

LGNSW ANNUAL REPORT 2017/18





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.

Through our annual report we aim to share information on our operational performance and activities in 2017/18 and communicate the depth, diversity and value of services offered to members.

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President's Message

It has been a pleasure and an honour to serve as President of your association.

In recent months as I have listened to mayors, councillors and professional local government staff across our state, I have been inspired by the common themes of advocacy and action for the public good. At LGNSW, we continue to take your priorities to the highest levels of government, and translate them into change. Every day we work with dedicated local government staff, who number more than 55,000 in NSW, to deliver vital industrial, training and legal support.

LGNSW and its predecessors have been supporting local governments in their work to serve and represent communities for the past 135 years. Of course, while each community, whether in metropolitan, regional or rural NSW has its own priorities, there are many more opportunities for change that unite us, such as financial sustainability, meeting the growing need for infrastructure and the freedom for councils to be a valued partner of state and federal governments.

Whether it's your council, your joint or regional organisation, or other local government authority, I'm deeply committed to collaborating with you to create effective, sustainable solutions. We are at our best when we speak together with one voice.

LGNSW delivers such strong value for members. Our value audit, arising from an LGNSW conference motion, found that every \$1 provided in fees is converted into almost \$10 in benefits for members. We are committed to increasing the proportion of own source revenue and doing all we can to keep fees low. Fees now comprise only 35 per cent of our income with the rest coming from other sources.

I would like to thank LGNSW Board members, past and present, for their commitment and dedication, including my predecessor, Keith Rhoades AFSM. I also take this opportunity to pay tribute to our LGNSW staff and thank them for their dedication and hard work which, each and every day, increases value for members.

In a time of constant political, economic and technological change I am committed to seeing LGNSW take a strategic and innovative approach to meeting members' changing needs. I am also committed to ensuring LGNSW is accountable, open and transparent in all its operations. In this spirit we have included for the first time, full financial details of our entities with this year's report, as well as the usual consolidated financial statement.

I'm proud to present this annual report highlighting the benefits delivered over the past 12 months.

To our members, thank you for your advice, support and ongoing commitment to the success of LGNSW, and I look forward to more achievements in the year ahead.

Linda Scott
President

Acting Chief Executives' Message

The breakneck speed of reform in NSW provided local government with another year of challenges and opportunity.

From joint organisations in regional NSW, to the pace of development in metropolitan Sydney and draft model codes of conduct and practice for councils statewide, we continued to advocate vigorously on behalf of our sector.

Councils' frontline role in infrastructure and service delivery was also brought into sharp focus by the introduction of the NSW Return and Earn Container Deposit Scheme, followed closely by the recycling crisis arising from China's National Sword policy.

During this critical time LGNSW worked closely with councils, industry and state and federal governments to protect recycling and kerbside collection, identify local solutions, and support councils' kerbside contract renegotiations with external service providers.

Throughout the year, we made 44 key policy submissions and made sure we were at the table with ministers, departmental staff and influencers when it counted. We negotiated changes to draft legislation to prevent poor policy outcomes and secured funding or support for the sector to prevent cost shifting. Our advocacy wins are detailed throughout this report.

LGNSW distributed \$1.59 million in grants to councils for flying fox management, climate change, disability inclusion, lift and change and roadside reserve programs, on behalf of the NSW Government. We were also pleased to accept an invitation to partner with the NSW Government to deliver a landmark \$5 million program for flying fox management over 10 years.

As employer advocate, we represented the sector in the 2017 State Wage Case and the four-yearly review of the federal *Local Government Industry Award 2010*. We also represented members at 109 court and tribunal listings, providing critical support in times of need, and provided ongoing advice throughout the year to help councils prevent matters from escalating.



New services were launched to help local government staff and elected representatives in their day-to-day work, including a capability framework with accompanying tools, online training on how to unlock the economic benefits of the inclusive tourism market, new training courses in partnership with the Australian Institute of Company Directors, and an expanded suite of management and senior executive recruitment services.

Nearly 9,000 councillors and local government employees took advantage of our professional development services this year via e-learning, public courses and locally-run workshops.

The LGNSW staff and board are committed to improving value for members. We undertook a value audit and an organisational capability review during 2017/18 which will underpin our strategy and operations in the year ahead.

We would like to acknowledge and thank the LGNSW team for their hard work and dedication. Their daily efforts advance our sector and help members deliver for their communities.

Handwritten signatures in black ink. The signature on the left reads 'Lillian Tiddy' and the signature on the right reads 'Kylie Yates'.

Lillian Tiddy & Kylie Yates
Joint Acting Chief Executives

HIGHLIGHTS

- Successfully advocated for new **joint organisation** legislation that allows councils to form regional alliances voluntarily
- Negotiated for councils to get a share of refunds from **new container deposit scheme**
- Secured NSW Government support for **recovery package** for councils following National Sword crisis - \$47 million provided
- Secured NSW Government commitment that there will be no new **forced amalgamations**
- Secured council control over **short-term rental accommodation** regulation, giving regional councils flexibility to manage holiday letting
- Ensured NSW Government suspended **Low-rise Medium Density Code**, for councils that sought it, in 50 local government areas
- Welcomed NSW Auditor-General's support for a consistent approach to valuing **rural fire services'** assets
- Achieved maximum allowable increase in remuneration for **mayors and councillors**
- Conducted a **value audit** of LGNSW which found for every \$1 councils spend in membership they receive nearly \$10 in benefits
- Ensured councils retain control over their **debt collection** arrangements – not forced to use Revenue NSW
- Represented councils on NSW Government **taskforces and steering groups** on critical issues such as Legionella, cladding, asbestos and response to China's National Sword policy
- Supported councils to ensure 100% completed **disability inclusion action** plans
- Distributed \$1.59 million in **grants** for flying fox, climate change, disability inclusion, lift and change and roadside reserve programs

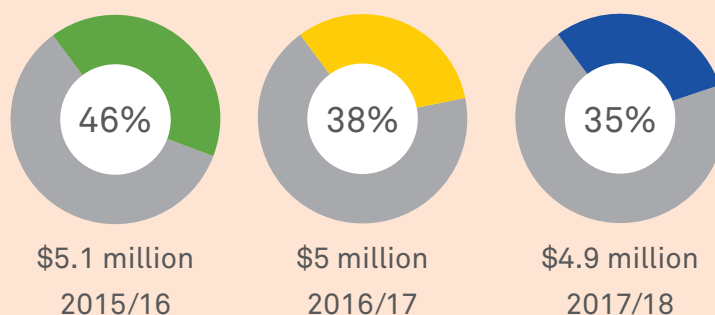
- ▶ Partnered with NSW Government to secure a \$5 million program to help councils manage **flying foxes**
- ▶ Convinced NSW Government to provide funding and support to help councils prepare for **Crown land** reforms
- ▶ Launched **inclusive tourism** campaign and online training package for councils, tourism operators and businesses
- ▶ Represented members at 109 **court and tribunal listings**, providing critical support in times of need and substantial cost savings
- ▶ Launched a **Local Government Capability Framework**, describing knowledge, skills and attributes for elected representatives and employees in the sector and launched PD in a Box to guide professional development for elected members
- ▶ Provided **professional development** via training, coaching, e-learning and mentoring in Sydney and regional NSW to nearly 9,000 councillors and staff to help them build their skills and knowledge
- ▶ Launched **community perceptions research** showing 75% of NSW residents believe local government is the best sphere of government to make decisions about their local areas
- ▶ Launched **new training** courses in partnership with Australian Institute of Company Directors
- ▶ Commenced **council summits** in May 2018 – with the first in Riverina/ Murray, then Illawarra Shoalhaven, South East and Hunter
- ▶ **Saved members \$27 million** in costs for goods and services through our subsidiary, Local Government Procurement
- ▶ Introduced a new transparent, merit-based appointment process for **boards and committees**

VALUE FOR MEMBERS



Every \$1 provided in membership fees is converted into nearly \$10 in benefits.

Member subscriptions vs other revenue



Revenue from membership subscriptions relative to other revenue has decreased in recent years.

LGNSW delivers significant value as an advocate, advisor and aggregator.

- Every \$1 provided in membership fees is converted into almost \$10 in benefits.
- Membership fees comprise only 35 per cent of total LGNSW revenue. The rest is derived from other sources such as sponsorships, fees for services and investment income allowing us to improve services while keeping fees low.
- Fees as a proportion of total revenue have decreased in recent years and trended downwards relative to the net revenue of the sector.

ADVOCACY



We represent the views of members to achieve the best possible outcomes for local government and the communities they represent.



DEMOCRACY & SECTOR REFORM

Setting the Agenda

At LGNSW's annual conference in Sydney, in December 2017, members came together to shape the advocacy agenda for the coming year. Members debated 92 motions and carried resolutions were adopted as LGNSW policy. Members also elected a new board, with Cr Linda Scott as president.

The LGNSW Board makes decisions and takes action between conferences in line with core policy principles (published on our website) and conference resolutions from previous years.

We are committed to providing leadership on policy matters. We do this through a sustained effort to build and strengthen relationships with government and other stakeholders. This puts us in the best possible position to provide early advice on policy and legislative change on behalf of members and their communities.

State Election Priorities

We surveyed members in May 2018 to understand what issues they wanted us to raise publicly and with political candidates leading up to the 2019 State Election. More than 80 per cent of councils responded and the key themes were:

- financial sustainability
- fund local infrastructure
- restore local government decision rights
- fix recycling and waste (and support a circular economy)
- end cost shifting

LGNSW developed a pre-election advocacy strategy using these priorities and began campaign development for the first two issues to be prosecuted: local infrastructure (libraries, in particular) as well as recycling and waste.

We thank members for their involvement and look forward to working together on these campaigns and other priority issues as we seek commitments that these will be addressed by the next government and members of parliament.



“We surveyed members...
to understand what
issues they wanted us to
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political candidates”

Joint Organisations

This year more than 80 rural and regional councils came together voluntarily to form 11 joint organisations (JOs).

LGNSW strongly supports JOs and secured government commitments to ensure voluntary membership and council autonomy.

We look forward to working with JOs for the benefit of all NSW local government.

Employer Representation

LGNSW represented the sector before the Industrial Relations Commission in the 2017 State Wage Case. The Commission passed on a 3.3 per cent increase in the rates of pay and work-related allowances for various state awards that apply to local government. The increase was not applied to the *Local Government (State) Award 2017*.

We also represented the sector's interests in the four-year review of the federal *Local Government Industry Award 2010*. Our advocacy helped to ensure that the Award, together with the National Employment Standards, provides a fair and relevant minimum safety net of terms and conditions of employment for local government employers and employees under the federal industrial relations jurisdiction.

LGNSW is the only registered industrial organisation entitled to represent the employer interests of local government before state and federal industrial tribunals. This means LGNSW is the only body with the right to appear and represent the employer interests of members at an industry level in regards to (among other things) award-related proceedings, union claims, pay increases, award modernisation and simplification.

Fair Remuneration for Councillors and Mayors

LGNSW represented members during the Local Government Remuneration Tribunal's annual review of fees payable to councillors and mayors. We sought fairer and more equitable fees, as well as superannuation payments. The Tribunal awarded the maximum allowable fee increase of 2.5 per cent, which is in accordance with the public sector wages policy cap. Advocacy for councillor entitlement to superannuation will be a priority in 2018/19.

Model Codes of Conduct and Meeting Practice

The 2016 amendments to the *Local Government Act 1993* included revised model codes of conduct and meeting practice for NSW councils. Draft codes were released for consultation in 2017/18.

Our response to the draft code of conduct recommended: that complaint investigations be independent of parties to complaints, higher standards for conduct reviewers, making the outcomes of investigations publicly available, and faster resolution of investigations.

At 30 June 2018 both codes were in draft and we look forward to securing reforms in 2018/19.

Key Submissions

- ▶ Draft Local Government (General) Amendment (Regional Joint Organisations) Regulation 2018
- ▶ Draft model code of meeting practice for local councils in NSW
- ▶ Draft procedures for the administration of the model code of conduct for local councils in NSW
- ▶ Preference counting in local government elections in NSW
- ▶ Councillor induction and professional development guidelines
- ▶ NSW Local Government Remuneration Tribunal



FINANCE & ECONOMIC DEVELOPMENT

Reforming the Rating System

We celebrated a significant success in 2017/18 in our advocacy for councils to retain control over their debt collection arrangements rather than being compelled to use the services of Revenue NSW.

We called on the NSW Government to respond to the December 2016 Independent Pricing and Regulatory Tribunal's report into rates, which contains many of our recommendations for reform and will continue to prioritise this.

Financial sustainability and modernisation of the rating system in NSW continue to be at the core of LGNSW's advocacy work.

NSW and Federal Budgets

Following consultation with the sector, we made a comprehensive submission to the NSW Budget 2018/19 with 30 recommendations and contributed to the Australian Local Government Association's federal budget submission.

We called upon NSW and federal governments to provide much-needed funding for councils and communities for essential infrastructure and services and a better funding process for local government.

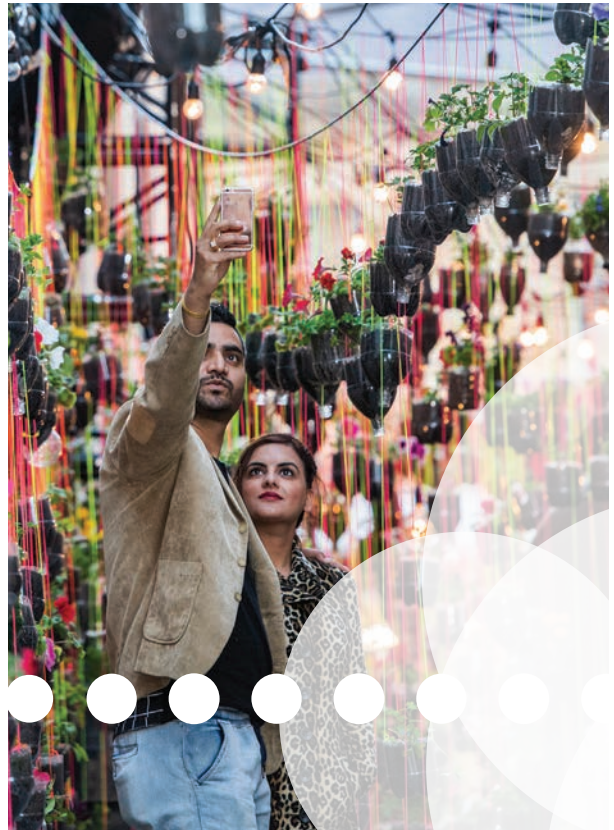
While we welcomed additional funding for infrastructure, the maintenance of financial assistance grants and the Roads to Recovery program, we were disappointed that library funding was cut, recycling was not addressed, and that many ongoing funding challenges remain. We continue to pursue these in our advocacy.

FINANCE SUMMIT

Our finance summit in September 2017 provided an opportunity for the sector's finance professionals and council leaders to exchange information, ideas and innovative practice in local government. This year's summit focused on investing in, funding and managing local infrastructure.

Key Submissions

- ▶ 2018/19 NSW Budget
- ▶ Inquiry into the music and arts economy in NSW



Promoting Night-time Economies

LGNSW made a submission to the NSW parliamentary inquiry into the music and arts economy and appeared at its first hearing. Following our presentation to the NSW Government's Night-time Economies Taskforce, the NSW Department of Planning and Environment surveyed councils about how planning regulations affect night-time economies.

We chair and support the NSW Night-time Economy Councils' Committee which raises awareness of the value of night-time economies, advocates to state and federal governments and shares information on best-practice management.

LGNSW organised a forum with the committee in October 2017 (attended by more than 100 people, many from regional NSW) and a masterclass in May 2018 on strategy development and evaluation. We also facilitated a network to share knowledge and resources.

Rural Fire Service Assets

We were pleased our advocacy regarding the accounting treatment of rural fire-fighting equipment on council balance sheets was heard: in April 2018 the NSW Auditor-General recommended that the Office of Local Government and NSW Treasury develop a single, consistent approach for councils when accounting for Rural Fire Service assets.



TOURISM CONFERENCE



In March 2018 our Tourism Conference in Parkes, themed 'Tourism: It all adds up!', was attended by 230 delegates - primarily council staff responsible for destination marketing, events and local economic development. Once again, the conference was held in partnership with Destination NSW. Keynote speakers included the Minister for Tourism and Major Events, the Chief Executive Officer of Destination NSW and the Director of the Parkes Elvis Festival.

Short-term letting, attracting business events, event planning, trends in caravan and camping and tourism funding were key topics. An Elvis tribute show headlined the social program and the conference dinner, 'A Night with the Stars', under the CSIRO Parkes Radio Telescope set a new benchmark for future events. Parkes Shire Council reported that the conference contributed an estimated \$189,000 to the local economy.

“Our advocacy regarding the accounting treatment of rural fire-fighting equipment... was heard”



ROADS & INFRASTRUCTURE

Transport, Roads, Freight and Ports



We welcomed increased funding for local roads in 2017/18. Local government manages 90 per cent (164,000 km) of the state's roads and must constantly balance the needs of heavy vehicle and freight operators with the impacts on road and bridge

infrastructure and those of communities. We continue to lobby the government to increase essential funding for maintenance, repair and renewal with a focus on road safety.

We strengthened relationships with key government agencies and other stakeholders and persuaded the NSW Government to increase local government representation on the Road Maintenance Council Contracts Committee. LGNSW is also represented on the NSW Road Freight Industry Council.

Our submissions to the draft NSW Freight and Ports Plan and the Future Transport Strategy 2056 emphasised the need for greater efficiency to meet the growing freight task and improved public transport in metropolitan and regional areas. Transport for NSW congratulated us publicly on the high quality of these submissions.

Infrastructure to Support Growth

After many years of advocacy, we were encouraged to see land use, transport and infrastructure outcomes aligned for the first time in some metropolitan areas: the NSW government's land use and transport plans for Greater Sydney were prepared concurrently and the Greater Sydney Region Plan included 'a city supported by infrastructure' as the first of ten directions.

We also welcomed the NSW Government's decision to offer low cost infrastructure loans to councils.

These outcomes are positive recognition of the critical importance of prioritising infrastructure to support growing communities.

Championing Local Water Utilities

In 2017/18 LGNSW vigorously and successfully defended council ownership of local water utilities (LWUs) in the wake of an Infrastructure Australia report which recommended privatisation of water and sewerage assets – which we strongly oppose.

With 89 councils and LWUs responsible for delivering water and sewerage services in regional and rural NSW, any change to the existing ownership and service delivery model would have widespread and significant implications.

We continued to represent the interests of councils and LWUs with a particular focus on: the review of the policy and regulatory framework for LWUs, obtaining a commitment from the NSW Department of Industry Water to correct errors and omissions in its 2016/17 performance reporting data for regional LWUs, proposed microbial health-based targets for drinking water, and for improved government advice and support for councils applying for Safe and Secure Water Program funding.

LGNSW welcomed the federal government's decision to establish and include local government on a reference group to consider the serious risks associated with installing telecommunication facilities on critical LWU infrastructure - an issue the department was not aware of before our advocacy – in partnership with the NSW Water Directorate and individual LWUs.



Improving Public Lighting

We worked with several regional organisations of councils to achieve significant improvements to the Public Lighting Code. These included: making the code mandatory, giving councils a say in luminaire selection, establishing clear service standards and imposing meaningful financial penalties if electricity distributors fail to meet them.

WATER MANAGEMENT CONFERENCE

The LGNSW 2017 Water Management Conference was held in Dubbo in September.

More than 180 delegates attended, primarily water management staff, industry representatives, commercial and government stakeholders.

With a focus on the future of water, delegates and speakers discussed smart metering and water networks, institutional and regulatory arrangements for local water utilities in regional NSW, drinking water quality, and water security.

Key Submissions

- ▶ Telecommunications carrier powers and immunities
- ▶ NSW draft freight and ports plan
- ▶ Reforming urban water
- ▶ Inquiry into heavy vehicle safety and use of technology to improve road safety
- ▶ Draft future transport strategy
- ▶ Inquiry into national freight and supply chain priorities

Rejuvenating Roadsides

The Council Roadside Reserves Project is managed by LGNSW and funded by the NSW Environmental Trust to help councils achieve best practice roadside environmental management.

In 2017/18 we awarded 21 grants to councils for projects totalling more than \$1.2 million and worked with them to trial new tools to streamline management and protection. Of note was an EcoRoadside App, developed by LGNSW, to help councils collect data quickly, efficiently and with reduced error, to assess and compare the conservation value of different sites.





PLANNING

Short-term Holiday Letting

Councils with an interest in short term rental accommodation have been asking for a regulatory framework that combines industry self-regulation with centrally-managed registration. As a result of our advocacy we welcomed, for the first time, new state-wide regulation which imposes a maximum 180-day limit on short term holiday rentals in Sydney and, importantly, allows rural and regional councils to set higher limits where this is more suitable locally.

LGNSW will continue to provide input as the details of the regulatory framework are worked out to ensure that local governments are supported in managing the needs and interests of their communities.



Preserving Local Character

Councils oppose the expansion of complying development provisions to risky, large-scale development which has the potential to completely change local character. Following advocacy on the Low Rise Medium Density Housing Code we secured agreement from the NSW Government that councils could request a 12-month delayed commencement of the code. As a result, 50 councils were granted extra time to review their local plans so they could make local decisions about dual occupancies, manor houses and terraces.

Crown Land Reforms

LGNSW helped to ensure councils would not incur additional costs as a result of the NSW Government's Crown land reforms. We argued for support during the three-year transition phase, including training and support for council staff, and for funds to help councils prepare or update their plans of management. Under the reforms councils will now manage their dedicated or reserved land as if it were public land under the *Local Government Act 1993*.

Local Planning Panels

Our advocacy prevented the imposition of mandatory local planning panels in council areas beyond metropolitan Sydney and Wollongong.

We oppose mandatory planning panels (formerly known as Independent Hearing and Assessment Panels) as they are not accountable to local communities and can be costly. We will continue to argue this case and monitor council costs.

Safe Cladding

Since the Grenfell fire in London in June 2017, LGNSW has received a steady flow of enquiries from councils about aluminum composite panel cladding. We provided a coordinating role for members, sharing information and facilitating briefings with the NSW Government's Cladding Taskforce and members. Regular communication with councils and stakeholders positioned us well to advocate for a clear, consistent, state-wide response as the issue unfolded.

“Following advocacy on the Low Rise Medium Density Housing Code we secured agreement that councils could request a 12-month delayed commencement”

Social Impact Assessment of Development

We called upon the NSW Government for rigorous pre-development assessment and clearer information, to help councils in their dual role as local planning regulators and community representatives, in our submission on the proposed social impact assessment guideline for state-significant resource developments.

LGNSW welcomed the final document which addressed some key concerns. It requires proponents to monitor and manage unforeseen circumstances over the life of projects, is clearer about determining the scale of impact, and recommends proponents engage with elected representatives during assessment.

PLANNING EVENTS & AWARDS



We held three of our popular events for elected representatives and local government planning professionals in 2017/18, one in Wagga Wagga and two in Sydney. Speakers included the Minister for Planning, the NSW Regional Infrastructure Co-ordinator, the Western Sydney Director of the Sydney Business Chamber and senior NSW Government representatives.

These sessions, valued by members, provided opportunities to hear from and ask questions of senior decision makers about future policy and other issues affecting their work and communities.

LGNSW Planning Awards were presented, for the first time, to Ku-ring-gai, Central Coast, Blayney Shire, Sutherland Shire, Port Stephens and Goulburn Mulwaree councils.

Key Submissions

- ▶ Draft Environmental Planning and Assessment Amendment (Identification of Buildings with Combustible Cladding) Regulation 2017 and explanations of intended effect
- ▶ State Environmental Planning Policy (Environment)
- ▶ State Environmental Planning Policy (Affordable Housing)
- ▶ Sydney region plans and draft district plans
- ▶ Inquiry into land release and housing supply
- ▶ Draft planning for bushfire protection: A guide for councils, planners, fire authorities and developers
- ▶ Short-term holiday letting options paper
- ▶ Draft bush fire environmental assessment code and draft bush fire protection for existing developments guideline
- ▶ Planning for the future of retail discussion paper



ENVIRONMENT

Recycling

RETURN & EARN

In the lead-up to the December 2017 launch of the NSW Return and Earn container deposit scheme we successfully argued that councils should get a share of refunds for containers collected at kerbside. We also secured agreement that the Environment Protection Authority (EPA) would assist councils in negotiating with material recovery facilities for their share, by working with the Office of Local Government to make legal and other services available to councils over the coming year.



SENATE INQUIRY

As a result of LGNSW's submission and evidence to the federal inquiry into the waste and recycling industries this year, the government agreed to our recommendations to:

- promote a circular economy in which materials are used, collected, recovered, and re-used locally
- prioritise waste reduction and recycling
- strengthen domestic markets for recyclable materials through sustainable purchasing
- extend producer responsibility through improved product stewardship
- support state and territory governments to use all of the landfill levies they collect for waste avoidance and reduction in the community, and increase recycling of waste materials
- support all levels of government in educating the public about recycling.



PROTECTING KERBSIDE COLLECTIONS

China's enforcement of restrictions on the importation of recycled materials under its National Sword policy in January 2017 had a global impact on the market for recyclable material, including that collected at kerbside by councils.

Following our lobbying, the NSW Government released a \$47 million recycling recovery package for councils, but LGNSW and councils were dismayed to discover much of the funding was not new and had already been allocated under the Waste Less, Recycle More program.

LGNSW is working closely with councils to protect kerbside recycling. We are also representing councils on the Local Government Reference Group of the NSW Government's National Sword Taskforce. Just 18 per cent of the waste levy, collected through councils and handed to the NSW Government, is returned to councils to invest in addressing immediate waste and resource recovery. We are advocating to have much more of the waste levy reinvested in waste management and liaising with stakeholders to seek effective recycling solutions.

“We successfully argued for councils to get a share of refunds for containers collected at kerbside”



Coastal Management Reform

The NSW Government's coastal management reforms came into force in April 2018. We continued to lobby the NSW Government to include both council and state government hazard data within its Coastal Management State Environment Planning Policy. We also pushed for the certification of lodged coastal zone management plans before the October 2018 deadline.

Protecting Local Biodiversity

We continued to encourage the NSW Government to support councils in implementing the biodiversity legislation, introduced in November 2016.

We asked for and welcomed a new package for council staff including training and regional support. By 30 June, more than 280 people from 75 per cent of NSW councils had been trained, and eight regional officers had been appointed to support them.

Dealing With Climate Change

LGNSW demonstrated that local government plays a leadership role in addressing climate change.

In a survey, undertaken in partnership with the Office of Environment & Heritage (OEH), 82 per cent of councils reported climate change impacts, particularly damage to assets and infrastructure caused by storms, floods, heat and drought. The survey also showed expanding awareness of the issue and its impacts, increasing

and better use of climate change information and that the sector was proactively addressing it in local government planning.

The results provided powerful arguments in favour of better state and federal support for local government in tackling this critical issue.

Managing Flying Foxes

Managing conflicts between flying foxes and human habitat is a long-standing challenge in many areas of NSW. This year we signed an agreement with the NSW Government's Environmental Trust, to deliver a new \$5 million project over 10 years to help councils research, restore and create flying fox habitat.

This is additional to the existing Flying Foxes Grants Program the OEH has entrusted us to administer which saw an extra 15 councils share \$456,845 in 2017/18 to manage flying fox camps.





Model Asbestos Policy

LGNSW assisted councils with asbestos policy through advocacy, training and awareness-raising throughout the year. More than 180 council staff attended one of our Model Asbestos Policy for Councils forums. Seventy-five councils had policies in place by the end of June 2018.

We also worked with NSW Government agencies and other stakeholders to improve asbestos planning and guidance materials.

Key Submissions

- ▶ Inquiry into the waste and recycling industry in Australia
- ▶ Australia's strategy for nature 2018-2030
- ▶ Illegal dumping strategy
- ▶ NSW litter prevention strategy
- ▶ Draft NSW waste and resource recovery infrastructure strategy
- ▶ *Product Stewardship Act 2011* review, including the National Television and Computer Recycling Scheme
- ▶ Code of practice authorising flying fox camp management actions
- ▶ Proposed state environmental planning policy for the remediation of land
- ▶ Greener places policy
- ▶ Proposed minimum standards for managing construction waste in NSW and other waste reforms
- ▶ Draft biodiversity conservation investment strategy 2017-2037
- ▶ Environmental Planning and Assessment Regulation 2000 issues paper
- ▶ Proposal for minimum environmental standards in the scrap metal industry consultation paper
- ▶ Australia's product impact management prioritisation process



ENVIRONMENT AWARDS

Members and stakeholders celebrated 20 years of Excellence in the Environment Awards at this year's event in October 2017. Thirteen councils and three regional council groups were acknowledged for outstanding achievements in local environment and protection.

Campbelltown City Council won the major sustainability award. A full list of winners and detailed case studies was published on our website.

SOCIAL & COMMUNITY

Libraries



Following a unanimous conference resolution in 2017, LGNSW worked with the NSW Public Libraries Association to develop a joint campaign to lobby the NSW Government to increase funding for public libraries, with a launch planned for August 2018.

At just 7.8 per cent, the NSW Government's contribution to the cost of public libraries is the lowest in Australia and progressively decreasing.

There will be opportunities for members to get involved in our 2018/19 campaign.

Ageing and Disability

FUNDING SECURED FOR DISABILITY ADVOCACY SERVICES

We worked with disability advocacy organisations on a successful state-wide campaign to secure \$26 million until 2020 from the NSW Government to fund disability advocacy services so they could operate with more certainty beyond the original cut-off date of 30 June 2018.

INCLUSIVE TOURISM

LGNSW led a project to encourage councils, tourism operators and businesses to tap into the important and potentially lucrative inclusive tourism market, which is expected to grow to 25 per cent of the total market by 2020.

We launched a free online learning course in February 2018 and held 10 workshops attended by 234 people - mainly council staff, accommodation providers and local tourism operators - to raise awareness of the benefits of inclusive tourism and how facilities and services could be improved to attract visitors.

Importantly, LGNSW successfully lobbied for it to be mandatory for businesses to complete detailed accessibility questions when listing their services with the Australian Tourism Data Warehouse, the digital platform that supplies information for mainstream tourism websites.

LGNSW acknowledges the assistance of the University of Technology, Sydney, the NSW Government's Tourism Demand Driver Infrastructure Program and Family and Community Services (FACS).

SUPPORTING DISABILITY INCLUSION ACTION PLANS

We secured funding support from FACS for LGNSW to monitor and help councils implement their disability inclusion action plans over two years and provided assistance with reporting and collecting examples of best practice to share with the sector.

LIFT & CHANGE GRANTS

LGNSW distributed grants under the Lift and Change Facilities Trial. This program, funded by FACS, helps councils install toilets with adult-sized change tables and hoists for people with severe disability who cannot use regular accessible toilets. We distributed grants totalling \$70,000 for two projects (Mid-Coast and Newcastle), in addition to \$298,700 provided in previous years, and secured an additional \$130,000 for a mobile facility in 2018/19.



Arts and Culture

In 2017/18 we supported councils in managing arts and culture programs and developing cultural plans. We led the way nationally by developing a tailor-made training package and courses for NSW councils. Other states are now following suit.

Following our advocacy the NSW Government removed a requirement for matched funding from its regional cultural grants program and now provides an information line for applicants.

Disappointingly, Create NSW advised us that it would no longer fund the valuable capacity building and advice service we provided to councils, beyond January 2018.

Around 84 per cent of NSW councils own or support museums, galleries, heritage and/or Aboriginal arts organisations.



Key Submissions

- ▶ Future reform – an integrated care at home program to support older Australians discussion paper
- ▶ Evaluation of interim restaurant authorisations discussion paper
- ▶ Evaluation of the community impact statement requirements for liquor licence applications discussion paper
- ▶ Aboriginal Cultural Heritage Bill
- ▶ Cemeteries and Crematoria Regulation 2017
- ▶ Inquiry into Sydney stadiums strategy
- ▶ Draft Companion Animal Regulation

Children's Services

Following sustained lobbying by LGNSW and the Local Government Children's Services Managers' Network, the NSW Minister for Early Childhood Education acknowledged our concerns about talk of halting legacy funding for local government-run childcare services. The minister confirmed that payments would be maintained in 2018 during a meeting with LGNSW in June 2018 and we are working to ensure state funding continues.

Following ongoing advocacy, we welcomed the introduction of new funding for early childhood services for children prior to pre-school, under the NSW Government's new Start Strong Pathways program. Councils providing services such as playgroups, toy libraries and occasional care often miss out on educational funding but are eligible under this program.

Food Safety Inspections

Following our advocacy the NSW Government is developing a business case for a single electronic platform to make inspections more efficient and allow consistency and comparison between councils. In March 2018 the NSW Food Authority sought expressions of interest for a scoping study for a platform and invited LGNSW to be part of the tender evaluation and study steering committee.

Legionella Control

We successfully negotiated for LGNSW and councils to be part of the NSW Health Legionella Taskforce Steering Group, influencing the remake of the Public Health Regulation and guidelines for Legionella control.

COMMUNICATION & ENGAGEMENT

Council Summits

Following a call from members for local engagement, we began a series of 12 council summits across NSW. They provided members with the opportunity to raise matters important to them and their local communities with the President, board members and senior staff and to share experiences with neighbouring councils. In 2017/18 summits were held in Riverina Murray, Illawarra/Shoalhaven, South East and Hunter regions. Summits inform our advocacy.



General Managers' Network

In October 2017 we launched an online network for general managers, providing a useful channel for discussing common issues and sharing information. As at 30 June, 58 general managers had joined.

Community Perceptions Research

We undertook research into community perceptions of local government to inform future campaign development and other public communication. It clearly showed that 75 per cent of NSW residents believed local government was the best sphere of government to make decisions about their local areas, trust was significantly higher in local than in state government, and 82 per cent of people were satisfied with their councils. The research was presented at our annual conference and key findings were published on our website.

“75% of NSW residents believed local government was the best sphere of government to make decisions about their local areas”

INTERNATIONAL WOMEN'S DAY

To celebrate, recognise and promote women in local government, we held our first ever International Women's Day event in March 2018. The event was attended by more than 120 guests and featured an inspiring presentation by political and social author and columnist, Dr Anne Summers.



Website

Our website is information central on local government matters for members and stakeholders. Usage continued to grow, this year reaching 264,000 sessions.

We began a project to modernise our website and improve usability, navigation, accessibility, ability to perform tasks online and mobile responsiveness. During the year we completed user research and developed a structure for the new site, in preparation for a new build, migration to a new platform and integration with a new customer relationship management system in 2018/19.

Local Government Week



The Local Government Week (31 July - 6 August 2017) theme was 'Discovery, Diversity, Democracy'.

We supported and encouraged councils to get involved in this

annual whole-of-sector campaign. Many councils ran events and activities, used our collaterals, and promoted the week via social media. Local government awards were presented during the week.

LOCAL GOVERNMENT WEEK AWARDS

The Local Government Week Awards were presented on 3 August 2017 recognising excellence in communication, the arts, disability inclusion, and council innovation. More than 250 guests attended.

NSW Disability Inclusion Awards, sponsored by Family and Community Services, recognising local government innovation in disability inclusion were presented to Cobar and Wollondilly shire councils and Wollongong City Council.

Bland Shire, Strathfield and Port Macquarie-Hastings councils were highly commended.

Leo Kelly OAM Arts and Culture Awards were presented for the first time to councils leading the way in arts and culture strategic policy, planning, delivery and evaluation: Griffith, Wagga Wagga, and Blacktown city councils. Coffs Harbour City Council was highly commended.

RH Dougherty Awards recognising excellence in communication were presented to Wagga Wagga, Central Coast, Cessnock and Parramatta city councils, Parkes, Upper Lachlan, Tweed and Leeton shire councils and Goulburn Mulwaree Council.

AR BLUETT MEMORIAL AWARDS

AR Bluett Memorial Awards were presented to Port Macquarie-Hastings and Bland Shire councils at the annual conference. LGNSW continues to support the AR Bluett Trust in running these prestigious awards recognising progressive councils.



MEMBER SERVICES



We deliver value to members through a wide variety of services including employer representation and advice, human resources and management support and professional development.



Industrial Relations Support

The LGNSW Industrial Relations Unit has a depth of experience that is unmatched. We have represented the sector in more employment matters than any other organisation in NSW. Our team of employment lawyers specialises in local government industrial relations and employment law, providing members with expert advice and legal representation. This service is available to all members free of charge, providing critical support and substantial cost savings in times of need.

INDUSTRIAL REPRESENTATION

We represented members at 109 court and tribunal listings. Most were for matters before the Industrial Relations Commission of New South Wales (IRC) relating to unfair dismissal, industrial disputes, alleged victimisation and making or varying awards and enterprise agreements. We also represented members in matters before the NSW Civil and Administrative Tribunal and the Fair Work Commission.

Of note was the successful arbitration of an industrial dispute where the IRC held that councils had discretion to determine and change their pay cycles, provided the discretion was exercised reasonably. This decision benefits councils seeking to change their pay cycles to promote productivity and efficiency.

IR & HR ADVICE

LGNSW gave advice to members on a broad range of issues including performance management, managing ill and/or injured workers, termination of employment, award interpretation and compliance, legal obligations relating to council amalgamations and boundary alterations, and workplace change.

LOCAL GOVERNMENT EMPLOYMENT LAW SEMINAR

More than 100 delegates attended the Employment Law Seminar in May. The seminar provided an update on new developments and emerging issues affecting local government employment, industrial relations and human resources management.

Legal Support

Throughout the year our in-house legal officer provided advice to mayors and general managers on legislative, procedural and commercial issues through 105 detailed written advices and 160 short advices by phone and email.

Capability Framework

LGNSW released a Local Government Capability Framework in August 2017 describing the essential knowledge, skills, abilities and other attributes local government employees and elected representatives need to work effectively in local government.

The framework was supported by resources, training and advice including a new online tool, PD In a Box, to guide professional development for elected members. By 30 June 2018 more than 60 councils had started to implement aspects of the framework.



“LGNSW has represented the sector in more employment matters than any other organisation in NSW”

Professional Development

Throughout the year, more than 3,680 councillors and staff took advantage of our tailored and cost-effective training, coaching and mentoring to build their professional skills and knowledge. Our trainers travelled to 45 regional and rural locations from Tweed to Bega Valley and from Broken Hill to Wentworth Shire as well as offering many training opportunities throughout metropolitan Sydney.

MAYOR & COUNCILLOR SUPPORT

New and experienced councillors benefited from our free and confidential mayoral and councillor mentoring services, accessing valuable guidance and advice from experienced and well-regarded colleagues.

The latter service was well utilised with mentors providing confidential advice on many issues including clarification of councillor and mayoral roles and responsibilities, managing council meetings and the media, code of conduct complaints and general manager performance.

Other programs for councillors included:

- Governance Essentials for Local Government and Foundations of Directorship (in partnership with the Australian Institute of Company Directors)
- Executive Certificate for Elected Members Block 1 & 2 (in partnership with the University of Technology, Sydney)
- Chairing and Meeting Procedures
- Mayors' Weekend Seminar

TAILORED TRAINING

Staff and elected representatives from 112 councils and associated organisations attended LGNSW courses on more than 70 topics throughout the year. LGNSW provided in-house training for 75 councils giving them an efficient way to deliver professional development to staff.

Most popular courses

- Improving Your Business Writing
- Finance for Non-Finance Managers
- Making Consultative Committees More Effective
- Award History & Interpretation

E-LEARNING

Around 5,000 people accessed e-learning programs in 2017/18. Members can deliver these programs to their staff via in-house, online learning systems or through LGNSW.

Top e-learning programs

- Introduction to Local Government
- Code of Conduct
- Aboriginal Cultural Awareness
- Workplace Health & Safety
- Bullying & Harassment
- Alcohol & Other Drugs
- Equal Employment Opportunity

PA & EA CONFERENCE

For many personal and executive assistants in local government, the annual LGNSW Personal and Executive Assistants' conference is the only opportunity to attend professional development and network with others from the sector. This year's event attracted 107 delegates.

LEARNING & DEVELOPMENT NETWORK

Quarterly meetings and a newly-established Facebook group helped learning and development professionals share ideas, contacts and experiences and discuss common issues, providing peer support in their day-to-day work.



HR and Executive Services

EXECUTIVE RECRUITMENT

Our Management Solutions Unit has a strong understanding of the market and offers a cost effective service. This year we facilitated the recruitment of general managers at 14 councils. This represents almost half of all general managers recruited in 2017/18 in NSW.

PERFORMANCE REVIEWS

We assisted 39 councils with general manager and senior staff performance reviews. By providing valuable third-party support, we helped councils comply with their contractual obligations while providing opportunities for frank and open discussions about performance.

WORKFORCE CONSULTING

LGNSW helped councils identify operational efficiencies through organisational structure and service reviews. We also facilitated career coaching for council staff seeking clarity in their career goals.

BENCHMARKING SURVEYS

Our annual HR benchmarking and remuneration survey reports provided members with valuable comparative data on issues such as recruitment and retention, leave, work health and safety, learning and development and senior staff remuneration packages.

NATIONAL LOCAL GOVERNMENT HUMAN RESOURCES CONFERENCE

In November, 156 delegates attended the national local government HR conference in Sydney, hosted by LGNSW. Themes included: opportunity and innovation, future workforce, organisational change, digital technologies and health and wellbeing.

HR NETWORK

Senior managers and human resources professionals met quarterly to discuss issues affecting NSW local government employment, industrial relations and human resources management.

Topics discussed this year included superannuation, implementation of the *Local Government (State) Award 2017*, workplace investigations, the Local Government Capability Framework, workforce data, the National Local Government Skills Survey, and HR metrics/benchmarking.

Attendees also gave direct feedback to the Office of Local Government on proposed amendments to employment-related provisions of the *Local Government Act 1993* and the Model Code of Conduct.



ORGANISATION



Our board members and staff work in partnership with members, always striving to achieve the best possible outcomes in advocacy, services and support for the sector.





Our People

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

As at 30 June 2018, LGNSW employed 46.5 full-time equivalent staff, including 4.1 funded by grants.

Value Audit

We commissioned a value audit of our services in November 2017. The report found we deliver significant value, particularly as an advocate, adviser and aggregator.

It also found that every \$1 provided in membership fees is converted into nearly \$10 in benefits, that membership fees funded only 38 per cent of our annual operating expenditure and that fees have been trending downwards in recent years relative to the net revenue of the sector.

In 2017/18 LGNSW collected just over \$5 million in member fees to deliver more than \$12.1 million worth of advocacy and services.

We began to implement an action plan to improve the delivery and communication of the value we provide and continue to evaluate our services to ensure we're delivering cost effective and relevant products and services that meet members' changing needs.

A summary of the audit is available on our website www.lgnsw.org.au/valueaudit.

Capability Review

LGNSW's board commissioned a report to identify organisational capabilities that the association had and needed to build upon to successfully serve members into the future.

The report outlined three key areas for development: engaging stakeholders; visionary, integrated strategic thinking, planning and focus; and fostering an agile, innovative culture.

Together with the findings of our value audit it provided important information to guide strategic and business planning for 2018/19 and beyond.



Our Board

Members elected a new board in December at the 2017 annual conference. The LGNSW Board operates in accordance with the resolutions of the conference and is responsible for governance between conferences. It is established by and acts in accordance with the Rules of the Association.

Composition of the Board varied during the year due to the local government elections for amalgamated councils on 9 September 2017 and the two-yearly Board election in December. There were 18 Board members at 30 June 2018.

The Board convened six times during 2017/18. Its senior executive group met three times to consider and make recommendations on matters prescribed by the Association's rules, largely related to finance and performance.

Board working committees also met monthly to provide strategic guidance. As at 30 June the four board working committees' key focus areas were: vision, value, sector capability, and rules review.

Board members attended a new training program in governance and financial accountability, in accordance with our obligations under the *Fair Work (Registered Organisations) Act 2009*.



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



BOARD MEMBERS

At 30 June 2018

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

Vacant

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
City of Canterbury Bankstown

Cr Lesley Furneaux-Cook
Burwood Council

Cr George Greiss
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

At 30 June 2018

Value

Cr George Greiss
Cr Marianne Saliba
Cr Marjorie O'Neill
Cr Michael Regan
Cr Paul Harmon

Rules review

Cr Angelo Tsirekas
Cr Julie Griffiths
Cr Phyllis Miller OAM
Cr Ruth Fagan

Capability

Cr Darriea Turley AM
Cr Karen McKeown OAM
Cr Mazhar Hadid
Cr Rod Kendall

Vision

Cr Ben Shields
Cr Keith Rhoades AFSM
Cr Khal Asfour
Cr Lesley Furneaux-Cook



Transparent External Committee Appointments

The LGNSW Board implemented a new process to ensure the best representation for the sector by supporting an open and transparent selection procedure for appointments to significant committees.

This means councillors interested in being appointed to these positions can apply through formal expressions of interest, advertised via our weekly newsletter and also to those who have registered their interest via PD In A Box, our recently-launched online professional development tool for elected members.

The new process ensures better value for LGNSW members, as:

- the sector is made aware of upcoming vacancies and all appropriately qualified people are encouraged to apply
- appointments are merit-based
- procedures are transparent and impartial
- there is a consistent approach for all appointments.

We're proud to give all councillors equal opportunity to participate in external committees.

LGNSW Members

As at 30 June 2018 all 128 of the general-purpose councils in NSW were members of the association. The total number of members, including associate members, was 141.

ORDINARY MEMBERS

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

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

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

ASSOCIATE MEMBERS

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

LOCAL GOVERNMENT PROCUREMENT



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 that use LGP contracts and services, the greater the potential returns available to councils and LGNSW, keeping membership fees low.

Procurement Solutions for the Sector

Local Government Procurement (LGP) saved the sector \$27 million in costs for goods and services during 2017/18 and delivered specialised procurement training to more than 900 local government staff. In addition, LGP allocated \$1.1 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 would otherwise be required to do).

Contracts Negotiated

In 2017/18 the local government sector spent \$655 million through LGP contracts delivering value through negotiated pricing, access to leading and local suppliers and by reducing procurement risk.

LGP had 33 contracts in operation, encompassing more than 960 LGP-approved contractors. LGP negotiates these on behalf of members using bulk purchasing power to secure the best possible value for money and sector-specific solutions.

LGP contracts are available to all NSW councils, not-for-profit organisations, universities, state government agencies and departments.

Top five contracts used by councils

- Bitumen, emulsions and asphalt materials and services
- Heavy plant and equipment
- Human resources – permanent and temporary placements and associated services
- IT&C products, services and consulting
- Supply of electricity, gas and green power

New contracts established in 2017/18:

- Industrial, construction, electrical and general hardware and materials
- Solar power purchase agreements
- Waste audit management services

LGP also provided customers with exclusive access to seven contracts through the National Procurement Network, a collective of Australian state and territory local government procurement agencies.





Improving Governance and Transparency

Local Government Procurement (LGP) is a partnership business that involves trusts and companies designed at the inception of LGP.

	LGNSW ‘The Owner’	
Member: LGNSW ‘Partner’ as trustee LGP (LGA NSW) PTY LTD (ABN 31 654 180 180 ACN 117 201 055)	Local Government Procurement Partnership (ABN 34 578 553 267) ‘The Business’	Member: LGNSW ‘Partner’ as trustee LGP (SA NSW) PTY LTD (ABN 59 423 294 637 ACN 117 201 064)
LGP (LGA NSW) TRUST Beneficiary: LGNSW	Local Government Procurement PTY LTD (ACN 117 201 046) ‘The Manager’	LGP (SA NSW) TRUST Beneficiary: LGNSW

A separate set of audited accounts is prepared for each of the entities as well as a consolidated set of accounts for LGNSW encompassing all the entities.

LGNSW established a Local Government Procurement Management Committee in 2017 to better represent the interests of LGNSW as owner by increasing the oversight of governance and performance. As at 30 June 2018, the committee was chaired by the LGNSW Immediate Past President. Other committee members included an independent member, the LGNSW Treasurer, LGNSW Chief Executive, LGNSW Manager Finance and Administration and LGNSW Senior Manager Governance and Culture. The Committee met four times in 2017/18 to develop a responsibility assignment matrix for LGP, refresh the LGP Board composition and endorse its 2018/19 budget.

LGNSW also introduced a report by the Chief Executive Officer of LGP as a standing item on the LGNSW Board agenda to allow greater oversight of performance.

“the more the sector spends under LGP contracts, the larger the pool of funds to benefit NSW local governments”

Financial Results

Revenue growth continued in 2017/18 with a 22 per cent increase on the previous year resulting in a gross surplus (before allocation of rebates) of \$2.92 million.

For 2017/18 a new model for the allocation of the LGP surplus was endorsed by the LGP Board:

- 40 per cent to councils, regional organisations of councils (ROCs) and joint organisations (JOs)
- 50 per cent to LGNSW (as the owner)
- 10 per cent to LGP (working capital)

The new model is funded from confirmed operating surplus which ensures financial sustainability and delivers a rebate scheme that can continue long term, without putting LGP’s viability at risk. For all participating councils, ROCs and JOs, the more the sector spends under LGP contracts, the larger the pool of funds to be distributed across NSW local government.

Based on the new formula, 40 per cent (\$1.16 million) of the 2017/18 surplus has been allocated as accrued expenses for rebates, leaving a residual net profit of \$1.75 million. This will be distributed to LGNSW (\$1.46 million), with a 10 per cent allocation for LGP working capital to be facilitated between LGNSW and LGP through a non-current loan arrangement (\$292,000). Rebates will be paid annually.

The LGP distribution provides a valuable revenue stream to LGNSW helping to keep member subscriptions as low as possible.

In future LGP will undertake consultation with members in order to inform multi-year memoranda of understanding.

Specialised Consulting Service

In 2017/18 LGP provided advice and support to councils through 35 procurement projects, including probity advice and audit services.

LGP used its efficiency and analytics program (LEAP) to help six councils identify more than \$1.4 million in savings during the year.

The Sustainable Choice program helps the sector integrate sustainability into procurement through ISO 20400-Sustainable Procurement training, the only training of its kind specifically tailored to local government. LGP continued to build knowledge and skills in sustainable procurement across the sector.

Procurement Skills

Specialised, cost-effective training and e-learning was delivered to more than 900 people during the year.

LGP also offers nationally-accredited qualifications in procurement and contracting at Certificate IV, diploma and advanced diploma levels to procurement staff.

ProcureLearn is LGP's e-learning program. This flexible, online, self-paced learning solution complements face-to-face training for council employees engaged in different aspects of purchasing. LGP can also design and develop specific e-learning programs for councils.

Conference and Awards

The annual local government procurement conference in November 2017 was attended by around 80 delegates.

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

Procurement Network

The LGP procurement network met seven times during the year. Five meetings were held in regional locations and two in Sydney, attended by more than 220 delegates from 106 councils. These meetings provided opportunities for local government procurement staff to hear from guest speakers, collaborate with peers and discuss current issues.

Services and Resources

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



CORPORATE & COMPLIANCE INFORMATION



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 which governs the way in which the Association is operated. The rules cover matters such as 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 2017/18.

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 2017/18

	2017			2018		
	AUG	SEP	OCT	FEB	APRIL	JUNE
Linda Scott	✓	✓	✓	✓	✓	✓
Keith Rhoades AFSM	✓	✓	✓	✓	✓	✓
Khal Asfour	●	●	●	✓	✓	✓
Michael Banasik	✓	✓	✓	●	●	●
Scott Bennison	✓	✓	✓	●	●	●
Lindsay Brown	✓	X	✓	✓	X	●
Ruth Fagan	✓	X	✓	✓	✓	✓
Christine Forster	✓	X	✓	●	●	●
Lesley Furneaux-Cook	✓	✓	✓	✓	✓	✓
George Greiss	●	●	●	✓	X	✓
Alice Glachan	✓	✓	✓	●	●	●
Julie Griffiths	●	●	●	✓	✓	✓
Mazhar Hadid	✓	X	✓	✓	✓	✓
Paul Harmon	●	●	●	✓	✓	✓
Ray Harty OAM	✓	✓	✓	●	●	●
Yvonne Keane	✓	✓	●	●	●	●
Rod Kendall	✓	✓	✓	✓	✓	✓
Karen McKeown OAM	✓	✓	✓	✓	✓	✓
Phyllis Miller OAM	✓	✓	✓	✓	✓	✓
Marjorie O'Neill	●	●	●	✓	✓	✓
Bill Pickering	✓	✓	●	●	●	●
Denise Osborne	✓	✓	✓	●	●	●
Michael Regan	●	●	●	✓	✓	✓
Marianne Saliba	●	●	●	✓	✓	✓
Ben Shields	●	●	●	✓	✓	✓
Angelo Tsirekas	●	●	●	✓	✓	✓
Darriea Turley AM	✓	X	X	✓	✓	✓

- Not elected to the Board at the relevant time
- Ceased to be a councillor following local government elections on 9 September 2017
- Resigned from the Board

REPRESENTATION ON EXTERNAL BOARDS AND COMMITTEES

LGNSW and the local government sector are represented on a wide range of other external boards and committees in addition to StateCover and Local Government Super. In 2017/18 the LGNSW Board endorsed a new open, transparent and merit-based expression of interest process to identify councillors interested in representing the sector on external boards and committees, when vacancies arise.

Local Government Super and StateCover

The LGNSW Board nominates four directors to the boards of LGSS Pty Ltd (the trustee for Local Government Super) and StateCover. 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 Board nominees are subject to rigorous assessment by LGSS and StateCover to ensure the nominees are fit and proper persons to be appointed, and appropriately skilled. There was one vacant position on each Board at 30 June 2018.

Representation at 30 June 2018

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	Annual General Meeting November 2020

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

OFFICER AND 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:	
Financial year start date:	1 July 2017	Financial year end date:	30 June 2018

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
Cr Keith Rhoades AFSM	President (to 7 December 2017) Immediate Past President (from 8 December 2017)	LGNSW \$ 76,641.05 Ext. Boards \$ 57,009.00 Total \$ 133,650.05	NIL	N/A
Cr Linda Scott	Director (to 7 December 2017) President (from 8 December 2017)	LGNSW \$ 99,411.35 Ext. Boards \$ 0.00 Total \$ 99,411.35	NIL	N/A
Cr Lindsay Brown	Vice President Rural/Regional (to 6 April 2018)	LGNSW \$ 4,112.82 Ext. Boards \$ 56,329.39 Total \$ 60,442.21	NIL	N/A
Cr Lesley Furneaux-Cook	Director	LGNSW \$ 5,387.40 Ext. Board \$ 25,880.00 Total \$ 31,267.40	NIL	N/A
Cr Denise Osborne	Director (to 7 December 2017)	LGNSW \$ 3,719.72 Ext. Boards \$ 20,994.60 Total \$ 24,714.32	NIL	N/A

None of the officers listed above received non-cash benefits from the Local Government and Shires Association of NSW.

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:



7 September 2018

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 Karen McKeown OAM	Director	LGNSW \$ 6,632.42 Ext. Boards \$ 14,782.50 Total \$ 21,414.92	NIL	N/A
Cr Rod Kendall	Director	LGNSW \$ 9,514.46 Ext. Boards \$ 660.00 Total \$ 10,174.46	NIL	N/A
Cr Phyllis Miller OAM	Director	LGNSW \$ 7,877.43 Ext. Boards \$ 1,870.00 Total \$ 9,747.43	NIL	N/A
Cr Marjorie O'Neill	Treasurer (from 8 December 2017)	LGNSW \$ 5,301.99	NIL	N/A
Cr Scott Bennison	Treasurer (to 7 December 2017)	LGNSW \$ 5,291.04	NIL	N/A
Cr Ruth Fagan	Director	LGNSW \$ 4,964.73	NIL	N/A
Cr Mazhar Hadid	Director	LGNSW \$ 4,557.39	NIL	N/A
Cr Darriea Turley AM	Director	LGNSW \$ 4,142.39	NIL	N/A
Cr Christine Forster	Director (to 7 December 2017)	LGNSW \$ 4,111.73	NIL	N/A
Cr Khal Asfour	Director (from 8 December 2017)	LGNSW \$ 3,735.05	NIL	N/A

Name	Office	Actual amount of relevant remuneration	Value of relevant non-cash benefits	Form of relevant non-cash benefits
Cr Angelo Tsirekas	Director (from 8 December 2017)	LGNSW \$ 3,534.66	NIL	N/A
Cr Marianne Saliba	Director (from 8 December 2017)	LGNSW \$ 3,320.04	NIL	N/A
Cr Bill Pickering	Vice President Metropolitan (to 9 September 2017)	LGNSW \$ 2,912.70	NIL	N/A
Cr Michael Regan	Director (from 8 December 2017)	LGNSW \$ 2,905.04	NIL	N/A
Cr Ben Shields	Director (from 8 December 2017)	LGNSW \$ 2,905.04	NIL	N/A
Cr Paul Harmon	Director (from 8 December 2017)	LGNSW \$ 2,490.03	NIL	N/A
Cr George Greiss	Director (from 8 December 2017)	LGNSW \$ 2,490.03	NIL	N/A
Cr Julie Griffiths	Director (from 8 December 2017)	LGNSW \$ 2,075.03	NIL	N/A
Cr Michael Banasik	Director (to 7 December 2017)	LGNSW \$ 2,067.36	NIL	N/A
Cr Alice Glachan	Director (to 7 December 2017)	LGNSW \$ 2,067.36	NIL	N/A
Cr Ray Harty OAM	Director (to 7 December 2017)	LGNSW \$ 1,237.35	NIL	N/A
Cr Yvonne Keane	Director (to 9 September 2017)	LGNSW \$ 830.01	NIL	N/A



GRANTS & DONATIONS

LGNSW administered the following grants exceeding \$1,000 in 2017/18.

Lift and Change

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

Funding provided by: Department of Family and Community Services

MidCoast Council	\$35,000
Newcastle City Council	\$35,000

Disability Inclusion Action Plans

Purpose: To assist councils effectively plan for and deliver on the diverse needs of people with disability in their community.

Funding provided by: Department of Family and Community Services

Coonamble Shire Council	\$4,545.45
Council of the City of Sydney	\$5,000.00
Orange City Council	\$5,000.00
Penrith City Council	\$5,000.00
Port Macquarie-Hastings Council	\$5,000.00
Willoughby City Council	\$4,545.45

Building Resilience to Climate Change

Purpose: Providing council support to adapt to climate change.

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

Blacktown City Council	\$16,000.00
Lake Macquarie City Council	\$10,200.00
Northern Beaches Council	\$16,000.00
Parkes Shire Council	\$12,000.00
Penrith City Council	\$16,000.00

Flying Fox Management

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

Funding provided by: Office of the Environment and Heritage

Albury City Council	\$15,000.00
Armidale Regional Council	\$15,000.00
Bathurst Regional Council	\$31,036.00
Bega Valley Shire Council	\$15,000.00
Bellingen Shire Council	\$49,940.00
Cessnock City Council	\$40,000.00
Clarence Valley Council	\$19,418.00
Coffs Harbour City Council	\$28,000.00
Hunter Councils	\$19,000.00
Ku-ring-gai Council	\$40,000.00
Liverpool City Council	\$13,636.36
Nambucca Shire Council	\$15,400.00
Shoalhaven City Council	\$37,704.00
Singleton Council	\$12,100.00
Sutherland Shire Council	\$105,611.00

Council Roadside Reserves

Purpose: To conserve and improve roadside environments.

Funding provided by: NSW Environmental Trust

Ballina Shire Council	\$40,000.00
Bega Valley Shire Council	\$37,760.00
Bellingen Shire Council	\$40,000.00
Bourke Shire Council	\$76,800.00
Coffs Harbour City Council	\$40,000.00
Edward River Council	\$38,400.00
Glen Innes Severn Council	\$36,000.00
Griffith City Council	\$37,200.00
Hawkesbury City Council	\$35,200.00
Hunter Councils	\$79,445.00
Moree Plains Shire Council	\$40,000.00
Narrandera Shire Council	\$32,800.00
Oberon Council	\$38,064.00
Parkes Shire Council	\$40,000.00
Penrith City Council	\$40,000.00
Port Stephens Council	\$40,000.00
Queanbeyan-Palerang Regional Council	\$64,000.00
Snowy Valleys Council	\$63,696.00
Temora Shire Council	\$37,600.00
Wagga Wagga City Council	\$70,400.00
Wingecarribee Shire Council	\$36,800.00

FINANCIAL STATEMENTS



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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 2018, 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 2018 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 2018, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

CHARTERED ACCOUNTANTS & ADVISORS

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Responsibilities of the Directors for the Financial Report

The directors of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Industrial Relations Act 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.



William Buck
Chartered Accountants
ABN 16 021 300 521



R. Ahrens
Director
Sydney, 5 September 2018

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 2018**

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 2018 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 2017/18 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 5 Day of September 2018

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 2018

	Note	LGNSW CONSOLIDATED		LGNSW	
		2018	2017	2018	2017
		\$	\$	\$	\$
Revenue					
Membership subscription		4,989,784	5,036,523	4,989,784	5,036,523
Capitation fees and other revenue from another reporting unit	4	-	-	-	-
Council services		2,961,174	2,783,199	2,349,853	2,412,073
Commission received	6	8,979,583	7,760,735	1,703,965	1,618,234
Conferences and seminars		2,196,223	1,745,378	1,986,787	1,618,608
Investment income	6	1,246,330	1,636,015	1,244,435	1,635,018
Trust distributions		-	-	1,749,760	-
Cost contribution income		-	-	-	951,830
Other revenue		150,992	227,947	54,212	150,394
Revenue from recovery of wages activity		-	-	-	-
		<u>20,524,086</u>	<u>19,189,797</u>	<u>14,078,796</u>	<u>13,422,680</u>
Grant income	7	2,567,931	2,406,165	2,567,931	2,406,165
Expenses					
Employee benefits expense	8	(11,023,891)	(10,028,870)	(7,448,619)	(7,103,948)
Capitation fees and other expenses to another reporting unit	9	-	-	-	-
Affiliation fees	10	(589,910)	(579,043)	(589,910)	(579,043)
Administrative expenses	11	(5,546,993)	(4,264,588)	(3,983,353)	(3,020,373)
Grant expenses	12	(2,567,931)	(2,406,165)	(2,567,931)	(2,406,165)
Council services		(2,241,253)	(2,654,448)	(1,074,747)	(1,222,334)
Depreciation and amortisation expense	13	(391,712)	(338,766)	(302,683)	(250,223)
Legal costs	14	(109,791)	(208,291)	(72,492)	(148,272)
Audit fees	39	(41,541)	(35,047)	(30,041)	(23,547)
Net losses from sale of assets	15	(11,999)	(5,804)	(9,955)	-
Profit before income tax expense		566,996	1,074,940	566,996	1,074,940
Income tax expense		-	-	-	-
Profit after income tax expense for the year attributable to the owners of Local Government New South Wales	35	566,996	1,074,940	566,996	1,074,940
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>566,996</u>	<u>1,074,940</u>	<u>566,996</u>	<u>1,074,940</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 2018**

	Note	LGNSW CONSOLIDATED		LGNSW	
		2018 \$	2017 \$	2018 \$	2017 \$
Assets					
Current assets					
Cash and cash equivalents	17	7,300,660	8,823,617	4,461,652	7,060,893
Trade and other receivables	18	6,309,169	5,947,862	6,468,140	5,535,871
Available-for-sale financial assets	19	5,754,052	5,078,709	5,754,052	5,078,709
Held to maturity investments	20	14,671	43,151	14,671	43,151
Prepayments	21	558,069	553,602	501,679	486,634
Total current assets		19,936,621	20,446,941	17,200,194	18,205,258
Non-current assets					
Trade and other receivables	22	-	-	291,627	-
Available-for-sale financial assets	23	3,000,000	3,000,000	3,000,000	3,000,000
Held to maturity investments	24	17,004,261	17,154,819	17,004,261	17,154,819
Land and buildings	25	7,926,192	8,113,096	7,926,192	8,113,096
Property, plant and equipment	26	617,011	498,651	492,752	333,460
Intangible assets	27	27,905	10,965	-	-
Investment in associates	28	-	-	36	36
Total non-current assets		28,575,369	28,777,531	28,714,868	28,601,411
Total assets		48,511,990	49,224,472	45,915,062	46,806,669
Liabilities					
Current liabilities					
Trade and other payables	29	3,349,403	3,520,943	1,380,624	1,493,230
Short term provisions	30	1,678,234	1,690,001	1,334,427	1,441,975
Other financial liabilities	31	9,004,027	10,162,444	8,809,227	10,073,346
Total current liabilities		14,031,664	15,373,388	11,524,278	13,008,551
Non-current liabilities					
Employee provisions	32	250,666	188,420	160,006	134,336
Total non-current liabilities		250,666	188,420	160,006	134,336
Total liabilities		14,282,330	15,561,808	11,684,284	13,142,887
Net assets		34,229,660	33,662,664	34,230,778	33,663,782
Equity					
Issued capital	33	56	56	-	-
Settled sum		20	20	-	-
General funds	34	2,217,289	2,217,289	2,217,289	2,217,289
Retained earnings	35	32,012,295	31,445,299	32,013,489	31,446,493
Total equity		34,229,660	33,662,664	34,230,778	33,663,782

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 2018**

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

	General funds \$	Settled sum \$	Retained earnings \$	Total equity \$
LGNSW CONSOLIDATED				
Balance at 1 July 2017	2,217,289	20	31,445,355	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>20</u>	<u>32,012,351</u>	<u>34,229,660</u>

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

	General funds \$	Retained earnings \$	Total equity \$
LGNSW			
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>

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 2018**

	Note	LGNSW CONSOLIDATED		LGNSW	
		2018	2017	2018	2017
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		21,858,467	19,715,201	13,457,683	13,123,452
Payments to suppliers and employees		(22,335,936)	(19,249,147)	(15,976,622)	(14,128,953)
Investment income		948,555	923,632	765,440	921,977
Net cash from/(used in) operating activities	41	471,086	1,389,686	(1,753,499)	(83,524)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		4,091	32,768	-	-
Net movements in investments		(198,530)	1,733,336	(17,310)	1,733,336
Purchase of property, plant and equipment		(328,082)	(129,137)	(285,026)	(93,491)
Purchase of intangibles		(28,116)	-	-	-
Net cash from/(used in) investing activities		(550,637)	1,636,967	(302,336)	1,639,845
Cash flows from financing activities					
Net receipts from other reporting units/controlled entity	42	-	-	900,000	137,923
Net movement in government grant funding received		(1,443,406)	19,722	(1,443,406)	19,722
Net cash from/(used in) financing activities		(1,443,406)	19,722	(543,406)	157,645
Net increase/(decrease) in cash and cash equivalents		(1,522,957)	3,046,375	(2,599,241)	1,713,966
Cash and cash equivalents at the beginning of the financial year		8,823,617	5,777,242	7,060,893	5,346,927
Cash and cash equivalents at the end of the financial year	17	<u>7,300,660</u>	<u>8,823,617</u>	<u>4,461,652</u>	<u>7,060,893</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 2018

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 5 September 2018.

Note 2. Significant accounting policies

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

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

AASB 10 Consolidated Financial Statements

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

AASB 12 Disclosure of Interests in Other Entities

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

Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board ('AASB') and the Associations Incorporations Act 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.

Comparative amounts

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

Critical accounting estimates

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

Principals of Consolidation

Consolidated Entities

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

Local Government New South Wales
Notes to the financial statements
30 June 2018

Note 2. Significant accounting policies (continued)

Association

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

Local Government Procurement Partnership

Local Government Procurement Partnership is a partnership established on 18 November 2005. The partners of Local Government Procurement Partnership are LGP (LGA NSW) Pty Ltd and LGP (SA NSW) Pty Ltd, both companies 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.

Revenue recognition

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

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.

Note 2. Significant accounting policies (continued)

Interest

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

Rent

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

Procurement commission

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

Rendering of services

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

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

Gains

Sale of assets

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

Capitation fees and levies

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

Employee benefits

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

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

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

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

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

Leases

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

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.

Local Government New South Wales
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Note 2. Significant accounting policies (continued)

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments

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

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

Financial assets and liabilities

Fair value through profit or loss

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

Loans and receivables

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

Available-for-sale financial assets

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

Held-to-maturity investments

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

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.

Note 2. Significant accounting policies (continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

Contingent liabilities and contingent assets

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

Land, buildings, plant and equipment

Asset recognition threshold

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

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Note 2. Significant accounting policies (continued)

Revaluations - land and buildings

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

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

Depreciation

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

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

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

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

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

Derecognition

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

Intangible assets

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

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

Website & Software Development

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

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

Derecognition

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

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Taxation

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

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

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

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

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

Fair value measurement

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

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

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

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

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

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

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Note 2. Significant accounting policies (continued)

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 2018. The Association's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Association, are set out below.

AASB 9 Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 9 includes requirements for the classification and measurement of financial assets, the accounting requirements for financial liabilities, impairment testing requirements and hedge accounting requirements.

The changes below will have a minimal and immaterial impact on the Association:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value and an allowance for debt instruments to be carried at fair value through other comprehensive income in certain circumstances;
- financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows;
- requirements for impairment of financial assets.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Effective Date of AASB 15 and AASB 2016-3 Clarifications to AASB 15 (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 15 establishes a single, comprehensive framework for revenue recognition, and replaces the previous revenue Standards AASB 118 Revenue and AASB 111 Construction Contracts, and the related Interpretations on revenue recognition Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers and Interpretation 31 Revenue—Barter Transactions Involving Advertising Services.

AASB 15 introduces a five-step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Entities are permitted to adopt the guidance under one of the following methods: the "full retrospective" method, which applies the guidance to each period presented (prior year restated) or the "modified retrospective" method, in which the guidance is only applied to the year of adoption, with the cumulative effect of initially applying the guidance recognised as an adjustment to retained earnings. AASB 15 is applicable for financial reporting periods commencing on or after 1 January 2018, and the Association has elected to adopt the modified retrospective method, with year-end 30 June 2019 being the year of adoption.

Due to the nature of the revenue streams of the Association, management do not expect that adoption of AASB 15 will have a material impact on the financial performance of the Association.

AASB 16 Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 introduces a single lessee accounting model that requires all leases to be accounted for on balance sheet. A lessee will be required to recognise an asset representing the right to use the underlying asset during the lease term (i.e. right-of-use asset) and a liability to make lease payments (i.e. lease liability). Two exemptions are available for leases with a term less than 12 months or if the underlying asset is of low value.

The lessor accounting requirements are substantially the same as in AASB 117. Lessors will therefore continue to classify leases as either operating or finance leases.

AASB 16 will replace AASB 117 Leases, Interpretation 4 Determining Whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Association is a party to one significant lease arrangement as a lessee. The adoption of AASB 16 is mandatory for financial reporting periods commencing on or after 1 January 2019, and whilst management is still in the process of quantifying the exact impact of this standard, it is not expected to have a material impact on the financial performance and position of the Association.

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.

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

Provision for impairment of receivables

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

Fair value measurement hierarchy

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

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

Estimation of useful lives of assets

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

Goodwill and other indefinite life intangible assets

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

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

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

Employee benefits provision

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

Lease make good provision

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

Note 4. Capitation fees and other revenue from another reporting unit

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Capitation fees received	-	-	-	-

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Note 5. Levies

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Levies	-	-	-	-

Note 6. Investment income and commission received

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Investment income				
Interest from deposits held with financial institutions	673,028	704,315	671,133	702,660
Interest from related party	-	-	-	658
Dividends income from equity portfolio	263,498	219,317	263,498	219,317
Available for sale - unrealised gains/(losses)	362,859	232,165	362,859	232,165
Held to maturity - unrealised gains/(losses)	(32,542)	303,335	(32,542)	303,335
Gain/(loss) on sale of investments	(20,513)	176,883	(20,513)	176,883
Total investment income generated	<u>1,246,330</u>	<u>1,636,015</u>	<u>1,244,435</u>	<u>1,635,018</u>

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
Commission received				
Commission - StateWide Mutual	503,099	486,303	503,099	486,303
Commission - StateCover Mutual	1,020,866	951,931	1,020,866	951,931
Commission - supplier contracts	7,275,618	6,142,501	-	-
Management fees	180,000	180,000	180,000	180,000
Total commission received	<u>8,979,583</u>	<u>7,760,735</u>	<u>1,703,965</u>	<u>1,618,234</u>

Note 7. Grants or donations

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Grants received	2,567,931	2,406,165	2,567,931	2,406,165
Donations received	-	-	-	-
Total grants or donations received	<u>2,567,931</u>	<u>2,406,165</u>	<u>2,567,931</u>	<u>2,406,165</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.

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Note 8. Employee benefits expense

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Holders of office				
Wages and salaries	(155,280)	(155,065)	(155,280)	(155,065)
Superannuation	(15,023)	(15,556)	(15,023)	(15,556)
	<u>(170,303)</u>	<u>(170,621)</u>	<u>(170,303)</u>	<u>(170,621)</u>
Subtotal employee expenses - holders of office				
	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
Employees other than office holders				
Wages and salaries	(8,769,785)	(8,087,348)	(5,903,913)	(5,597,526)
Superannuation	(853,277)	(775,440)	(573,473)	(555,744)
Leave and other entitlements	(159,227)	(165,905)	(26,869)	(238,356)
Other employee expenses	(1,071,299)	(829,556)	(774,061)	(541,701)
	<u>(10,853,588)</u>	<u>(9,858,249)</u>	<u>(7,278,316)</u>	<u>(6,933,327)</u>
Subtotal employee expenses - employees other than office holders				
Total employee expenses	<u>(11,023,891)</u>	<u>(10,028,870)</u>	<u>(7,448,619)</u>	<u>(7,103,948)</u>

Note 9. Capitation fees and other expenses to another reporting unit

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Capitation fees paid	-	-	-	-

Note 10. Affiliation fees

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Australian Local Government Association	(589,910)	(579,043)	(589,910)	(579,043)

**Local Government New South Wales
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Note 11. Administration expenses

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Consideration to employers for payroll deductions of membership subscriptions	-	-	-	-
Compulsory levies	-	-	-	-
Fees/allowances - meeting and conferences	(105,072)	(99,143)	(105,072)	(99,143)
Conference and meeting expenses	(2,146,154)	(1,852,225)	(1,881,709)	(1,653,519)
Contractors/consultants	(1,512,551)	(782,407)	(1,230,254)	(592,962)
Governance expenses	(167,026)	(150,205)	(167,026)	(150,205)
Property expenses	(9,697)	(7,910)	(7,688)	(2,958)
Office expenses	(234,824)	(210,338)	(133,693)	(120,642)
Information communications technology	(529,902)	(334,389)	(388,605)	(216,453)
Other	(560,153)	(578,091)	(69,306)	(184,491)
Subtotal administration expenses	(5,265,379)	(4,014,708)	(3,983,353)	(3,020,373)

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
Operating lease rentals:				
Minimum lease payments	(281,614)	(249,880)	-	-
Total administration expenses	(5,546,993)	(4,264,588)	(3,983,353)	(3,020,373)

Note 12. Grants or donations

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Grants				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	(1,590,301)	(975,981)	(1,590,301)	(975,981)
Total administration expenses	(977,630)	(1,430,184)	(977,630)	(1,430,184)
Donations				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-
Total grants or donations paid	(2,567,931)	(2,406,165)	(2,567,931)	(2,406,165)

Note 13. Depreciation and amortisation

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Depreciation				
Buildings	(186,904)	(186,904)	(186,904)	(186,904)
Property, plant and equipment	(193,632)	(131,645)	(115,779)	(63,319)
Amortisation				
Intangibles	(11,176)	(20,217)	-	-
Total depreciation and amortisation expense	(391,712)	(338,766)	(302,683)	(250,223)

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Note 14. Legal costs

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Litigation	-	-	-	-
Other legal matters	(109,791)	(208,291)	(72,492)	(148,272)
Total legal costs	<u>(109,791)</u>	<u>(208,291)</u>	<u>(72,492)</u>	<u>(148,272)</u>

Note 15. Net losses from the sale of assets

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Plant and equipment	<u>(2,044)</u>	<u>(5,804)</u>	-	-

Note 16. Other expenses

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Penalties - via ROI Act or RO Regulations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note 17. Current assets - cash and cash equivalents

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash on hand	2,056	2,056	1,000	1,000
Cash at bank - LGNSW funds	5,037,347	4,402,729	2,282,100	2,722,662
Cash at bank - grant funds	2,178,552	4,337,231	2,178,552	4,337,231
Cash on deposit	82,705	81,601	-	-
	<u>7,300,660</u>	<u>8,823,617</u>	<u>4,461,652</u>	<u>7,060,893</u>

Note 18. Current assets - trade and other receivables

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Trade receivables	6,100,307	5,770,354	4,144,907	3,734,421
Provision for doubtful debts	(6,397)	(45,000)	-	-
Loans to related parties – Local Government Procurement Partnership	-	-	437,132	1,628,759
Receivable from LGP (LGA NSW) Trust	-	-	874,880	-
Receivable from LGP (SA NSW) Trust	-	-	874,880	-
Interest and other receivables	746	2,531	746	2,531
GST receivable	214,513	219,977	135,595	170,160
	<u>6,309,169</u>	<u>5,947,862</u>	<u>6,468,140</u>	<u>5,535,871</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.

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Note 19. Current assets - available-for-sale financial assets

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Mutual Investment - Equities	5,754,052	5,078,709	5,754,052	5,078,709

Note 20. Current assets - held to maturity investments

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Call account	14,671	43,151	14,671	43,151

Note 21. Current assets - prepayments

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Prepayments	407,333	452,073	350,943	385,105
Premium on investments	150,736	101,529	150,736	101,529
	558,069	553,602	501,679	486,634

Note 22. Non-current assets - trade and other receivables

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Loans to related parties – Local Government Procurement Partnership	-	-	291,627	-

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

Note 23. Non-current assets - available-for-sale financial assets

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Shares in StateCover Mutual Limited	3,000,000	3,000,000	3,000,000	3,000,000

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Note 24. Non-current assets - held to maturity investments

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Term deposit - Commonwealth Bank of Australia	250,000	-	250,000	-
Term deposit - Bank of Melbourne	-	2,000,000	-	2,000,000
Mutual Investment - Fixed interest - National Australia Bank	2,059,398	2,529,112	2,059,398	2,529,112
Mutual Investment - Fixed interest - ANZ Bank	-	1,009,962	-	1,009,962
Mutual Investment - Fixed interest - Bank of Queensland	2,051,916	2,063,934	2,051,916	2,063,934
Mutual Investment - Fixed interest - Bendigo Bank	3,946,598	5,227,542	3,946,598	5,227,542
Mutual Investment - Fixed interest - Westpac Bank	8,696,349	2,202,387	8,696,349	2,202,387
Mutual investment - Fixed interest - Commonwealth Bank of Australia	-	2,121,882	-	2,121,882
	<u>17,004,261</u>	<u>17,154,819</u>	<u>17,004,261</u>	<u>17,154,819</u>

Note 25. Non-current assets - land and buildings

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Land and buildings - at fair value	9,117,860	9,117,860	9,117,860	9,117,860
Less: Accumulated depreciation	(1,191,668)	(1,004,764)	(1,191,668)	(1,004,764)
	<u>7,926,192</u>	<u>8,113,096</u>	<u>7,926,192</u>	<u>8,113,096</u>

Reconciliation

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

Opening fair value	8,113,096	8,300,000	8,113,096	8,300,000
Depreciation expense	(186,904)	(186,904)	(186,904)	(186,904)
Closing fair value	<u>7,926,192</u>	<u>8,113,096</u>	<u>7,926,192</u>	<u>8,113,096</u>

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Note 26. Non-current assets - property, plant and equipment

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Leasehold improvements - at cost	78,724	78,724	-	-
Less: Accumulated depreciation	(43,181)	(27,436)	-	-
	<u>35,543</u>	<u>51,288</u>	<u>-</u>	<u>-</u>
Fixtures and fittings - at cost	919,955	847,753	907,925	841,377
Less: Accumulated depreciation	(663,749)	(633,257)	(659,964)	(629,888)
	<u>256,206</u>	<u>214,496</u>	<u>247,961</u>	<u>211,489</u>
Motor vehicles - at cost	145,711	170,816	39,404	39,404
Less: Accumulated depreciation	(82,464)	(70,064)	(7,692)	(304)
	<u>63,247</u>	<u>100,752</u>	<u>31,712</u>	<u>39,100</u>
Office equipment - at cost	706,137	548,551	475,153	354,969
Less: Accumulated depreciation	(448,022)	(420,336)	(265,974)	(275,998)
	<u>258,115</u>	<u>128,215</u>	<u>209,179</u>	<u>78,971</u>
Paintings and artworks	<u>3,900</u>	<u>3,900</u>	<u>3,900</u>	<u>3,900</u>
	<u><u>617,011</u></u>	<u><u>498,651</u></u>	<u><u>492,752</u></u>	<u><u>333,460</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:

	Leasehold Improvements \$	Furniture, Fixtures & Fittings* \$	Motor Vehicles \$	Office Equipment \$	Total \$
LGNSW CONSOLIDATED					
Balance at 1 July 2016	67,033	251,289	126,716	94,693	539,731
Additions	-	-	39,404	89,733	129,137
Disposals	-	-	(38,572)	-	(38,572)
Depreciation expense	(15,745)	(32,893)	(26,796)	(56,211)	(131,645)
Balance at 30 June 2017	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	<u>35,543</u>	<u>260,106</u>	<u>63,247</u>	<u>258,115</u>	<u>617,011</u>

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

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Note 26. Non-current assets - property, plant and equipment (continued)

LGNSW	Furniture, Fixtures & Fittings* \$	Motor Vehicles \$	Office Equipment \$	Total \$
Balance at 1 July 2016	247,915	-	55,373	303,288
Additions	-	39,404	54,087	93,491
Depreciation expense	(32,526)	(304)	(30,489)	(63,319)
Balance at 30 June 2017	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	<u>251,861</u>	<u>31,712</u>	<u>209,179</u>	<u>492,752</u>

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

Note 27. Non-current assets - intangible assets

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Website and software development - at cost	485,823	457,707	276,659	276,659
Less: Accumulated amortisation	(457,918)	(446,742)	(276,659)	(276,659)
	<u>27,905</u>	<u>10,965</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 2016	31,182	31,182
Amortisation expense	(20,217)	(20,217)
Balance at 30 June 2017	10,965	10,965
Additions	28,116	28,116
Amortisation expense	(11,176)	(11,176)
Balance at 30 June 2018	<u>27,905</u>	<u>27,905</u>

Note 28. Non-current assets - investment in associates

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Investment in related party's Trust companies	<u>-</u>	<u>-</u>	<u>36</u>	<u>36</u>

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Note 29. Current liabilities - trade and other payables

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Trade payables	674,564	917,574	338,870	532,262
Sundry payables and accrued expenses	1,658,183	1,689,853	308,447	269,780
Payable to employers for making payroll deductions of membership subscriptions	-	-	-	-
Legal costs - other	9,432	7,150	3,300	7,150
GST payable	1,007,224	906,366	730,007	684,038
	<u>3,349,403</u>	<u>3,520,943</u>	<u>1,380,624</u>	<u>1,493,230</u>

Note 30. Current liabilities - short term provisions

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Annual leave - Employees other than office holders	684,675	739,014	550,755	636,394
Long service leave - Employees other than office holders	993,559	950,987	783,672	805,581
	<u>1,678,234</u>	<u>1,690,001</u>	<u>1,334,427</u>	<u>1,441,975</u>

Note 31. Current liabilities - other financial liabilities

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Scholarship funds held	585,896	587,020	585,896	587,020
Unspent government grants	2,045,461	3,487,743	2,045,461	3,487,743
Other deferred income	6,372,670	6,087,681	6,177,870	5,998,583
	<u>9,004,027</u>	<u>10,162,444</u>	<u>8,809,227</u>	<u>10,073,346</u>

Note 32. Non-current liabilities - employee provisions

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Long service leave - Employees other than office holders	<u>250,666</u>	<u>188,420</u>	<u>160,006</u>	<u>134,336</u>

Note 33. Equity - issued capital

	LGNSW CONSOLIDATED			
	2018	2017	2018	2017
	Shares	Shares	\$	\$
Ordinary shares - fully paid	-	-	56	56

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Note 34. Equity - general funds

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revaluation surplus reserve	2,217,289	2,217,289	2,217,289	2,217,289

Note 35. Equity - retained earnings

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Retained earnings at the beginning of the financial year	31,445,299	30,370,359	31,446,493	30,371,553
Profit after income tax expense for the year	566,996	1,074,940	566,996	1,074,940
Retained earnings at the end of the financial year	32,012,295	31,445,299	32,013,489	31,446,493

Note 36. 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	2018		2017	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents	2.00%	7,300,660	2.00%	8,823,617
Receivables	-	6,094,656	-	5,727,885
Investments (subject to interest rate risk)	4.13%	17,018,932	4.12%	17,197,970
Net exposure to cash flow interest rate risk		30,414,248		31,749,472

An official increase/decrease in interest rates of one hundred basis points would have a deemed favourable/(adverse) effect on profit before tax of \$243,196/(\$243,196) (2017: \$260,216/(\$260,216)) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Note 36. Financial instruments (continued)

Credit risk

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

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

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

Credit risk exposures:

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

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 18.

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.

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.

LGNSW CONSOLIDATED - 2018	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$	\$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	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		12,007,544	345,886	-	-	12,353,430

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Note 36. Financial instruments (continued)

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
LGNSW CONSOLIDATED - 2017	%	\$	\$	\$	\$	\$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	3,520,943	-	-	-	3,520,943
Unspent government grants	-	2,003,010	2,071,753	-	-	4,074,763
Deferred income	-	6,087,681	-	-	-	6,087,681
Total non-derivatives		11,611,634	2,071,753	-	-	13,683,387
LGNSW - 2018						
	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	1,380,624	-	-	-	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		9,843,965	345,886	-	-	10,189,851
LGNSW - 2017						
	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	1,493,230	-	-	-	1,493,230
Unspent government grants	-	2,003,010	2,071,753	-	-	4,074,763
Other deferred income	-	5,998,583	-	-	-	5,998,583
Total non-derivatives		9,494,823	2,071,753	-	-	11,566,576

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

Fair values

Fair value estimation

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

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

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Note 36. Financial instruments (continued)

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

LGNSW CONSOLIDATED	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
<i>Assets</i>				
Cash and cash equivalents	7,300,660	7,300,660	8,823,617	8,823,617
Trade and other receivables	6,309,169	6,309,169	5,947,862	5,947,862
Term deposits	14,671	14,671	43,151	43,151
Mutual investments	17,004,261	17,004,261	17,154,819	17,154,819
Mutual equities	5,754,052	5,754,052	5,078,709	5,078,709
Shares in StateCover Mutual Limited (**)	3,000,000	3,000,000	3,000,000	3,000,000
	<u>39,382,813</u>	<u>39,382,813</u>	<u>40,048,158</u>	<u>40,048,158</u>
<i>Liabilities</i>				
Trade and other payables	(3,349,403)	(3,349,403)	(3,520,943)	(3,520,943)
Unspent government grants	(2,631,357)	(2,631,357)	(4,074,763)	(4,074,763)
Other deferred income	(6,372,670)	(6,372,670)	(6,087,681)	(6,087,681)
	<u>(12,353,430)</u>	<u>(12,353,430)</u>	<u>(13,683,387)</u>	<u>(13,683,387)</u>

LGNSW	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
<i>Assets</i>				
Cash and cash equivalents	4,461,652	4,461,652	7,060,893	7,060,893
Trade and other receivables (*)	4,281,248	4,281,248	3,907,112	3,907,112
Term deposits	14,671	14,671	43,151	43,151
Mutual investments	17,004,261	17,004,261	17,154,819	17,154,819
Mutual equities	5,754,052	5,754,052	5,078,709	5,078,709
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>34,515,920</u>	<u>34,515,920</u>	<u>36,244,720</u>	<u>36,244,720</u>
<i>Liabilities</i>				
Trade and other payables	(1,380,624)	(1,380,624)	(1,493,230)	(1,493,230)
Unspent government grants	(2,631,357)	(2,631,357)	(4,074,763)	(4,074,763)
Other deferred income	(6,177,870)	(6,177,870)	(5,998,583)	(5,998,583)
	<u>(10,189,851)</u>	<u>(10,189,851)</u>	<u>(11,566,576)</u>	<u>(11,566,576)</u>

* Exclusive of related party receivables (Note 37)

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

**Local Government New South Wales
Notes to the financial statements
30 June 2018**

Note 36. Financial instruments (continued)

Fair value hierarchy

LGNSW CONSOLIDATED - 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	14,671	-	14,671
Mutual investments	-	17,004,261	-	17,004,261
Mutual 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 CONSOLIDATED - 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	43,151	-	43,151
Mutual investments	-	17,154,819	-	17,154,819
Mutual equities	5,078,709	-	-	5,078,709
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
	<u>5,078,709</u>	<u>20,197,970</u>	<u>-</u>	<u>25,276,679</u>

LGNSW - 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	14,671	-	14,671
Mutual investments	-	17,004,261	-	17,004,261
Mutual 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>

LGNSW - 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	43,151	-	43,151
Mutual investments	-	17,154,819	-	17,154,819
Mutual equities	5,078,709	-	-	5,078,709
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
Investment in LGP Trust companies	-	-	36	36
	<u>5,078,709</u>	<u>20,197,970</u>	<u>36</u>	<u>25,276,715</u>

Note 37. Related party disclosures

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue received from LGP (LGA NSW) Trust includes the following:				
Trust distributions	-	-	874,880	-
	<u>-</u>	<u>-</u>	<u>874,880</u>	<u>-</u>

**Local Government New South Wales
Notes to the financial statements
30 June 2018**

Note 37. Related party disclosures (continued)

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
Revenue received from LGP (SA NSW) Trust includes the following:				
Trust distributions	-	-	874,880	-

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue received from Local Government Procurement Partnership includes the following:				
Cost contribution income	-	-	-	951,830
Interest revenue	-	-	-	658
	-	-	-	952,488

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
Amounts receivable from LGP (LGA NSW) Trust includes the following:				
Trust distribution receivable	-	-	874,880	-

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Amounts receivable from LGP (SA NSW) Trust includes the following:				
Trust distribution receivable	-	-	874,880	-

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
Amounts receivable from Local Government Procurement Partnership includes the following:				
Trade and other receivables	-	-	728,759	1,628,759

Up to the financial year ended 30 June 2017, no distributions had been declared with Local Government Procurement Partnership (LGPP) profit being expensed as a 'management fee' owed to LGNSW, representing in-kind services to the Partnership. Given the continued increase in LGPP turnover and profits as well as the activation of the LGP Management Committee and increased focus on governance, it was considered appropriate for the formal distribution of profits through the Trust arrangements to commence for the financial year end 30 June 2018. It should be noted that this results in exactly the same outcome (that is, LGNSW ends up with the profit).

The transactions between related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for income and distributions at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year end 30 June 2018, the Association has not recorded any impairment of receivables relating to amounts owed by related parties (2017: \$nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Local Government New South Wales
Notes to the financial statements
30 June 2018

Note 38. Key management personnel disclosures

Boards

Key management personnel, as defined by the Association, represents the president of the Board as the head of the Association: Councillor Keith Rhoades (to 7 December 2017) and Linda Scott (from 8 December 2017)

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Short-term employee benefits				
Salary (including annual leave taken)	155,280	155,065	155,280	155,065
	<hr/>		<hr/>	
	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
Post-employment benefits				
Superannuation	15,023	15,556	15,023	15,556
	<hr/>		<hr/>	
	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Other long-term benefits				
Long service leave	-	-	-	-
	<hr/>		<hr/>	
	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
Termination benefits	-	-	-	-
	<hr/>		<hr/>	

Transactions between key management personnel and their close family members

There were no transactions between key management personnel and their close family members for the years ended 30 June 2018 and 30 June 2017.

Note 39. Remuneration of auditors

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

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
<i>Audit services</i>				
Audit of the financial statements	30,000	30,000	18,500	20,395
	<hr/>		<hr/>	
<i>Other services</i>				
Tax and other consulting services	7,715	11,630	3,790	11,630
	<hr/>		<hr/>	
	37,715	41,630	22,290	32,025
	<hr/>		<hr/>	

Local Government New South Wales
Notes to the financial statements
30 June 2018

Note 40. Contingent liabilities, assets and commitments

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
<i>Commitments for minimum lease payments in relation to operating leases are as follows</i>				
Not later than 12 months	254,404	240,950	-	-
Between 12 months and 5 years	296,805	522,058	-	-
	<u>551,209</u>	<u>763,008</u>	<u>-</u>	<u>-</u>

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

The Association has obtained bank guarantees for the purpose of rental contracts amounting to \$197,140 (2017: \$197,140) provided by Commonwealth Bank.

Note 41. Reconciliation of profit after income tax to net cash from/(used in) operating activities

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Profit after income tax expense for the year	566,996	1,074,940	566,996	1,074,940
Adjustments for:				
Depreciation and amortisation	391,712	338,766	302,683	250,223
Net loss on disposal of property, plant and equipment	11,999	5,804	9,955	-
Capital (gain)/loss on floating rate note investments	(330,317)	(535,500)	(511,537)	(535,500)
Net (gain)/loss on sale of investments	32,542	(176,883)	32,542	(176,883)
Trust distributions	-	-	(1,749,760)	-
Cost contribution income	-	-	-	(951,830)
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	(361,307)	(253,936)	(374,136)	913,193
(Increase)/decrease in prepayments	(4,467)	(150,536)	(15,045)	(145,859)
Increase/(decrease) in trade payables and accruals	(260,638)	9,190	(112,606)	(565,116)
Increase/(decrease) in deferred income	374,087	1,081,902	179,287	(79,908)
Increase/(decrease) in provisions	50,479	(4,061)	(81,878)	133,216
Net cash from/(used in) operating activities	<u>471,086</u>	<u>1,389,686</u>	<u>(1,753,499)</u>	<u>(83,524)</u>

Note 42. Cash flow information

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash inflows				
Local Government Procurement Partnership	-	-	900,000	137,923

Note 43. Events after the reporting period

No matter or circumstance has arisen since 30 June 2018 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 2018, 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 2018, 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.

CHARTERED ACCOUNTANTS & ADVISORS

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

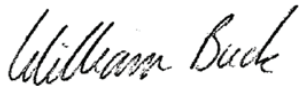
Auditor's Responsibilities for the Audit of the Financial Statements

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.



William Buck
Chartered Accountants
ABN 16 021 300 521



R. Ahrens
Director
Sydney, 5 September 2018

**Local Government Procurement Partnership
Partners' declaration
30 June 2018**

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 presents fairly the partnership's financial position as at 30 June 2018 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:

A handwritten signature in black ink, appearing to be 'Linda Scott', written over a horizontal line.

Cr Linda Scott
(on behalf of the partners)

5 September 2018

Local Government Procurement Partnership
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue	3	8,195,050	6,719,605
Expenses			
Employee benefits expense		(3,674,563)	(2,987,219)
Rebates to councils		(1,166,506)	(1,432,114)
Cost contribution expense - LGNSW		-	(951,830)
Administration		(1,169,996)	(1,023,763)
Consultancy costs		(223,660)	(146,072)
Conference expense		(119,492)	(83,602)
Gain/(loss) on sale of non-current assets		(2,044)	(5,804)
Depreciation, amortisation and impairment		(89,029)	(88,543)
Finance costs		-	(658)
Profit before income tax expense		1,749,760	-
Income tax expense		-	-
Profit after income tax expense for the year attributable to the partners of Local Government Procurement Partnership		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>1,749,760</u>	<u>-</u>
Distribution to partners:			
LGP (LGA NSW) Trust (50% Partner)		874,880	-
LGP (SA NSW) Trust (50% Partner)		874,880	-
Total distribution to partners		<u>1,749,760</u>	<u>-</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 2018**

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	5	2,838,390	1,762,106
Trade and other receivables	6	2,027,921	2,040,750
Prepayments	7	56,390	66,968
Total current assets		<u>4,922,701</u>	<u>3,869,824</u>
Non-current assets			
Property, plant and equipment	8	124,259	165,191
Intangibles	9	27,905	10,965
Total non-current assets		<u>152,164</u>	<u>176,156</u>
Total assets		<u>5,074,865</u>	<u>4,045,980</u>
Liabilities			
Current liabilities			
Trade and other payables	10	4,153,971	3,654,772
Provisions	11	343,807	248,026
Other financial liabilities	12	194,800	89,098
Total current liabilities		<u>4,692,578</u>	<u>3,991,896</u>
Non-current liabilities			
Trade and other payables	13	291,627	-
Provisions	14	90,660	54,084
Total non-current liabilities		<u>382,287</u>	<u>54,084</u>
Total liabilities		<u>5,074,865</u>	<u>4,045,980</u>
Net assets		<u>-</u>	<u>-</u>
Partners' funds			
Total partners' funds		<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 2018**

	Partners' funds \$	Total partners' funds \$
Balance at 1 July 2016	-	-
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	-	-
	<hr/>	<hr/>
Balance at 30 June 2017	-	-
	<hr/> <hr/>	<hr/> <hr/>
	Partners' funds \$	Total partners' funds \$
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/>

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 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		8,205,984	6,462,215
Payments to suppliers and employees		<u>(6,164,514)</u>	<u>(4,835,341)</u>
		2,041,470	1,626,874
Interest received		1,895	1,806
Finance costs		<u>-</u>	<u>(658)</u>
Net cash from operating activities	15	<u>2,043,365</u>	<u>1,628,022</u>
Cash flows from investing activities			
Proceeds from sale of non-current assets		4,091	32,768
Purchase of property, plant and equipment		(43,056)	(35,646)
Purchase of intangibles		<u>(28,116)</u>	<u>-</u>
Net cash used in investing activities		<u>(67,081)</u>	<u>(2,878)</u>
Cash flows from financing activities			
Net movement in related party loans		<u>(900,000)</u>	<u>(292,735)</u>
Net cash used in financing activities		<u>(900,000)</u>	<u>(292,735)</u>
Net increase in cash and cash equivalents		1,076,284	1,332,409
Cash and cash equivalents at the beginning of the financial year		<u>1,762,106</u>	<u>429,697</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>2,838,390</u></u>	<u><u>1,762,106</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 2018

Note 1. General information

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

The financial statements were authorised for issue on 5 September 2018.

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

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

Property 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.

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.

Local Government Procurement Partnership
Notes to the financial statements
30 June 2018

Note 2. Significant accounting policies (continued)

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 2018

Note 3. Revenue

	2018	2017
	\$	\$
Commissions	7,275,618	6,142,501
Council services	611,321	371,126
Conferences and seminars	209,436	126,770
Interest revenue	1,895	1,655
Other revenue	96,780	77,553
	<u>8,195,050</u>	<u>6,719,605</u>

	2018	2017
	\$	\$
Interest revenue		
Interest received from:		
Financial institutions	<u>1,895</u>	<u>1,655</u>

Note 4. Profit from ordinary activities (includes):

	2018	2017
	\$	\$
Expenses		
Depreciation of property, plant and equipment	(77,853)	(68,326)
Amortisation of intangible assets	(11,176)	(20,217)
	<u>(89,029)</u>	<u>(88,543)</u>

	2018	2017
	\$	\$
Remuneration of auditor		
Auditing or reviewing the financial report	<u>(11,500)</u>	<u>(11,500)</u>

	2018	2017
	\$	\$
Finance costs		
Related entities	<u>-</u>	<u>(658)</u>

	2018	2017
	\$	\$
Gain/(loss) on sale of non-current assets		
Gain/(loss) on sale of non-current assets	<u>2,044</u>	<u>(5,804)</u>

Note 5. Current assets - cash and cash equivalents

	2018	2017
	\$	\$
Cash on hand	1,000	1,000
Cash at bank	2,754,685	1,679,505
Cash on deposit	82,705	81,601
	<u>2,838,390</u>	<u>1,762,106</u>

Local Government Procurement Partnership
Notes to the financial statements
30 June 2018

Note 6. Current assets - trade and other receivables

	2018	2017
	\$	\$
Trade receivables	1,955,400	2,035,933
Less: Provision for doubtful debts	(6,397)	(45,000)
GST receivable	78,918	49,817
	<u>2,027,921</u>	<u>2,040,750</u>

Note 7. Current assets - prepayments

	2018	2017
	\$	\$
Prepayments	<u>56,390</u>	<u>66,968</u>

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

	2018	2017
	\$	\$
Leasehold improvements - at cost	78,724	78,724
Less: Accumulated depreciation	(43,181)	(27,436)
	<u>35,543</u>	<u>51,288</u>
Fixtures and fittings - at cost	12,030	6,376
Less: Accumulated depreciation	(3,785)	(3,369)
	<u>8,245</u>	<u>3,007</u>
Motor vehicles - at cost	106,307	131,412
Less: Accumulated depreciation	(74,772)	(69,760)
	<u>31,535</u>	<u>61,652</u>
Office equipment - at cost	230,984	193,582
Less: Accumulated depreciation	(182,048)	(144,338)
	<u>48,936</u>	<u>49,244</u>
	<u>124,259</u>	<u>165,191</u>

Local Government Procurement Partnership
Notes to the financial statements
30 June 2018

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 2016	67,033	3,374	126,716	39,320	236,443
Additions	-	-	-	35,646	35,646
Disposals	-	-	(38,572)	-	(38,572)
Depreciation expense	(15,745)	(367)	(26,492)	(25,722)	(68,326)
Balance at 30 June 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	<u>35,543</u>	<u>8,245</u>	<u>31,535</u>	<u>48,936</u>	<u>124,259</u>

Note 9. Non-current assets - intangibles

	2018 \$	2017 \$
Website - at cost	209,164	181,048
Less: Accumulated amortisation	(181,259)	(170,083)
	<u>27,905</u>	<u>10,965</u>

Note 10. Current liabilities - trade and other payables

	2018 \$	2017 \$
Trade payables	340,126	383,656
Accrued rebates	1,268,135	1,281,977
Sundry payables and accrued expenses	81,601	138,052
GST payable	277,217	222,328
Payable to Local Government NSW	437,132	1,628,759
Payable to LGP (LGA NSW) Trust	874,880	-
Payable to LGP (SA NSW) Trust	874,880	-
	<u>4,153,971</u>	<u>3,654,772</u>

Note 11. Current liabilities - provisions

	2018 \$	2017 \$
Employee benefits	<u>343,807</u>	<u>248,026</u>

Local Government Procurement Partnership
Notes to the financial statements
30 June 2018

Note 12. Current liabilities - other financial liabilities

	2018	2017
	\$	\$
Deferred income	194,800	89,098

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

	2018	2017
	\$	\$
Payable to Local Government NSW	291,627	-

Note 14. Non-current liabilities - provisions

	2018	2017
	\$	\$
Employee benefits	90,660	54,084

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

	2018	2017
	\$	\$
Profit after income tax expense for the year	1,749,760	-
Adjustments for:		
Depreciation	89,029	88,543
Cost contribution - LGNSW	-	951,830
(Gain)/loss on disposal of property, plant and equipment	2,044	5,804
Change in operating assets and liabilities:		
(Increase)/decrease in other receivables	12,829	(305,401)
(Increase)/decrease in other assets	10,578	(4,677)
Increase/(decrease) in trade and other payables	(58,934)	940,102
Increase in other financial liabilities	105,702	89,098
Increase/(decrease) in provisions	132,357	(137,277)
Net cash from operating activities	2,043,365	1,628,022

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 2018

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 \$728,759 (2017: \$1,628,759) to Local Government NSW representing the expenses paid by Local Government NSW on behalf of the partnership. Interest paid on advances to the partnership by Local Government NSW during the year amounted to \$0 (2017: \$658).

The partnership also has net balances payable of \$874,880 (2017: \$0) to LGP (LGA NSW) Trust and \$874,880 (2017: \$0) to LGP (SA NSW) Trust as a result of the distribution of its profits.

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 2018, 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

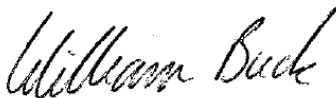
The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the directors.

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
Chartered Accountants
ABN 16 021 300 521



R. Ahrens
Director
Sydney, 11 September 2018

CHARTERED ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000
Telephone: +61 2 8263 4000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150
PO Box 19
Parramatta NSW 2124
Telephone: +61 2 8836 1500
williambuck.com

Local Government Procurement Pty Ltd
Directors' report
30 June 2018

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2018.

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:

Michael Paul Braybrooks
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
Donna Therese Rygate – resigned 30 June 2018
Kevin William Schreiber – resigned 30 June 2018
Keith David Rhoades – resigned 30 June 2018
Gregory John Murdoch – resigned 30 June 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 2017: \$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 2018 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

11 September 2018

Local Government Procurement Pty Ltd
Directors' declaration
30 June 2018

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 2018 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

11 September 2018

Local Government Procurement Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	2018 \$	2017 \$
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	-	-

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 2018

	Note	2018 \$	2017 \$
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 2018

	Ordinary Shares \$	Total equity \$
Balance at 1 July 2016	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	-	-
	<hr/>	<hr/>
Balance at 30 June 2017	<u>12</u>	<u>12</u>
	<hr/>	<hr/>
	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	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	-	-
	<hr/>	<hr/>
Balance at 30 June 2018	<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 2018

	Note	2018 \$	2017 \$
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 2018

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

	2018 \$	2017 \$
Cash on hand	<u>12</u>	<u>12</u>

Note 3. Equity - issued capital

	2018 Shares	2017 Shares	2018 \$	2017 \$
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 2018, 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
Chartered Accountants
ABN 16 021 300 521



R. Ahrens
Director
Sydney, 5 September 2018

CHARTERED ACCOUNTANTS & ADVISORS

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Sydney NSW 2000
Telephone: +61 2 8263 4000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150
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williambuck.com

**LGP (LGA NSW) Trust
Directors' declaration
30 June 2018**

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 8, present fairly the trust's financial position as at 30 June 2018 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 2018 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

5 September 2018

LGP (LGA NSW) Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	2018	2017
	\$	\$
Income		
Distribution income received from Local Government Procurement Partnership	874,880	-
Profit before income tax expense	874,880	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the beneficiaries of LGP (LGA NSW) Trust	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>874,880</u>	<u>-</u>
Distribution to beneficiaries:		
Local Government New South Wales	874,880	-
Total distribution to beneficiaries	<u>874,880</u>	<u>-</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 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	2	291	291
Related party receivables	3	874,880	-
Total current assets		<u>875,171</u>	<u>291</u>
Total assets		<u>875,171</u>	<u>291</u>
Liabilities			
Current liabilities			
Related party payables	4	874,880	-
Total current liabilities		<u>874,880</u>	<u>-</u>
Non-current liabilities			
Related party payables	5	850	850
Total non-current liabilities		<u>850</u>	<u>850</u>
Total liabilities		<u>875,730</u>	<u>850</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 2018

	Settled Sum \$	Retained Earnings \$	Total deficiency in equity \$
Balance at 1 July 2016	10	(569)	(559)
Profit after income tax expense for the year	-	-	-
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	-	-
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	-	-
Balance at 30 June 2017	<u>10</u>	<u>(569)</u>	<u>(559)</u>
	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>

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

LGP (LGA NSW) Trust
Notes to the financial statements
30 June 2018

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

	2018 \$	2017 \$
Cash on hand	10	10
Cash at bank	281	281
	<u>291</u>	<u>291</u>

Note 3. Current assets - related party receivables

	2018 \$	2017 \$
Local Government Procurement Partnership	874,880	-
	<u>874,880</u>	<u>-</u>

Note 4. Current liabilities - related party payables

	2018 \$	2017 \$
Local Government New South Wales	874,880	-
	<u>874,880</u>	<u>-</u>

LGP (LGA NSW) Trust
Notes to the financial statements
30 June 2018

Note 5. Non-current liabilities - related party payables

	2018	2017
	\$	\$
Local Government Procurement Partnership	500	500
Local Government New South Wales	<u>350</u>	<u>350</u>
	<u><u>850</u></u>	<u><u>850</u></u>

Note 6. Trust Details

The registered office of the trust is:

LGP (LGA NSW) Trust
Level 8, 28 Margaret Street
Sydney NSW 2000

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 2018, 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
Chartered Accountants
ABN 16 021 300 521



R. Ahrens
Director
Sydney, 5 September 2018

CHARTERED ACCOUNTANTS & ADVISORS

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Telephone: +61 2 8836 1500
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LGP (LGA NSW) Pty Ltd
Directors' report
30 June 2018

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2018.

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
Keith David Rhoades - resigned 1 December 2017
Kevin William Schrieber - resigned 6 November 2017

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 2017: \$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 2018 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

5, September 2018

LGP (LGA NSW) Pty Ltd
Directors' declaration
30 June 2018

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 2018 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

S. September 2018

LGP (LGA NSW) Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	2018	2017
	\$	\$
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 2018

	Note	2018 \$	2017 \$
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 2018

	Ordinary Shares \$	Total equity \$
Balance at 1 July 2016	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 2017	<u>12</u>	<u>12</u>
	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>

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 2018

	Note	2018 \$	2017 \$
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	12	12

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 2018

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

	2018 \$	2017 \$
Cash on hand	<u>12</u>	<u>12</u>

Note 3. Equity - issued capital

	2018 Shares	2017 Shares	2018 \$	2017 \$
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 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.

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

LGP (LGA NSW) Pty Ltd
Notes to the financial statements
30 June 2018

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

	2018 \$	2017 \$
Current Liabilities		
Related party payables	<u>874,880</u>	<u>-</u>
Non-current Liabilities		
Related party payables	<u>850</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 2018 and 30 June 2017.

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:

LGP (LGA NSW) Pty Ltd
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 2018, 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

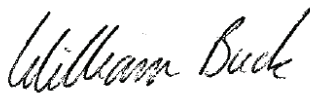
The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the directors.

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
Chartered Accountants
ABN 16 021 300 521



R. Ahrens
Director
Sydney, 5 September 2018

CHARTERED ACCOUNTANTS & ADVISORS

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**LGP (SA NSW) Trust
Directors' declaration
30 June 2018**

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 8, present fairly the trust's financial position as at 30 June 2018 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 2018 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.

A handwritten signature in black ink, consisting of several overlapping loops and vertical strokes, positioned above a horizontal line.

Director

5 September 2018

LGP (SA NSW) Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	2018	2017
	\$	\$
Income		
Distribution income received from Local Government Procurement Partnership	874,880	-
Profit before income tax expense	874,880	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the beneficiaries of LGP (SA NSW) Trust	874,880	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the beneficiaries of LGP (SA NSW) Trust	<u>874,880</u>	<u>-</u>
Distribution to beneficiaries:		
Local Government New South Wales	874,880	-
Total distribution to beneficiaries	<u>874,880</u>	<u>-</u>
Retained profits at the end of the financial year of LGP (SA 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 2018

	Note	2018	2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	2	291	291
Related party receivables	3	874,880	-
Total current assets		<u>875,171</u>	<u>291</u>
Total assets		<u>875,171</u>	<u>291</u>
Liabilities			
Current liabilities			
Related party payables	4	874,880	-
Total current liabilities		<u>874,880</u>	<u>-</u>
Non-current liabilities			
Related party payables	5	850	850
Total non-current liabilities		<u>850</u>	<u>850</u>
Total liabilities		<u>875,730</u>	<u>850</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 2018

	Settled Sum \$	Retained Earnings \$	Total deficiency in equity \$
Balance at 1 July 2016	10	(569)	(559)
Profit after income tax expense for the year	-	-	-
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	-	-
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	-	-
Balance at 30 June 2017	<u>10</u>	<u>(569)</u>	<u>(559)</u>
	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>

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

LGP (SA NSW) Trust
Notes to the financial statements
30 June 2018

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

	2018 \$	2017 \$
Cash on hand	10	10
Cash at bank	281	281
	<u>291</u>	<u>291</u>

Note 3. Current assets - related party receivables

	2018 \$	2017 \$
Local Government Procurement Partnership	874,880	-
	<u>874,880</u>	<u>-</u>

Note 4. Current liabilities - related party payables

	2018 \$	2017 \$
Local Government New South Wales	874,880	-
	<u>874,880</u>	<u>-</u>

LGP (SA NSW) Trust
Notes to the financial statements
30 June 2018

Note 5. Non-current liabilities - related party payables

	2018	2017
	\$	\$
Local Government Procurement Partnership	500	500
Local Government New South Wales	<u>350</u>	<u>350</u>
	<u><u>850</u></u>	<u><u>850</u></u>

Note 6. Trust Details

The registered office of the trust is:

LGP (SA NSW) Trust
Level 8, 28 Margaret Street
Sydney NSW 2000

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 2018, 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
Chartered Accountants
ABN 16 021 300 521



R. Ahrens
Director
Sydney, 5 September 2018

CHARTERED ACCOUNTANTS & ADVISORS

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**LGP (SA NSW) Pty Ltd
Directors' report
30 June 2018**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2018.

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
Michael Paul Braybrooks - resigned 1 November 2017

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 2017: \$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 2018 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.

A handwritten signature in black ink, appearing to be 'M. P. Braybrooks', written over a horizontal line.

Director

5. September 2018

LGP (SA NSW) Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	2018	2017
	\$	\$
Profit before income tax expense	-	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the owners of LGP (SA NSW) Pty Ltd	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the owners 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 2018

	Note	2018 \$	2017 \$
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 (SA NSW) Pty Ltd
Statement of changes in equity
For the year ended 30 June 2018

	Ordinary Shares \$	Total equity \$
Balance at 1 July 2016	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 2017	<u>12</u>	<u>12</u>
	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>

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 2018

	Note	2018 \$	2017 \$
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	12	12

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 2018

Note 1. Significant accounting policies

Basis of preparation

LGP (SA 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

	2018 \$	2017 \$
Cash on hand	12	12

Note 3. Equity - issued capital

	2018 Shares	2017 Shares	2018 \$	2017 \$
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 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.

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

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

	2018 \$	2017 \$
Current Liabilities		
Related party payables	<u>874,880</u>	<u>-</u>
Non-current Liabilities		
Related party payables	<u>850</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 2018 and 30 June 2017.

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:

LGP (SA NSW) Pty Ltd
Level 8, 28 Margaret Street
Sydney NSW 2000

LGNSW thanks Parramatta and Albury city councils, Kempsey Shire Council, the Environment Protection Authority, the Office of Environment and Heritage and Asbestos Awareness for generously donating photographs.



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