

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 2. Significant accounting policies (continued)

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.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Association intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Investments

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. 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.

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.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

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.

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 2. Significant accounting policies (continued)

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.

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.

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 2. Significant accounting policies (continued)

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.

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.

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 2. Significant accounting policies (continued)

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.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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 2019. 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.

**Local Government New South Wales
Notes to the financial statements
30 June 2019**

Note 2. Significant accounting policies (continued)

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.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

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.

Local Government New South Wales
Notes to the financial statements
30 June 2019

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

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. Levies

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Levies	-	-	-	-

Note 5. Investment income and commission received

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Investment income				
Interest from deposits held with financial institutions	662,058	673,028	658,587	671,133
Dividends income from equity portfolio	332,345	263,498	332,345	263,498
Available for sale - unrealised gains/(losses)	235,321	362,859	235,321	362,859
Held to maturity - unrealised gains/(losses)	(55,737)	(32,542)	(55,737)	(32,542)
Gain/(loss) on sale of investments	92,331	(20,513)	92,331	(20,513)
Total investment income generated	1,266,318	1,246,330	1,262,847	1,244,435
	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
Commission received				
Commission - JLT	508,576	503,099	508,576	503,099
Commission - StateCover	1,094,188	1,020,866	1,094,188	1,020,866
Commission - supplier contracts	8,793,866	7,275,618	-	-
Management fees	180,000	180,000	180,000	180,000
Total commission received	10,576,630	8,979,583	1,782,764	1,703,965

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 6. Grants or donations

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Grants received	1,342,531	2,567,931	1,342,531	2,567,931
Donations received	-	-	-	-
Total grants or donations received	<u>1,342,531</u>	<u>2,567,931</u>	<u>1,342,531</u>	<u>2,567,931</u>

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.

Note 7. Employee benefits expense

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Holders of office				
Wages and salaries	(154,414)	(155,280)	(154,414)	(155,280)
Superannuation	(20,778)	(15,023)	(20,778)	(15,023)
Subtotal employee expenses - holders of office	<u>(175,192)</u>	<u>(170,303)</u>	<u>(175,192)</u>	<u>(170,303)</u>

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
Employees other than office holders				
Wages and salaries	(9,511,837)	(8,769,785)	(6,316,655)	(5,903,913)
Superannuation	(970,618)	(853,277)	(658,264)	(573,473)
Leave and other entitlements	(253,792)	(159,227)	(122,192)	(26,869)
Other employee expenses	(1,187,097)	(1,071,299)	(643,481)	(774,061)
Subtotal employee expenses - employees other than office holders	<u>(11,923,344)</u>	<u>(10,853,588)</u>	<u>(7,740,592)</u>	<u>(7,278,316)</u>
Total employee expenses	<u>(12,098,536)</u>	<u>(11,023,891)</u>	<u>(7,915,784)</u>	<u>(7,448,619)</u>

Note 8. Affiliation fees

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Australian Local Government Association	<u>(599,632)</u>	<u>(589,910)</u>	<u>(599,632)</u>	<u>(589,910)</u>

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 11. Depreciation and amortisation

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Depreciation				
Buildings	(186,904)	(186,904)	(186,904)	(186,904)
Property, plant and equipment	(204,735)	(193,632)	(143,121)	(115,779)
Amortisation	-	-	-	-
Intangibles	(11,907)	(11,176)	-	-
Total depreciation and amortisation expense	<u>(403,546)</u>	<u>(391,712)</u>	<u>(330,025)</u>	<u>(302,683)</u>

Note 12. Legal costs

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Litigation	-	-	-	-
Other legal matters	(173,218)	(109,791)	(157,404)	(72,492)
Total legal costs	<u>(173,218)</u>	<u>(109,791)</u>	<u>(157,404)</u>	<u>(72,492)</u>

Note 13. Net losses from the sale of assets

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Plant and equipment	<u>(6,707)</u>	<u>(11,999)</u>	<u>(4,437)</u>	<u>(9,955)</u>

Note 14. Current assets - cash and cash equivalents

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash on hand	2,056	2,056	1,000	1,000
Cash at bank - LGNSW funds	6,729,294	5,037,347	3,494,532	2,282,100
Cash at bank - grant funds	3,401,957	2,178,552	3,401,957	2,178,552
Cash on deposit	84,888	82,705	-	-
	<u>10,218,195</u>	<u>7,300,660</u>	<u>6,897,489</u>	<u>4,461,652</u>

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 15. Current assets - trade and other receivables

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Trade receivables	5,668,601	6,100,307	3,526,546	4,144,907
Provision for doubtful debts	(6,397)	(6,397)	-	-
Loans to related parties - Local Government Procurement Partnership	-	-	-	437,132
Receivable from LGP (LGA NSW) Trust	-	-	1,130,023	874,880
Receivable from LGP (SA NSW) Trust	-	-	1,130,023	874,880
Interest and other receivables	775	746	775	746
GST receivable	325,141	214,513	238,491	135,595
	<u>5,988,120</u>	<u>6,309,169</u>	<u>6,025,858</u>	<u>6,468,140</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 36.

Note 16. Current assets - available-for-sale financial assets

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Equities - held at fair value	<u>6,601,378</u>	<u>5,754,052</u>	<u>6,601,378</u>	<u>5,754,052</u>

Note 17. Current assets - held to maturity investments

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Call account	<u>122,008</u>	<u>14,671</u>	<u>122,008</u>	<u>14,671</u>

Note 18. Current assets - prepayments

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Prepayments	614,791	407,333	501,393	350,943
Premium on investments	78,028	150,736	78,028	150,736
	<u>692,819</u>	<u>558,069</u>	<u>579,421</u>	<u>501,679</u>

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 19. Non-current assets - trade and other receivables

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Loans to related parties - Local Government Procurement Partnership	-	-	668,313	291,627

This represents the level of working capital that Local Government Procurement Partnership requires to operate on a day to day basis.

Note 20. Non-current assets – investments at cost

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Shares in StateCover Mutual Limited, held at cost	3,000,000	3,000,000	3,000,000	3,000,000

Note 21. Non-current assets - held to maturity investments

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Term deposit - Commonwealth Bank of Australia	250,000	250,000	250,000	250,000
Fixed interest - National Australia Bank	3,235,124	2,059,398	3,235,124	2,059,398
Fixed interest - Bank of Queensland	2,045,053	2,051,916	2,045,053	2,051,916
Fixed interest - Bendigo Bank	4,024,043	3,946,598	4,024,043	3,946,598
Fixed interest - Westpac Bank	6,948,175	8,696,349	6,948,175	8,696,349
	<u>16,502,395</u>	<u>17,004,261</u>	<u>16,502,395</u>	<u>17,004,261</u>

Note 22. Non-current assets - land and buildings

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Land and buildings - at fair value	9,117,860	9,117,860	9,117,860	9,117,860
Less: Accumulated depreciation	(1,378,572)	(1,191,668)	(1,378,572)	(1,191,668)
Building last valued in 2016. Next valuation due 2020.	7,739,288	7,926,192	7,739,288	7,926,192
<i>Reconciliation</i>				
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:				
Opening fair value	7,926,192	8,113,096	7,926,192	8,113,096
Depreciation expense	(186,904)	(186,904)	(186,904)	(186,904)
Closing fair value	<u>7,739,288</u>	<u>7,926,192</u>	<u>7,739,288</u>	<u>7,926,192</u>

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 23. Non-current assets - property, plant and equipment

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Leasehold improvements - at cost	93,219	78,724	-	-
Less: Accumulated depreciation	(59,410)	(43,181)	-	-
	<u>33,809</u>	<u>35,543</u>	<u>-</u>	<u>-</u>
Fixtures and fittings - at cost	932,080	919,955	920,050	907,925
Less: Accumulated depreciation	(697,229)	(663,749)	(692,510)	(659,964)
	<u>234,851</u>	<u>256,206</u>	<u>227,540</u>	<u>247,961</u>
Motor vehicles - at cost	117,304	145,711	33,784	39,404
Less: Accumulated depreciation	(78,448)	(82,464)	(1,197)	(7,692)
	<u>38,856</u>	<u>63,247</u>	<u>32,587</u>	<u>31,712</u>
Office equipment - at cost	1,120,437	706,137	832,246	475,153
Less: Accumulated depreciation	(585,722)	(448,022)	(374,077)	(265,974)
	<u>534,715</u>	<u>258,115</u>	<u>458,169</u>	<u>209,179</u>
Paintings and artworks	3,900	3,900	3,900	3,900
	<u>846,131</u>	<u>617,011</u>	<u>722,196</u>	<u>492,752</u>

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 2017	51,288	218,396	100,752	128,215	498,651
Additions	-	72,171	-	255,911	328,082
Disposals	-	-	(6,135)	(9,955)	(16,090)
Depreciation expense	(15,745)	(30,461)	(31,370)	(116,056)	(193,632)
Balance at 30 June 2018	35,543	260,106	63,247	258,115	617,011
Additions	14,495	12,125	33,784	414,300	474,704
Disposals	-	-	(40,849)	-	(40,849)
Depreciation expense	(16,229)	(33,480)	(17,326)	(137,700)	(204,735)
Balance at 30 June 2019	<u>33,809</u>	<u>238,751</u>	<u>38,856</u>	<u>534,715</u>	<u>846,131</u>

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

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 23. Non-current assets - property, plant and equipment (continued)

LGNSW	Furniture, Fixtures & Fittings* \$	Motor Vehicles \$	Office Equipment \$	Total \$
Balance at 1 July 2017	215,389	39,100	78,971	333,460
Additions	66,548	-	218,478	285,026
Disposals	-	-	(9,955)	(9,955)
Depreciation expense	(30,076)	(7,388)	(78,315)	(115,779)
Balance at 30 June 2018	251,861	31,712	209,179	492,752
Additions	12,125	33,784	357,093	403,002
Disposals	-	(30,437)	-	(30,437)
Depreciation expense	(32,546)	(2,473)	(108,102)	(143,121)
Balance at 30 June 2019	<u>231,440</u>	<u>32,586</u>	<u>458,170</u>	<u>722,196</u>

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

Note 24. Non-current assets - intangible assets

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Website and software development - at cost	485,823	485,823	276,659	276,659
Less: Accumulated amortisation	(469,825)	(457,918)	(276,659)	(276,659)
	<u>15,998</u>	<u>27,905</u>	<u>-</u>	<u>-</u>

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 2017	10,965	10,965
Additions	28,116	28,116
Amortisation expense	(11,176)	(11,176)
Balance at 30 June 2018	27,905	27,905
Amortisation expense	(11,907)	(11,907)
Balance at 30 June 2019	<u>15,998</u>	<u>15,998</u>

Note 25. Non-current assets - investment in associates

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Investment in related party's Trust companies	-	-	36	36

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 26. Current liabilities - trade and other payables

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Trade payables	1,363,142	674,564	852,894	338,870
Sundry payables and accrued expenses	1,878,395	1,658,183	123,279	308,447
Payable to related parties - Local Government Procurement Partnership	-	-	376,686	-
Payable to employers for making payroll deductions of membership subscriptions	-	-	-	-
Legal costs - other	58,460	9,432	58,460	3,300
GST payable	1,001,937	1,007,224	730,147	730,007
	<u>4,301,934</u>	<u>3,349,403</u>	<u>2,141,466</u>	<u>1,380,624</u>

Note 27. Current liabilities - short term provisions

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Annual leave - Employees other than office holders	628,179	684,675	427,479	550,755
Long service leave - Employees other than office holders	1,164,793	993,559	963,861	783,672
	<u>1,792,972</u>	<u>1,678,234</u>	<u>1,391,340</u>	<u>1,334,427</u>

Note 28. Current liabilities - other financial liabilities

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Scholarship funds held	579,047	585,896	579,047	585,896
Unspent government grants	3,483,241	2,045,461	3,483,241	2,045,461
Other deferred income	6,441,210	6,372,670	6,278,010	6,177,870
	<u>10,503,498</u>	<u>9,004,027</u>	<u>10,340,298</u>	<u>8,809,227</u>

Note 29. Non-current liabilities - employee provisions

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Long service leave - Employees other than office holders	313,207	250,666	169,439	160,006

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 31. Equity - general funds

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revaluation surplus reserve	2,217,289	2,217,289	2,217,289	2,217,289

Note 32. Equity - retained earnings

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Retained earnings at the beginning of the financial year	32,012,305	31,445,319	32,013,489	31,446,493
Profit after income tax expense for the year	585,061	566,996	585,061	566,996
Retained earnings at the end of the financial year	32,597,376	32,012,305	32,598,550	32,013,489

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.

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	2019		2018	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents	1.98%	10,218,195	2.00%	7,300,660
Receivables	-	5,988,120	-	6,094,656
Investments (subject to interest rate risk)	3.25%	16,547,018	4.13%	17,018,932
Net exposure to cash flow interest rate risk		32,753,333		30,414,248

An official increase/decrease in interest rates of one hundred basis points would have a deemed favourable/(adverse) effect on profit before tax of \$267,652/(\$267,652) (2018: \$243,196/(\$243,196)) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 33. Financial instruments (continued)

Credit risk

The Association has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Association based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

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 15.

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.

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.

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 33. Financial instruments (continued)

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 - 2019						
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	4,301,934	-	-	-	4,301,892
Unspent government grants	-	1,814,002	2,248,286	-	-	4,062,288
Deferred income	-	6,441,210	-	-	-	6,441,210
Total non-derivatives		<u>12,557,146</u>	<u>2,248,286</u>	<u>-</u>	<u>-</u>	<u>14,805,432</u>
LGNSW CONSOLIDATED - 2018						
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	3,349,403	-	-	-	3,349,403
Unspent government grants	-	2,285,471	345,886	-	-	2,631,357
Deferred income	-	6,372,670	-	-	-	6,372,670
Total non-derivatives		<u>12,007,544</u>	<u>345,886</u>	<u>-</u>	<u>-</u>	<u>12,353,430</u>
LGNSW - 2019						
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	2,141,466	-	-	-	2,141,466
Unspent government grants	-	1,814,002	2,248,286	-	-	4,062,288
Other deferred income	-	6,278,010	-	-	-	6,278,010
Total non-derivatives		<u>10,233,478</u>	<u>2,248,286</u>	<u>-</u>	<u>-</u>	<u>12,481,764</u>
LGNSW - 2018						
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	1,380,624	-	-	-	1,380,624
Unspent government grants	-	2,285,471	345,886	-	-	2,631,357
Other deferred income	-	6,177,870	-	-	-	6,177,870
Total non-derivatives		<u>9,843,965</u>	<u>345,886</u>	<u>-</u>	<u>-</u>	<u>10,189,851</u>

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

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 33. Financial instruments (continued)

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:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
LGNSW CONSOLIDATED				
<i>Assets</i>				
Cash and cash equivalents	10,218,195	10,218,195	7,300,660	7,300,660
Trade and other receivables	5,988,120	5,988,120	6,309,169	6,309,169
Term deposits	44,623	44,623	14,671	14,671
Fixed interest investments	16,502,395	16,502,395	17,004,261	17,004,261
Equities	6,601,378	6,601,378	5,754,052	5,754,052
Shares in StateCover Mutual Limited (**)	3,000,000	3,000,000	3,000,000	3,000,000
	<u>42,354,711</u>	<u>42,354,711</u>	<u>39,382,813</u>	<u>39,382,813</u>
<i>Liabilities</i>				
Trade and other payables	(4,301,934)	(4,301,934)	(3,349,403)	(3,349,403)
Unspent government grants	(4,062,288)	(4,062,288)	(2,631,357)	(2,631,357)
Other deferred income	(6,441,210)	(6,441,210)	(6,372,670)	(6,372,670)
	<u>(14,805,432)</u>	<u>(14,805,432)</u>	<u>(12,353,430)</u>	<u>(12,353,430)</u>
	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
LGNSW				
<i>Assets</i>				
Cash and cash equivalents	6,897,489	6,897,489	4,461,652	4,461,652
Trade and other receivables (*)	3,765,792	3,765,792	4,281,248	4,281,248
Term deposits	44,623	44,623	14,671	14,671
Fixed interest investments	16,502,395	16,502,395	17,004,261	17,004,261
Equities	6,601,378	6,601,378	5,754,052	5,754,052
Shares in StateCover Mutual Limited (**)	3,000,000	3,000,000	3,000,000	3,000,000
Investment in LGP Trust Companies (**)	36	36	36	36
	<u>36,811,713</u>	<u>36,811,713</u>	<u>34,515,920</u>	<u>34,515,920</u>
<i>Liabilities</i>				
Trade and other payables	(2,141,466)	(2,141,466)	(1,380,624)	(1,380,624)
Unspent government grants	(4,062,288)	(4,062,288)	(2,631,357)	(2,631,357)
Other deferred income	(6,278,010)	(6,278,010)	(6,177,870)	(6,177,870)
	<u>(12,481,764)</u>	<u>(12,481,764)</u>	<u>(10,189,851)</u>	<u>(10,189,851)</u>

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 33. Financial instruments (continued)

* Exclusive of related party receivables (Note 33)

** Investments represent equity instruments held at historical cost due to the rights and entitlements attached to those instruments.

Fair value hierarchy

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
LGNSW CONSOLIDATED - 2019				
Term deposits	-	44,623	-	44,623
Fixed interest investments	-	16,502,395	-	16,502,395
Equities	6,601,378	-	-	6,601,378
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
	<u>6,601,378</u>	<u>19,547,018</u>	<u>-</u>	<u>26,148,396</u>
LGNSW CONSOLIDATED - 2018				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	14,671	-	14,671
Fixed interest investments	-	17,004,261	-	17,004,261
Equities	5,754,052	-	-	5,754,052
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
	<u>5,754,052</u>	<u>20,018,932</u>	<u>-</u>	<u>25,772,984</u>
LGNSW - 2019				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	44,623	-	44,623
Fixed interest investments	-	16,502,395	-	16,502,395
Equities	6,601,378	-	-	6,601,378
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
Investment in LGP Trust companies	-	-	36	36
	<u>6,601,378</u>	<u>19,547,018</u>	<u>36</u>	<u>26,148,432</u>
LGNSW - 2018				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	14,671	-	14,671
Fixed interest investments	-	17,004,261	-	17,004,261
Equities	5,754,052	-	-	5,754,052
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
Investment in LGP Trust companies	-	-	36	36
	<u>5,754,052</u>	<u>20,018,932</u>	<u>36</u>	<u>25,773,020</u>

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 34. Related party disclosures

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenue received from LGP (LGA NSW) Trust includes the following:				
Trust distributions	-	-	1,130,033	874,880
	<u>-</u>	<u>-</u>	<u>1,130,033</u>	<u>874,880</u>
	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenue received from LGP (SA NSW) Trust includes the following:				
Trust distributions	-	-	1,130,033	874,880
	<u>-</u>	<u>-</u>	<u>1,130,033</u>	<u>874,880</u>
	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Amounts receivable from LGP (LGA NSW) Trust includes the following:				
Trust distribution receivable	-	-	1,130,033	874,880
	<u>-</u>	<u>-</u>	<u>1,130,033</u>	<u>874,880</u>
	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Amounts receivable from LGP (SA NSW) Trust includes the following:				
Trust distribution receivable	-	-	1,130,033	874,880
	<u>-</u>	<u>-</u>	<u>1,130,033</u>	<u>874,880</u>
	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Amounts receivable from / (payable to) Local Government Procurement Partnership includes the following:				
Trade and other receivables	-	-	-	437,132
Loan to Local Government Procurement Partnership (Non-current)	-	-	668,313	291,627
Trade and other payables	-	-	(376,686)	-
Total net receivable from Local Government Procurement	<u>-</u>	<u>-</u>	<u>291,627</u>	<u>728,759</u>

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 37. Contingent assets

The Association was not aware of any contingent assets as at 30 June 2019.

Note 38. Contingent liabilities

The Association has provided bank guarantees for the purpose of rental contracts amounting to \$274,525 (2018: \$197,140) by the Commonwealth Bank.

The Association was not aware of any other contingent liabilities as at 30 June 2019.

Note 39. Capital and leasing commitments

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
<i>Commitments for minimum lease payments in relation to operating leases are as follows</i>				
Not later than 12 months	409,097	254,404	140,700	-
Between 12 months and 5 years	302,683	296,805	257,950	-
	<u>711,780</u>	<u>551,209</u>	<u>398,650</u>	<u>-</u>

The operating lease represents two office leases, one held by LGNSW for Suite 2 on Level 9 of 28 Margaret Street, Sydney and one by a related party for Suite 13.01, Level 55 Clarence St, Sydney. The lease agreement for LGNSW terminates on the 30 April 2022 and the related party lease terminates on the 31 August 2020 with an option for another 5 years. The lease for LGNSW was signed on the 15 May 2019 and the related party lease was signed on 1 August 2015 and no commitment existed in previous financial years, when operations were conducted from group owned premises. The commitments are shown net of monthly rent abatements received, which will continue to be received until the termination of the leases.

Note 40. Reconciliation of profit after income tax to net cash from/(used in) operating activities

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Profit after income tax expense for the year	585,061	566,996	585,061	566,996
Adjustments for:				
Depreciation and amortisation	403,546	391,712	330,025	302,683
Net loss on disposal of property, plant and equipment	6,707	11,999	4,437	9,955
Capital (gain)/loss on floating rate note investments	(179,584)	(330,317)	(179,584)	(511,537)
Net (gain)/loss on sale of investments	55,737	32,542	55,737	32,542
Trust distributions	-	-	(2,260,066)	(1,749,760)
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	321,049	(361,307)	515,436	(374,136)
(Increase)/decrease in prepayments	(134,750)	(4,467)	(77,742)	(15,045)
Increase/(decrease) in trade payables and accruals	954,062	(260,638)	384,157	(112,606)
Increase/(decrease) in deferred income	68,540	374,087	100,140	179,287
Increase/(decrease) in provisions	177,279	50,479	66,346	(81,878)
Net cash from/(used in) operating activities	<u>2,257,647</u>	<u>471,086</u>	<u>(476,053)</u>	<u>(1,753,499)</u>

Local Government New South Wales
Notes to the financial statements
30 June 2019

Note 41. Cash flow information

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash inflows				
LGP (LGA NSW) Trust	-	-	874,880	-
Local Government	-	-	874,880	-
Local Government Procurement Partnership	-	-	437,151	900,000
			<hr/>	<hr/>
Total cash inflows	-	-	2,186,911	900,000
			<hr/> <hr/>	<hr/> <hr/>

Note 42. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 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.



Local Government Procurement Partnership

Independent auditor's report to partners

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Local Government Procurement Partnership (the Partnership), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and partners' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Partnership as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial report.

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 Partnership 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the partners' financial reporting responsibilities under the Partnership deed. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the Partnership deed and is appropriate to meet the needs of the partners and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

Telephone: +61 2 8263 4000
williambuck.com



Those charged with governance are responsible for overseeing the Partnership's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar6.pdf

This description forms part of our independent auditor's report.

A handwritten signature in black ink that reads 'William Buck'.

William Buck
Accountants & Advisors
ABN 16 021 300 521

A handwritten signature in black ink that reads 'R. Ahrens'.

R. Ahrens
Director

Sydney, 13th September 2019

**Local Government Procurement Partnership
Partners' declaration
30 June 2019**

In the partners' opinion:

- the partnership is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 2 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the New South Wales legislation the Associations Incorporation Act 2009 and associated regulations;
- the attached financial statements and notes comply with the Accounting Standards as described in note 2 to the financial statements;
- the attached financial statements and notes present fairly the partnership's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the partnership will be able to pay its debts as and when they become due and payable.

This declaration is made on behalf of the partners by:



Partner - Linda Scott, sole director of LGP (LGA NSW) Pty Ltd and LGP (SA NSW) Pty Ltd (the Partners)

219 / 2019

Local Government Procurement Partnership
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	3	9,989,863	8,195,050
Expenses			
Employee benefits expense		(4,257,939)	(3,674,563)
Rebates to councils		(1,506,740)	(1,166,506)
Administration		(1,362,123)	(1,169,996)
Consultancy costs		(427,003)	(223,660)
Conference expense		(100,201)	(119,492)
Gain/(loss) on sale of non-current assets		(2,270)	(2,044)
Depreciation, amortisation and impairment		(73,521)	(89,029)
Profit before income tax expense		2,260,066	1,749,760
Income tax expense		-	-
Profit after income tax expense for the year attributable to the partners of Local Government Procurement Partnership		2,260,066	1,749,760
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the partners of Local Government Procurement Partnership		<u>2,260,066</u>	<u>1,749,760</u>
Distribution to partners:			
LGP (LGA NSW) Trust (50% Partner)		1,130,033	874,880
LGP (SA NSW) Trust (50% Partner)		1,130,033	874,880
Total distribution to partners		<u>2,260,066</u>	<u>1,749,760</u>
Retained partners' funds at the end of the financial year of Local Government Procurement Partnership		<u>-</u>	<u>-</u>

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

Local Government Procurement Partnership
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	5	3,320,088	2,838,390
Trade and other receivables	6	2,222,308	2,027,921
Prepayments	7	113,398	56,390
Total current assets		<u>5,655,794</u>	<u>4,922,701</u>
Non-current assets			
Property, plant and equipment	8	123,935	124,259
Intangibles	9	15,998	27,905
Total non-current assets		<u>139,933</u>	<u>152,164</u>
Total assets		<u>5,795,727</u>	<u>5,074,865</u>
Liabilities			
Current liabilities			
Trade and other payables	10	4,418,814	4,153,971
Provisions	11	401,632	343,807
Other financial liabilities	12	163,200	194,800
Total current liabilities		<u>4,983,646</u>	<u>4,692,578</u>
Non-current liabilities			
Trade and other payables	13	668,313	291,627
Provisions	14	143,768	90,660
Total non-current liabilities		<u>812,081</u>	<u>382,287</u>
Total liabilities		<u>5,795,727</u>	<u>5,074,865</u>
Net assets		<u><u>-</u></u>	<u><u>-</u></u>
Partners' funds			
Total partners' funds		<u><u>-</u></u>	<u><u>-</u></u>

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

Local Government Procurement Partnership
Statement of changes in equity
For the year ended 30 June 2019

	Partners' funds	Total partners'
	\$	\$
Balance at 1 July 2017	-	-
Profit after income tax expense for the year	1,749,760	1,749,760
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	1,749,760	1,749,760
Profit distribution to LGP (LGA NSW) Trust	(874,880)	(874,880)
Profit distribution to LGP (SA NSW) Trust	(874,880)	(874,880)
	<hr/>	<hr/>
Balance at 30 June 2018	-	-
	<hr/> <hr/>	<hr/> <hr/>
	Partners' funds	Total partners'
	\$	\$
Balance at 1 July 2018	-	-
Profit after income tax expense for the year	2,260,066	2,260,066
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	2,260,066	2,260,066
Profit distribution to LGP (LGA NSW) Trust	(1,130,033)	(1,130,033)
Profit distribution to LGP (SA NSW) Trust	(1,130,033)	(1,130,033)
	<hr/>	<hr/>
Balance at 30 June 2019	-	-
	<hr/> <hr/>	<hr/> <hr/>

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

Local Government Procurement Partnership
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		10,168,691	8,205,984
Payments to suppliers and employees		<u>(7,438,462)</u>	<u>(6,164,514)</u>
		2,730,229	2,041,470
Interest received		<u>3,471</u>	<u>1,895</u>
Net cash from operating activities	15	<u>2,733,700</u>	<u>2,043,365</u>
Cash flows from investing activities			
Proceeds from sale of non-current assets		6,611	4,091
Purchase of property, plant and equipment		(71,702)	(43,056)
Purchase of intangibles		<u>-</u>	<u>(28,116)</u>
Net cash used in investing activities		<u>(65,091)</u>	<u>(67,081)</u>
Cash flows from financing activities			
Net movement in related party loans		(437,151)	(900,000)
Distributions to partners		<u>(1,749,760)</u>	<u>-</u>
Net cash used in financing activities		<u>(2,186,911)</u>	<u>(900,000)</u>
Net increase in cash and cash equivalents		481,698	1,076,284
Cash and cash equivalents at the beginning of the financial year		<u>2,838,390</u>	<u>1,762,106</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>3,320,088</u></u>	<u><u>2,838,390</u></u>

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

Local Government Procurement Partnership
Notes to the financial statements
30 June 2019

Note 1. General information

Local Government Procurement Partnership is a partnership, incorporated and domiciled in Australia.

The financial statements were authorised for issue on _____ 2019.

Note 2. Significant accounting policies

Basis of preparation

In the partners' opinion, the partnership is not a reporting entity because there are no users dependent on general purpose financial statements. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the partnership deed.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below which the partners have determined are appropriate to meet their needs. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the partnership is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the partnership: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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.

Income tax

As the partnership is a tax exempt institution in terms of subsection 50-10 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and 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.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Local Government Procurement Partnership
Notes to the financial statements
30 June 2019

Note 2. Significant accounting policies (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Furniture, Fixtures and Fittings	10%
Motor Vehicles	18.75%
Office Equipment	20%
Computer Equipment	33.33%

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

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the partnership will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Development costs

Development costs are capitalised only when the project will deliver future economic benefits and these benefits can be measured reliably.

Impairment of non-financial assets

At each reporting date, the partnership reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Employee benefits

Provision is made for the partnership's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one period have been measured at the amounts expected to be paid when the liability is settled, plus related on costs.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of a change in accounting policy.

Local Government Procurement Partnership
Notes to the financial statements
30 June 2019

Note 3. Revenue

	2019	2018
	\$	\$
Commissions	8,793,866	7,275,618
Council services	767,497	611,321
Conferences and seminars	280,100	209,436
Interest revenue	3,471	1,895
Other revenue	144,929	96,780
	<u>9,989,863</u>	<u>8,195,050</u>
	2019	2018
	\$	\$
Interest revenue		
Interest received from:		
Financial institutions	<u>3,471</u>	<u>1,895</u>

Note 4. Profit from ordinary activities (includes):

	2019	2018
	\$	\$
Expenses		
Depreciation of property, plant and equipment	(61,614)	(77,853)
Amortisation of intangible assets	(11,907)	(11,176)
	<u>(73,521)</u>	<u>(89,029)</u>
	2019	2018
	\$	\$
Remuneration of auditor		
Auditing or reviewing the financial report	<u>(12,100)</u>	<u>(11,500)</u>
	2019	2018
	\$	\$
Loss on sale of non-current assets		
Loss on sale of non-current assets	<u>(2,270)</u>	<u>(2,044)</u>

Note 5. Current assets - cash and cash equivalents

	2019	2018
	\$	\$
Cash on hand	1,000	1,000
Cash at bank	3,234,200	2,754,685
Cash on deposit	84,888	82,705
	<u>3,320,088</u>	<u>2,838,390</u>

Local Government Procurement Partnership
Notes to the financial statements
30 June 2019

Note 6. Current assets - trade and other receivables

	2019	2018
	\$	\$
Trade receivables	2,142,055	1,955,400
Less: Provision for doubtful debts	(6,397)	(6,397)
GST receivable	86,650	78,918
	<u>2,222,308</u>	<u>2,027,921</u>

Note 7. Current assets - prepayments

	2019	2018
	\$	\$
Prepayments	<u>113,398</u>	<u>56,390</u>

Note 8. Non-current assets - property, plant and equipment

	2019	2018
	\$	\$
Leasehold improvements - at cost	93,219	78,724
Less: Accumulated depreciation	(59,410)	(43,181)
	<u>33,809</u>	<u>35,543</u>
Fixtures and fittings - at cost	12,030	12,030
Less: Accumulated depreciation	(4,719)	(3,785)
	<u>7,311</u>	<u>8,245</u>
Motor vehicles - at cost	83,520	106,307
Less: Accumulated depreciation	(77,251)	(74,772)
	<u>6,269</u>	<u>31,535</u>
Office equipment - at cost	288,191	230,984
Less: Accumulated depreciation	(211,645)	(182,048)
	<u>76,546</u>	<u>48,936</u>
	<u>123,935</u>	<u>124,259</u>

Local Government Procurement Partnership
Notes to the financial statements
30 June 2019

Note 8. 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:

	Leasehold Improvements \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Office Equipment \$	Total \$
Balance at 1 July 2017	51,288	3,007	61,652	49,244	165,191
Additions	-	5,623	-	37,433	43,056
Disposals	-	-	(6,135)	-	(6,135)
Depreciation expense	(15,745)	(385)	(23,982)	(37,741)	(77,853)
Balance at 30 June 2018	35,543	8,245	31,535	48,936	124,259
Additions	14,495	-	-	57,207	71,702
Disposals	-	-	(10,412)	-	(10,412)
Depreciation expense	(16,229)	(934)	(14,854)	(29,597)	(61,614)
Balance at 30 June 2019	<u>33,809</u>	<u>7,311</u>	<u>6,269</u>	<u>76,546</u>	<u>123,935</u>

Note 9. Non-current assets - intangibles

	2019 \$	2018 \$
Website - at cost	209,164	209,164
Less: Accumulated amortisation	(193,166)	(181,259)
	<u>15,998</u>	<u>27,905</u>

Note 10. Current liabilities - trade and other payables

	2019 \$	2018 \$
Trade payables	131,862	340,126
Accrued rebates	1,545,500	1,268,135
Sundry payables and accrued expenses	209,596	81,601
GST payable	271,790	277,217
Payable to Local Government NSW	-	437,132
Payable to LGP (LGA NSW) Trust	1,130,033	874,880
Payable to LGP (SA NSW) Trust	1,130,033	874,880
	<u>4,418,814</u>	<u>4,153,971</u>

Note 11. Current liabilities - provisions

	2019 \$	2018 \$
Employee benefits	<u>401,632</u>	<u>343,807</u>

Local Government Procurement Partnership
Notes to the financial statements
30 June 2019

Note 12. Current liabilities - other financial liabilities

	2019	2018
	\$	\$
Deferred income	<u>163,200</u>	<u>194,800</u>

Note 13. Non-current liabilities - trade and other payables

	2019	2018
	\$	\$
Payable to Local Government NSW	<u>668,313</u>	<u>291,627</u>

Note 14. Non-current liabilities - provisions

	2019	2018
	\$	\$
Employee benefits	<u>143,768</u>	<u>90,660</u>

Note 15. Reconciliation of profit after income tax to net cash from operating activities

	2019	2018
	\$	\$
Profit after income tax expense for the year	2,260,066	1,749,760
Adjustments for:		
Depreciation	73,521	89,029
(Gain)/loss on disposal of property, plant and equipment	2,270	2,044
Change in operating assets and liabilities:		
Decrease in trade and other receivables	182,299	12,829
(Increase)/decrease in other assets	(57,008)	10,578
Increase/(decrease) in trade and other payables	193,219	(58,934)
(Decrease)/increase in other financial liabilities	(31,600)	105,702
Increase/(decrease) in provisions	<u>110,933</u>	<u>132,357</u>
Net cash from operating activities	<u>2,733,700</u>	<u>2,043,365</u>

Note 16. Information on partners

The partners of Local Government Procurement Partnership are LGP (LGA NSW) Pty Ltd ATF LGP (LGA NSW) Trust and LGP (SA NSW) Pty Ltd ATF LGP (SA NSW) Trust. LGP (LGA NSW) Pty Ltd and LGP (SA NSW) Pty Ltd are companies incorporated and domiciled in Australia.

Local Government Procurement Partnership
Notes to the financial statements
30 June 2019

Note 17. Related party transactions

(a) Identification of Related Parties

LGP (LGA NSW) Pty Ltd
LGP (LGA NSW) Trust
LGP (SA NSW) Pty Ltd
LGP (SA NSW) Trust
Local Government NSW
Local Government Procurement Pty Ltd

(b) Items paid for and amounts

The partnership has a net balance payable of \$nil (2018: \$728,759) to Local Government NSW representing the expenses paid by Local Government NSW on behalf of the partnership.

The partnership also has a net balance payable of \$1,130,033 (2018: \$874,880) to LGP (LGA NSW) Trust and \$1,130,033 (2018: \$874,880) to LGP (SA NSW) Trust as a result of the distribution of its profits.

c) The partnership has a non-current, non-interest bearing loan with Local Government NSW of \$668,313 (2018: \$291,627) representing working capital funding.



Local Government Procurement Pty Ltd

Compilation report to the directors

ACN 117 201 046

We have compiled the accompanying special purpose financial statements of Local Government Procurement Pty Ltd which comprises the statement of financial position as at 30 June 2019, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is to provide information relating to the performance and financial position of the company that satisfies the information needs of the directors.

The Responsibility of Directors

The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the directors.

Our Responsibility

On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures used accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements are prepared exclusively for the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

William Buck
Accountants & Advisors
ABN 16 021 300 521

R. Ahrens
Director
Sydney, 10th September 2019

ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

Telephone: +61 2 8263 4000
williambuck.com

Local Government Procurement Pty Ltd
Directors' report
30 June 2019

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2019.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

John Douglas Truman
Peter Douglas Dennis – appointed 1 July 2018
Penelope Jane Holloway – appointed 1 July 2018
Elizabeth Mary Henderson – appointed 1 July 2018
Robert Murjanto Lagaida – appointed 1 July 2018

Principal activities

The principal activities of the company during the financial year were managing the activities of Local Government Procurement Partnership.

No significant change in the nature of these activities occurred during the financial year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the company after providing for income tax amounted to \$nil (30 June 2018: \$nil).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Signed on behalf of the Board of Directors



Director

10 September 2019

Local Government Procurement Pty Ltd
Directors' declaration
30 June 2019

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Local Government Procurement Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors.



Director

10 September 2019

Local Government Procurement Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	2019 \$	2018 \$
Profit before income tax expense	-	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the owners of Local Government Procurement Pty Ltd	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the owners of Local Government Procurement Pty Ltd	<u>-</u>	<u>-</u>

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

Local Government Procurement Pty Ltd
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	2	12	12
Total current assets		<u>12</u>	<u>12</u>
Total assets		<u>12</u>	<u>12</u>
Liabilities			
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u>12</u>	<u>12</u>
Equity			
Issued capital	3	12	12
Total equity		<u>12</u>	<u>12</u>

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

Local Government Procurement Pty Ltd
Statement of changes in equity
For the year ended 30 June 2019

	Ordinary Shares \$	Total equity \$
Balance at 1 July 2017	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2018	<u>12</u>	<u>12</u>
	Ordinary Shares \$	Total equity \$
Balance at 1 July 2018	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2019	<u>12</u>	<u>12</u>

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

Local Government Procurement Pty Ltd
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities		_____	_____
Net cash from operating activities		-	-
Cash flows from investing activities		_____	_____
Net cash from investing activities		-	-
Cash flows from financing activities		_____	_____
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		12	12
Cash and cash equivalents at the end of the financial year	2	<u>12</u>	<u>12</u>

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

Local Government Procurement Pty Ltd
Notes to the financial statements
30 June 2019

Note 1. Significant accounting policies

Basis of preparation

Local Government Procurement Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The directors of the company have prepared the financial statements of the company on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs of the directors.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of directors. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

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.

Note 2. Current assets - cash and cash equivalents

	2019 \$	2018 \$
Cash on hand	<u>12</u>	<u>12</u>

Note 3. Equity - issued capital

	2019 Shares	2018 Shares	2019 \$	2018 \$
Ordinary shares - fully paid	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 4. Company details

The registered office of the company is:

Local Government Procurement Pty Ltd
Level 21, 123 Pitt Street
Sydney NSW 2000



LGP (LGA NSW) Trust

Compilation report to the directors of the trustee company

We have compiled the accompanying special purpose financial statements of LGP (LGA NSW) Trust which comprises the statement of financial position as at 30 June 2019, the statement of profit and loss and other comprehensive income and statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is to provide information relating to the performance and financial position of the trust that satisfies the information needs of the directors.

The Responsibility of Directors

The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the directors.

Our Responsibility

On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures used accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements are prepared exclusively for the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

William Buck
Accountants & Advisors
ABN 16 021 300 521

R. Ahrens
Director
Sydney, 13th September 2019

ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

Telephone: +61 2 8263 4000
williambuck.com

LGP (LGA NSW) Trust
Directors' declaration
30 June 2019

The directors of the trustee company declare that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in note 1 to the financial statements.

- the financial statements and notes, as set out on pages 4 to 9, present fairly the trust's financial position as at 30 June 2019 and its performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements; and
- in the directors' opinion, there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.
- the attached financial statements and notes give a true and fair view of the trust's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

Signed on behalf of the Board of Directors of the trustee company.



Director

13/9/ 2019

LGP (LGA NSW) Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	2019	2018
	\$	\$
Income		
Distribution income received from Local Government Procurement Partnership	1,130,033	874,880
Profit before income tax expense	1,130,033	874,880
Income tax expense	-	-
Profit after income tax expense for the year attributable to the beneficiaries of LGP (LGA NSW) Trust	1,130,033	874,880
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the beneficiaries of LGP (LGA NSW) Trust	<u>1,130,033</u>	<u>874,880</u>
Distribution to beneficiaries:		
Local Government New South Wales	1,130,033	874,880
Total distribution to beneficiaries	<u>1,130,033</u>	<u>874,880</u>
Retained profits at the end of the financial year of LGP (LGA NSW) Trust	<u>-</u>	<u>-</u>

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

LGP (LGA NSW) Trust
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	2	291	291
Related party receivables	3	1,130,033	874,880
Total current assets		<u>1,130,324</u>	<u>875,171</u>
Total assets		<u>1,130,324</u>	<u>875,171</u>
Liabilities			
Current liabilities			
Related party payables	4	1,130,883	874,880
Total current liabilities		<u>1,130,883</u>	<u>874,880</u>
Non-current liabilities			
Related party payables	5	-	850
Total non-current liabilities		<u>-</u>	<u>850</u>
Total liabilities		<u>1,130,883</u>	<u>875,730</u>
Net liabilities		<u>(559)</u>	<u>(559)</u>
Equity			
Issued capital		10	10
Accumulated losses		<u>(569)</u>	<u>(569)</u>
Total deficiency in equity		<u>(559)</u>	<u>(559)</u>

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

LGP (LGA NSW) Trust
Statement of changes in equity
For the year ended 30 June 2019

	Settled Sum \$	Retained Earnings \$	Total deficiency in equity \$
Balance at 1 July 2017	10	(569)	(559)
Profit after income tax expense for the year	-	874,880	874,880
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	874,880	874,880
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	(874,880)	(874,880)
Balance at 30 June 2018	<u>10</u>	<u>(569)</u>	<u>(559)</u>
	Settled Sum \$	Retained Earnings \$	Total deficiency in equity \$
Balance at 1 July 2018	10	(569)	(559)
Profit after income tax expense for the year	-	1,130,033	1,130,033
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,130,033	1,130,033
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	(1,130,033)	(1,130,033)
Balance at 30 June 2019	<u>10</u>	<u>(569)</u>	<u>(559)</u>

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

LGP (LGA NSW) Trust
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Net cash from operating activities	7	-	-
Cash flows from investing activities			
Net cash from investing activities		-	-
Cash flows from financing activities			
Received from Local Government Procurement Partnership		874,880	-
Payment to Local Government New South Wales		(874,880)	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		291	291
Cash and cash equivalents at the end of the financial year	2	<u>291</u>	<u>291</u>

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

LGP (LGA NSW) Trust
Notes to the financial statements
30 June 2019

Note 1. Significant accounting policies

Basis of preparation

The directors of the trustee company have prepared the financial statements of the trust on the basis that the trust is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs the requirements of the trust deed and the directors of the trust.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous year unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

Distributions

The trust's distribution policy is to distribute 100% of its profits to its sole beneficiary, Local Government New South Wales.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when it is expected to be realised within 12 months after the reporting period, and a liability is classified as current when it is due to be settled within 12 months after the reporting period.

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.

Note 2. Current assets - cash and cash equivalents

	2019 \$	2018 \$
Cash on hand	10	10
Cash at bank	281	281
	<u>291</u>	<u>291</u>

Note 3. Current assets - related party receivables

	2019 \$	2018 \$
Receivables from Local Government Procurement Partnership	<u>1,130,033</u>	<u>874,880</u>

Note 4. Current liabilities - related party payables

	2019 \$	2018 \$
Payables to Local Government New South Wales	1,130,383	874,880
Payables to Local Government Procurement Partnership	500	-
	<u>1,130,883</u>	<u>874,880</u>

LGP (LGA NSW) Trust
Notes to the financial statements
30 June 2019

Note 5. Non-current liabilities - related party payables

	2019	2018
	\$	\$
Payables to Local Government Procurement Partnership	-	500
Payables to Local Government New South Wales	-	350
	<u>-</u>	<u>850</u>
	<u>-</u>	<u>850</u>

Note 6. Trust Details

The registered office of the trust is:

Local Government NSW
Level 8, 28 Margaret Street
Sydney NSW 2000

Note 7. Reconciliation of profit after income tax to net cash from operating activities

	2019	2018
	\$	\$
Profit after income tax expense for the year	1,130,033	874,880
Adjustments for:		
Profit distribution from Local Government Procurement Partnership	(1,130,033)	(874,880)
Change in operating assets and liabilities:		
Increase in related party receivables	(255,153)	(874,880)
Increase in related party payables	<u>255,153</u>	<u>874,880</u>
Net cash from operating activities	<u>-</u>	<u>-</u>



LGP (LGA NSW) Pty Ltd

Compilation report to the directors

ACN 117 201 055

We have compiled the accompanying special purpose financial statements of LGP (LGA NSW) Pty Ltd which comprises the statement of financial position as at 30 June 2019, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is to provide information relating to the performance and financial position of the company that satisfies the information needs of the directors.

The Responsibility of Directors

The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the directors.

Our Responsibility

On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures used accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements are prepared exclusively for the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

William Buck
Accountants & Advisors
ABN 16 021 300 521

R. Ahrens
Director
Sydney, 13th September 2019

ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

Telephone: +61 2 8263 4000
williambuck.com

LGP (LGA NSW) Pty Ltd
Directors' report
30 June 2019

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2019.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Linda Margaret Scott - appointed 3 July 2018
Donna Therese Rygate - resigned 4 July 2018

Principal activities

The principal activity of the company during the financial year was acting as trustee for the LGP (LGA NSW) Trust.

No significant change in the nature of this activity occurred during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the company after providing for income tax amounted to \$nil (30 June 2018: \$nil).

No dividends were paid or declared during the year.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Signed on behalf of the Board of Directors.



Director

13/9/2019

LGP (LGA NSW) Pty Ltd
Directors' declaration
30 June 2019

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of LGP (LGA NSW) Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors:



Director

13/9/ 2019

LGP (LGA NSW) Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	2019 \$	2018 \$
Profit before income tax expense	-	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the owners of LGP (LGA NSW) Pty Ltd	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the owners of LGP (LGA NSW) Pty Ltd	-	-

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

LGP (LGA NSW) Pty Ltd
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	2	12	12
Total current assets		<u>12</u>	<u>12</u>
Total assets		<u>12</u>	<u>12</u>
Liabilities			
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u>12</u>	<u>12</u>
Equity			
Issued capital	3	12	12
Total equity		<u>12</u>	<u>12</u>

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

LGP (LGA NSW) Pty Ltd
Statement of changes in equity
For the year ended 30 June 2019

	Ordinary Shares \$	Total equity \$
Balance at 1 July 2017	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2018	<u>12</u>	<u>12</u>
	Ordinary Shares \$	Total equity \$
Balance at 1 July 2018	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2019	<u>12</u>	<u>12</u>

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

LGP (LGA NSW) Pty Ltd
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities		_____	_____
Net cash from operating activities		-	-
Cash flows from investing activities		_____	_____
Net cash from investing activities		-	-
Cash flows from financing activities		_____	_____
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		12	12
Cash and cash equivalents at the end of the financial year	2	<u>12</u>	<u>12</u>

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

LGP (LGA NSW) Pty Ltd
Notes to the financial statements
30 June 2019

Note 1. Significant accounting policies

Basis of preparation

LGP (LGA NSW) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements. These financial statements have been prepared in order to meet the needs of the directors.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of directors. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

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.

Note 2. Current assets - cash and cash equivalents

	2019 \$	2018 \$
Cash on hand	<u>12</u>	<u>12</u>

Note 3. Equity - issued capital

	2019 Shares	2018 Shares	2019 \$	2018 \$
Ordinary shares - fully paid	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 4. Trust liabilities, Assets and right of indemnity

The company acts solely as trustee of a trust and liabilities have been incurred on behalf of that trust in the company's capacity as corporate trustee.

Liabilities incurred on behalf of the trust are not recognised in the financial report if it is not probable that the company will have to meet any of those trust liabilities from its own resources. If the company becomes obligated to meet trust liabilities, the trustee has a right to be indemnified from trust assets. If it is probable that there will be a deficiency in trust assets, a liability is recognised by the company to the extent of that deficiency. Details of the trust liabilities, the offsetting right of indemnity and any deficiency in the right of indemnity are disclosed by way of note to the financial statements.

LGP (LGA NSW) Pty Ltd
Notes to the financial statements
30 June 2019

Note 4. Trust liabilities, assets and right of indemnity (continued)

Liabilities of the LGP (LGA NSW) Trust not recorded in the financial statements of the company were:

	2019	2018
	\$	\$
Current Liabilities		
Local Government New South Wales	1,130,383	874,880
Local Government Procurement Partnership	500	-
	<u>1,130,883</u>	<u>874,880</u>
	2019	2018
Non-current Liabilities		
Local Government Procurement Partnership	-	500
Local Government New South Wales	-	350
	<u>-</u>	<u>850</u>

The assets of the trust, which lie behind the right of indemnity, are not directly available to meet any liabilities of the company acting in its own right. The assets of the trust were endorsed by a guarantee of financial support from Local Government New South Wales (the "Association") and were sufficient to discharge all liabilities of the trust at 30 June 2019 and 30 June 2018.

Assets of the LGP (LGA NSW) Trust not recorded in the financial statements of the company were:

	2019	2018
	\$	\$
Current Assets		
Cash on hand	10	10
Cash at bank	281	281
	<u>291</u>	<u>291</u>
	2019	2018
	\$	\$
Current Assets – related party receivables		
Receivables from Local Government Procurement Partnership	<u>1,130,033</u>	<u>874,880</u>

Note 5. Contingent liabilities

A contingent liability exists relative to any future claims which may be made against the company arising from trusteeship dealings.

Note 6. Company Details

The registered office of the company is:

Local Government NSW
 Level 8, 28 Margaret Street
 Sydney NSW 2000



LGP (SA NSW) Trust

Compilation report to the directors of the trustee company

We have compiled the accompanying special purpose financial statements of LGP (SA NSW) Trust which comprises the statement of financial position as at 30 June 2019, the statement of profit and loss and other comprehensive income and statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is to provide information relating to the performance and financial position of the trust that satisfies the information needs of the directors.

The Responsibility of Directors

The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the directors.

Our Responsibility

On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures used accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements are prepared exclusively for the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

William Buck
Accountants & Advisors
ABN 16 021 300 521

R. Ahrens
Director
Sydney, 13th September 2019

ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

Telephone: +61 2 8263 4000
williambuck.com

LGP (SA NSW) Trust
Directors' declaration
30 June 2019

The directors of the trustee company declare that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in note 1 to the financial statements.

The directors of the trustee company declare that:

- The financial statements and notes, as set out on pages 4 to 9, present fairly the trust's financial position as at 30 June 2019 and its performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements; and
- In the directors' opinion, there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.
- the attached financial statements and notes give a true and fair view of the trust's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

Signed on behalf of the Board of Directors of the trustee company.



Director

13/9/2019
_____ 2019

LGP (SA NSW) Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	2019	2018
	\$	\$
Income		
Distribution income received from Local Government Procurement Partnership	1,130,033	874,880
Profit before income tax expense	1,130,033	874,880
Income tax expense	-	-
Profit after income tax expense for the year attributable to the owners of LGP (SA NSW) Trust	1,130,033	874,880
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the owners of LGP (SA NSW) Trust	<u>1,130,033</u>	<u>874,880</u>
Distribution to beneficiaries:		
Local Government New South Wales	1,130,033	874,880
Total distribution to beneficiaries	<u>1,130,033</u>	<u>874,880</u>
Retained profits at the end of the financial year of LGP (LGA NSW) Trust	<u>-</u>	<u>-</u>

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

LGP (SA NSW) Trust
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	2	291	291
Related party receivables	3	1,130,033	874,880
Total current assets		<u>1,130,324</u>	<u>875,171</u>
Total assets		<u>1,130,324</u>	<u>875,171</u>
Liabilities			
Current liabilities			
Related party payables	4	1,130,883	874,880
Total current liabilities		<u>1,130,883</u>	<u>874,880</u>
Non-current liabilities			
Related party payables	5	-	850
Total non-current liabilities		<u>-</u>	<u>850</u>
Total liabilities		<u>1,130,883</u>	<u>875,730</u>
Net liabilities		<u>(559)</u>	<u>(559)</u>
Equity			
Issued capital		10	10
Accumulated losses		<u>(569)</u>	<u>(569)</u>
Total deficiency in equity		<u>(559)</u>	<u>(559)</u>

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

LGP (SA NSW) Trust
Statement of changes in equity
For the year ended 30 June 2019

	Settled Sum \$	Retained Earnings \$	Total deficiency in equity \$
Balance at 1 July 2017	10	(569)	(559)
Profit after income tax expense for the year	-	874,880	874,880
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	874,880	874,880
<i>Transactions with beneficiaries in their capacity as beneficiaries :</i>			
Distribution payable to Local Government New South Wales	-	(874,880)	(874,880)
Balance at 30 June 2018	<u>10</u>	<u>(569)</u>	<u>(559)</u>
	Settled Sum \$	Retained Earnings \$	Total deficiency in equity \$
Balance at 1 July 2018	10	(569)	(559)
Profit after income tax expense for the year	-	1,130,033	1,130,033
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,130,033	1,130,033
<i>Transactions with beneficiaries in their capacity as beneficiaries :</i>			
Distribution payable to Local Government New South Wales	-	(1,130,033)	(1,130,033)
Balance at 30 June 2019	<u>10</u>	<u>(569)</u>	<u>(559)</u>

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

LGP (SA NSW) Trust
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Net cash from operating activities	7	-	-
Cash flows from investing activities			
Net cash from investing activities		-	-
Cash flows from financing activities			
Received from Local Government Procurement Partnership		874,880	-
Payment to Local Government New South Wales		(874,880)	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		291	291
Cash and cash equivalents at the end of the financial year	2	<u>291</u>	<u>291</u>

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

LGP (SA NSW) Trust
Notes to the financial statements
30 June 2019

Note 1. Significant accounting policies

Basis of preparation

The directors of the trustee company have prepared the financial statements of the trust on the basis that the trust is a non reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs the requirements of the trust deed and the directors of the trust.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous year unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

Distributions

The trust's distribution policy is to distribute 100% of its profits to its sole beneficiary, Local Government New South Wales.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when it is expected to be realised within 12 months after the reporting period, and a liability is classified as current when it is due to be settled within 12 months after the reporting period.

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.

Note 2. Current assets - cash and cash equivalents

	2019	2018
	\$	\$
Cash on hand	10	10
Cash at bank	281	281
	<u>291</u>	<u>291</u>

Note 3. Current assets - related party receivables

	2019	2018
	\$	\$
Receivables from Local Government Procurement Partnership	<u>1,130,033</u>	<u>874,880</u>

Note 4. Current liabilities - related party payables

	2019	2018
	\$	\$
Payables to Local Government New South Wales	1,130,383	874,880
Payables to Government Procurement Partnership	500	-
	<u>1,130,883</u>	<u>874,880</u>

LGP (SA NSW) Trust
Notes to the financial statements
30 June 2019

Note 5. Non-current liabilities – related party payables

	2019	2018
	\$	\$
Payables to Local Government Procurement Partnership	-	500
Payables to Local Government New South Wales	-	350
	<u>-</u>	<u>850</u>
	<u>-</u>	<u>850</u>

Note 6. Trust Details

The registered office of the trust is:

Local Government NSW
 Level 8, 28 Margaret Street
 Sydney NSW 2000

Note 7. Reconciliation of profit after income tax to net cash from operating activities

	2019	2018
	\$	\$
Profit after income tax expense for the year	1,130,033	874,880
Adjustments for:		
Profit distribution from Local Government Procurement Partnership	(1,130,033)	(874,880)
Change in operating assets and liabilities:		
Increase in related party receivables	(255,153)	(874,880)
Increase in related party payables	255,153	874,880
Net cash from operating activities	<u>-</u>	<u>-</u>



LGP (SA NSW) Pty Ltd

Compilation report to the directors

ACN 117 201 064

We have compiled the accompanying special purpose financial statements of LGP (SA NSW) Pty Ltd which comprises the statement of financial position as at 30 June 2019, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is to provide information relating to the performance and financial position of the company that satisfies the information needs of the directors.

The Responsibility of Directors

The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the directors.

Our Responsibility

On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures used accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements are prepared exclusively for the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

William Buck
Accountants & Advisors
ABN 16 021 300 521

R. Ahrens
Director
Sydney, 13th September 2019

ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

Telephone: +61 2 8263 4000
wiliambuck.com

LGP (SA NSW) Pty Ltd
Directors' report
30 June 2019

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2019.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Linda Margaret Scott - appointed 3 July 2018
Donna Therese Rygate - resigned 4 July 2018

Principal activities

The principal activity of the company during the financial year was acting as trustee for the LGP (SA NSW) Trust.

No significant change in the nature of this activity occurred during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the company after providing for income tax amounted to \$nil (30 June 2018: \$nil).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Signed on behalf of the Board of Directors.



Director

13/9/ 2019

LGP (SA NSW) Pty Ltd
Directors' declaration
30 June 2019

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the directors of LGP (SA NSW) Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors.



Director

18/9/ 2019

LGP (SA NSW) Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	2019 \$	2018 \$
Profit before income tax expense	-	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the directors of LGP (SA NSW) Pty Ltd	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the directors of LGP (SA NSW) Pty Ltd	-	-

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

LGP (SA NSW) Pty Ltd
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	2	12	12
Total current assets		<u>12</u>	<u>12</u>
Total assets		<u>12</u>	<u>12</u>
Liabilities			
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u>12</u>	<u>12</u>
Equity			
Issued capital	3	12	12
Total equity		<u>12</u>	<u>12</u>

The above statement of financial position should be read in conjunction with the accompanying notes6

LGP (SA NSW) Pty Ltd
Statement of changes in equity
For the year ended 30 June 2019

	Ordinary Shares \$	Total equity \$
Balance at 1 July 2017	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2018	<u>12</u>	<u>12</u>
	Ordinary Shares \$	Total equity \$
Balance at 1 July 2018	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2019	<u>12</u>	<u>12</u>

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

LGP (SA NSW) Pty Ltd
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities		_____	_____
Net cash from operating activities		-	-
Cash flows from investing activities		_____	_____
Net cash from investing activities		-	-
Cash flows from financing activities		_____	_____
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		12	12
Cash and cash equivalents at the end of the financial year	2	<u>12</u>	<u>12</u>

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

LGP (SA NSW) Pty Ltd
Notes to the financial statements
30 June 2019

Note 1. Significant accounting policies

Basis of preparation

LGP (SA NSW) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The directors of the company have prepared the financial statements of the company on the basis that the company is a non reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs of the directors.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of directors. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

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.

Note 2. Current assets - cash and cash equivalents

	2019 \$	2018 \$
Cash on hand	12	12

Note 3. Equity - issued capital

	2019 Shares	2018 Shares	2019 \$	2018 \$
Ordinary shares - fully paid	12	12	12	12

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 4. Trust Liabilities, Assets and Right of Indemnity

The company acts solely as trustee of a trust and liabilities have been incurred on behalf of that trust in the company's capacity as corporate trustee.

Liabilities incurred on behalf of the trust are not recognised in the financial report if it is not probable that the company will have to meet any of those trust liabilities from its own resources. If the company becomes obligated to meet trust liabilities, the trustee has a right to be indemnified from trust assets. If it is probable that there will be a deficiency in trust assets, a liability is recognised by the company to the extent of that deficiency. Details of the trust liabilities, the offsetting right of indemnity and any deficiency in the right of indemnity are disclosed by way of note to the financial statements.

LGP (SA NSW) Pty Ltd
Notes to the financial statements
30 June 2019

Note 4. Trust Liabilities, Assets and Right of Indemnity (continued)

Liabilities of the LGP (SA NSW) Trust not recorded in the financial statements of the company were:

	2019	2018
	\$	\$
Current Liabilities		
Local Government New South Wales	1,130,383	874,880
Local Government Procurement Partnership	500	-
	<u>1,130,883</u>	<u>874,880</u>
	2019	2018
Non-current liabilities		
Local Government Procurement Partnership	-	500
Local Government New South Wales	-	350
	<u>-</u>	<u>850</u>

The assets of the trust, which lie behind the right of indemnity, are not directly available to meet any liabilities of the company acting in its own right. The assets of the trust were endorsed by a guarantee of financial support from Local Government New South Wales (the "Association") and were sufficient to discharge all liabilities of the trust at 30 June 2019 and 30 June 2018.

Assets of the LGP (SA NSW) Trust not recorded in the financial statements of the company were:

	2019	2018
	\$	\$
Current Assets		
Cash on hand	10	10
Cash at bank	281	281
	<u>291</u>	<u>291</u>
	2019	2018
	\$	\$
Current Assets – related party receivables		
Receivables from Local Government Procurement Partnership	<u>1,130,033</u>	<u>874,880</u>

Note 5. Contingent liabilities

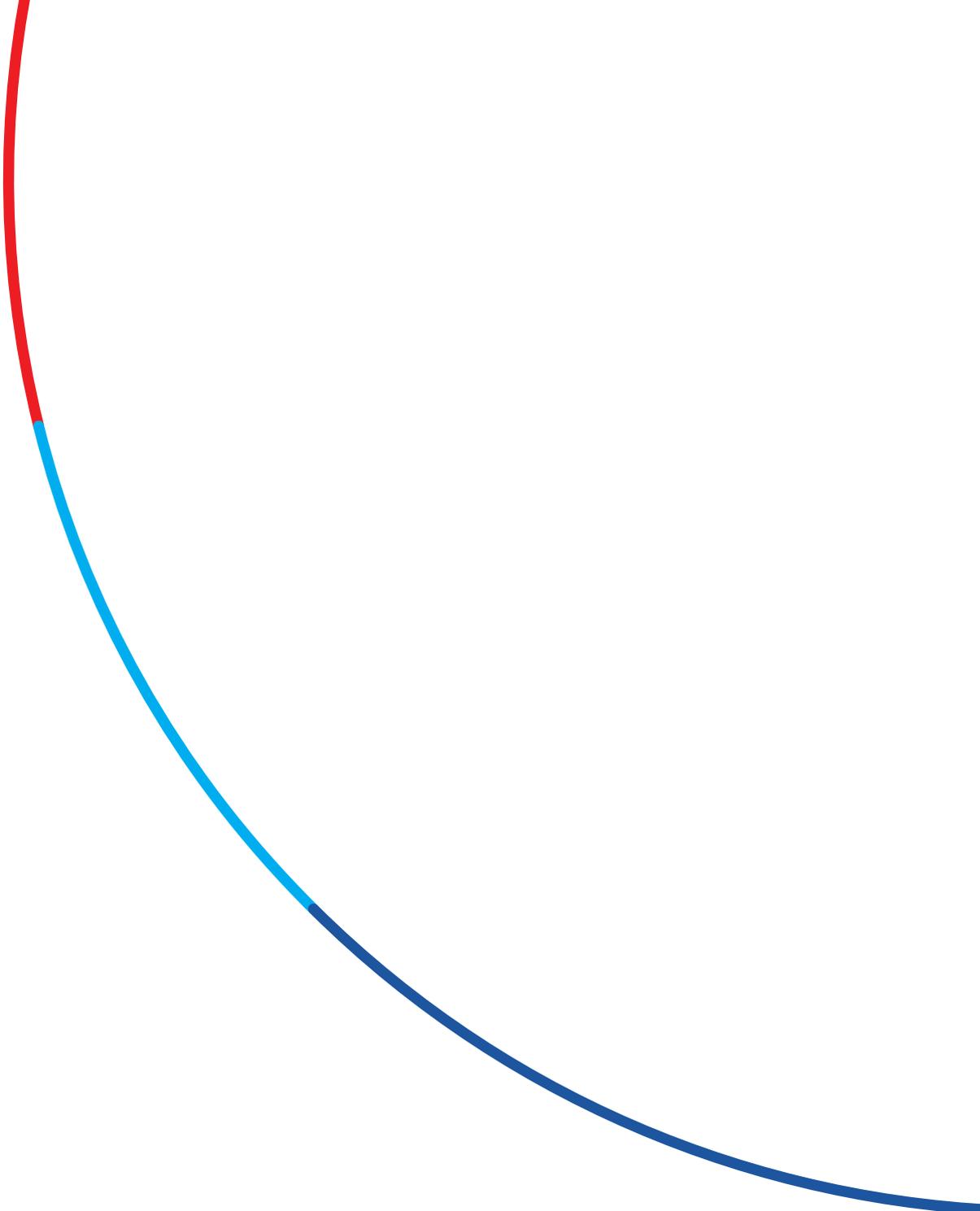
A contingent liability exists relative to any future claims which may be made against the company arising from trusteeship dealings.

Note 6. Company Details

The registered office of the company is:

Local Government NSW
 Level 8, 28 Margaret Street
 Sydney NSW 2000

All photographs in this Annual Report were supplied by LGNSW staff, through our staff photography competition, unless otherwise credited. LGNSW thanks all staff who contributed.



 02 9242 4000

 GPO Box 7003, Sydney NSW 2001

 lgsw.org.au

 @lgsw

 lgsw@lgsw.org.au

 [linkedin.com/company/local-government-nsw](https://www.linkedin.com/company/local-government-nsw)