



Willoughby City Council

Annual Report 2016/17

City Of Diversity



ACKNOWLEDGMENT OF COUNTRY

We wish to acknowledge the traditional inhabitants of the land on which we stand, the Aboriginal People, their spirits and ancestors. We acknowledge the vital contribution that indigenous people and cultures have made and still make to the nation that we share, Australia.

OUR VISION

Council's adopted 'vision' is a guiding statement that describes what we aspire Willoughby to be as a result of our efforts.

Willoughby: the vital hub of the region, where residential, cultural, economic and environmental interests are respected and balanced, and our communities enjoy a diversity of lifestyles.

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Sustainability Action Plan Report Card

Section One

Introduction and progress towards achieving the Delivery Program

INTRODUCTION

Welcome to Willoughby City Council's Annual Report covering the period 1 July 2016 to 30 June 2017.

The purpose of the report is to:

- Review Council's achievements in meeting the specific objectives of our Community Strategic Plan, Delivery Program and Operational Plan.
- Give details of our financial position as at 30 June 2017.
- Provide information to the community as required by Section 428 of the Local Government Act.

The report is based on the requirements contained in the following legislation:

1. *Local Government Act 1993* (NSW)
2. *Local Government (General) Regulation 2005* (NSW)
3. *Government Information (Public Access) Act 2009* (NSW)
4. *Privacy and Personal Information Protection Act 1998* (NSW)
5. *Environmental Planning and Assessment Act 1979* (NSW).

Copies of this Report, the Community Strategic Plan, Delivery Program and Operational Plan are available for inspection at Council's Administrative Building, 31 Victor Street, and at the Central Library, The Concourse, Chatswood. They are also available on our website www.willoughby.nsw.gov.au under 'About Council'.

This report is supplemented by Council's quarterly newsletter, the *Willoughby City News*, which keeps residents informed on current events and issues throughout the year. The Newsletter is distributed to all residences in the City. Council also reports back every six months on the implementation of its four year Delivery Program.

Council publishes an annual Willoughby City Guide (online) which provides information about the local area and the services available to residents and visitors.

Should you require further information on any aspect of this report, please contact Council's Governance Unit by phone on (02) 9777 1000 or email@willoughby.nsw.gov.au



ABOUT WILLOUGHBY CITY

Willoughby's natural and built environments, the cultures of its residents and the range of services and activities make it a City of Diversity. Diversity in a community is essential in maintaining an attractive and dynamic place to live, work and visit. Willoughby is a medium sized local government area occupying 23 square kilometres on the lower North Shore of Sydney, 8.5kms north of the Sydney Central Business District (CBD). It has its very own busy CBD of Chatswood. Willoughby enjoys the natural borders of the Lane Cove River to the west and the foreshores of Middle Harbour to the east.

Willoughby City's estimated 75,231 people reside in 28,110 households. Our population is expected to increase to approximately 89,271 by 2036. That's an increase of 0.93% per annum. 42.3% of the population were born overseas and 32.6% were from a non-English speaking background. This is higher than the Sydney Statistical Division. We have a high representation of people from China, the United Kingdom, South Korea, Hong Kong, New Zealand and Japan. The majority of the Willoughby population is well educated and skilled and its residents have higher than average household weekly incomes when compared with the Sydney metropolitan average.

A broad range of vibrant cultural events, programs and inclusive social activities enable communities and neighbourhoods to provide a choice of social interaction and cultural experiences where they can feel a sense of belonging. The City of Willoughby includes a blend of retail, commercial, industrial, residential, institutional and recreational districts. In addition to its varied employment opportunities, the City is in close proximity to major employment zones and has access to a variety of quality public transport, retail, education and health facilities. It has excellent public libraries and The Concourse is a major cultural precinct further enhancing its attractiveness as a home to people and business.

The City's scenic waterways, bushland reserves, parks, playgrounds, stunning bush walks, art and environmental projects, green corridors and significant heritage items provide an inspiring and healthy environment for its communities and visitors.



OPERATING PRINCIPLES

Council is committed to the following operating principles in everything it does:

- Every customer will be treated with courtesy, respect, fairness and equity in every interaction with Council.
- All Council business will be conducted honestly, and transparently, in accordance with the spirit of Open Council. We will actively consult and work with the community as we formulate and implement new policies.

- Council's decisions, and the basis for its decisions, will be provided to community members.
- Council will operate efficiently, effectively and safely in the delivery of services, programs and projects to the community, businesses and the environment.

WILLOUGHBY CITY STRATEGY OVERARCHING PRINCIPLES

The Office of Local Government has an Integrated Planning and Reporting Framework for councils which is described in the next section on *Council's key achievements for 2016/17*. In line with the framework, a new *Willoughby City Strategy 2017-2027* is in the process of being developed. It will include the following overarching principles of sustainability and social justice. These underpin the actions that will be carried out under each of the six key strategic directions outlined in the current *Willoughby City Strategy*. The framework also includes a four-year *Delivery Program* and an annual *Operational Plan*, informed by the same principles.

Sustainability

Sustainable development is development that meets the needs of the present, without compromising the ability of future generations to meet their own needs. It requires balancing environmental, economic and social needs for the long term. Willoughby City Council is committed to striving towards sustainability, by providing leadership and working with the community to foster a vision of Willoughby City becoming a sustainable Willoughby.

Our sustainability vision is articulated in Council's *Sustainability Charter* developed in 2008 which sets the broad directions for Council in responding to the sustainability challenge. The subsequent *Sustainability Action Plan* details Council's next steps on the journey towards sustainability. It provides the plan of action for Council over the coming years.

The journey is however a shared journey, it's one that requires our community's support and participation. Together we have already implemented many environmental initiatives, and will continue to do so, in the key areas of:

- climate change and energy consumption
- development and the built environment
- water and sewerage
- business sustainability
- biodiversity conservation and protection
- resource recovery and waste avoidance
- transport and traffic.

The main aims of these are to:

- lead by example, showcasing best practice
- go beyond Council borders
- tackle barriers and enhance benefits to change, and continually improve.

This commitment is reflected throughout the Willoughby City Strategy with each strategic direction of Council having sustainability goals.

Social Justice

Social justice means that all people receive a 'fair go' at the opportunities of life. It is about recognising that our society is made up of many different communities and working to ensure that no group or section of society is disadvantaged. We will respect the four interrelated social justice principles of equity, access, participation and rights:

- *Equity* – The fair distribution of resources with a particular emphasis on protecting those people who are considered vulnerable
- *Access* – People are provided with opportunities to use relevant services and facilities regardless of their circumstances
- *Participation* – Encouraging and providing opportunities for people to take part in those decision making processes that impact on their quality of life
- *Rights* – People should not be discriminated against and everyone is entitled to be informed and involved.

SUMMARY OF MAJOR FUNCTIONS

Customer and Corporate

Internal Audit Unit

- Internal audit services to seven member councils
– Hunter's Hill, Ku-ring-gai, Lane Cove, Manly, Mosman, North Sydney and Willoughby.

Customer Service Unit

- Help and service centre
- Reception

Finance Unit

- Budgets
- Rates/revenue
- Centralised purchasing
- Accounts payable/receivable

Governance Unit

- Governance and administration
- Legal services
- Integrity and complaint management

Strategic Human Resources Unit

- Employee and industrial relations
- Payroll
- Work Health and Safety and Equal Employment Opportunity
- Employee training, development and performance

Information Technology & Information Services

- Information Resources
- Geospatial Services
- Information Technology
- Information Management

Community, Culture and Leisure

Community Life Unit

- Children's services
- Youth services
- Dougherty Community Services
- Willoughby Park Centre

Media, Marketing and Events Unit

- Public relations and communications
- Graphic design
- Festival and events
- Culture and leisure
- Performing arts

Culture and Leisure Services Unit

- Arts and cultural services
- Willoughby Leisure Centre
- Open space projects
- Multicultural services
- Library services

Planning and Infrastructure

Compliance Unit

- Rangers
- Development enforcement
- Environmental health

Design Services Unit

- Engineering design and surveying
- Swimming pool safety
- Drainage and stormwater retention matters
- Engineering conditions associated with development applications
- Infrastructure and parking management
- Traffic and transport planning
- Road safety projects

Environment Unit

- Resource recovery – waste management/recycling
- Sustainable environment – education, projects, business
- Environmental health
- Bushland management and maintenance

Planning Unit

- Development, building, subdivision and rezoning applications
- Zoning certificates
- Section 94 and car parking contributions

Property Maintenance & Construction Unit

- Property operations and assets
- Trades and maintenance
- The Concourse Facility
- Strategic property and leasing

Works Unit

- Construction and maintenance of roads, footpaths, kerb/gutter and car parks
- Restorations
- Street cleansing
- Street and road signs
- Purchasing – stores
- Plant works
- Recreation assets – management and maintenance of parks, gardens reserves, sporting fields and facilities
- Tree planting, street tree planting programme and tree preservation orders

General Manager's Office

- Change management
- Project Management Office
- Business Improvement Office
- Integrated planning and reporting
- Community engagement
- Stakeholder and grants management

COUNCIL'S KEY ACHIEVEMENTS FOR 2016/17

The Office of Local Government has an Integrated Planning and Reporting Framework for councils. This framework specifies the categories of planning and reporting documents that a council requires and shows the linkages between these. A diagram of this framework is shown later in this section, with annotations covering the specific Willoughby City Council documents including this Annual Report.

In accordance with this framework, Council developed an existing *Willoughby Strategy 2013-29* to define the strategic plan for the community. This includes six strategic directions and a set of key

performance indicators that are shown at the end of this section. Linked to this are the four-year Delivery Program and the annual Operational Plan. Council's achievements reflect the strategic directions, goals and specific community outcomes detailed in these documents.

The next Section of this Annual Report titled *Progress report towards achieving the Delivery Program* records achievement highlights under the goals for each of the six strategic directions in the Willoughby City Strategy. A summary set of key achievements for 2016/17 is listed below.



SURPLUS
operating position of
\$17.9M

KEY ACHIEVEMENTS

Strong Financial Performance and Accountability

All financial management Key Performance Indicators (KPIs) were met for 2016/17.

Important financial results and ratios include¹:

- **Net Operating Surplus before capital income of \$17.9 million** – up from \$13.1 million in the prior year.
- **Council's Long Term (10 year) Financial Plan** projects an Operating Surplus before capital income in all years of the Plan.
- **Operating Performance: 12.7%** – up from 9.0% in the prior year. *This is the amount by which operating revenue exceeds operating expenses, as a percentage of operating revenue. A positive percentage shows the extent to which expenditure is being contained within available revenue, with the benchmark of 0% and above met.*
- **Debt Service Cover: 6.0 times** – up from 3.7 times in the prior year. *This measures the availability of operating cash to service debt and exceeds the benchmark by three times.*
- **Rates and annual charges outstanding: 1.4%** – marginally up from 1.3% in the prior year. This shows the level of uncollected rates and other charges and is highly favourable compared to the benchmark of below 5%.

Asset management was optimised and 2016/17 was the first second of Council's infrastructure levy:

- The infrastructure levy supported **63 additional projects worth \$5.2 million²**.
- The **infrastructure renewals ratio** of 98.3% improved on last year of 96.9% and is close to the industry benchmark target of 100%.
- Targets were met for both the **asset maintenance ratio** and the **infrastructure backlog ratio**.

¹ Refer to pages 4 and 48 of the General Purpose Financial Statements for further details of the definitions, targets and financial results.

² See Part 22 of Section 2 of the Annual Report for details.

KEY ACHIEVEMENTS

Sound Delivery on Performance Measures, Projects and Capital Works

2016/17 Delivery Program and Operational Plan Outcomes

Total number of performance measures 2016/17	On target at 30 June 2017	Not meeting target at 30 June 2017
243	221 (91%)	22 (9%)

Delivery Program and Operational Plan Performance Measures on target have increased from 77.2% in 2015/16 to 91% in 2016/17.

2016/17 Summary of Project and Capital Work Performance

Total number of projects 2016/17	Completed as at 30 June 2017	Partially completed as at 30 June 2017	Projects partially completed due to issues outside Officers' control as at 30 June 2017
325	288 (89%)	31 (9%)	6 (2%)

89% of projects and capital works have been delivered.



KEY ACHIEVEMENTS

Enhanced Community Infrastructure and Social Inclusion

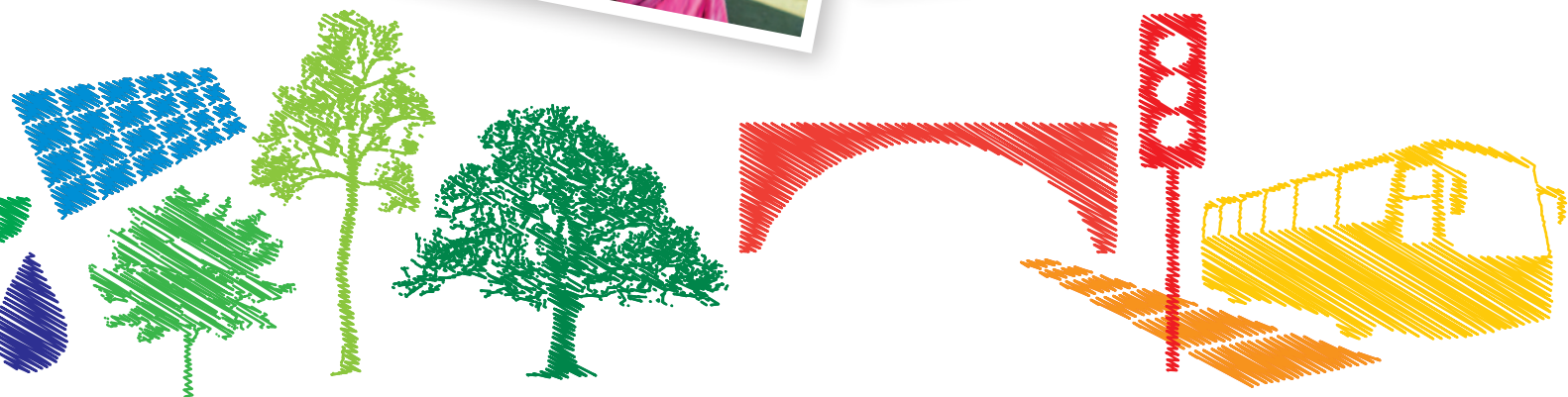
Major improvements were made to a wide range of infrastructure:

- Highlights included the refurbishment of the Willoughby Park Centre, Chatswood High School Synthetic Oval, Chatswood Rotary War Memorial Athletic Field irrigation and drainage, and the finalisation of the tender of the \$10.5 million redevelopment of Gore Hill Recreation Park.
- **Upgrades to a wide range of parks and playgrounds** including Willoughby Park Perimeter Path Extension, Hallstrom Park Playground, Northbridge (Bonds corner) playground and John Roche Playground.
- **Improvements to sports fields** including Bicentennial Reserve Baseball Diamond and Castle Cove Oval. There was also new floodlights installed at Alan Hyslop Oval and upgraded floodlights at Willoughby Oval, Chatswood Oval, Bicentennial Reserve Netball Courts and Naremburn Park Ovals.

Council's social inclusion and community participation initiatives were improved and strengthened through contemporary policy, programs and events:

- Council undertook a community needs analysis to map community assets, needs and the responses required to plan for our City's future.
- Council's **Disability Inclusion Action Plan 2017-2021** creates a long-term vision with decisive actions that embrace and embody Council's commitment to ensuring a truly inclusive and welcoming Willoughby, enhancing quality of life for people with disability, older people, parents with prams and people with temporary injuries.
- A **range of vibrant community events** were run including Emerge – the spring festival, Vivid Sydney at Chatswood, the Willoughby Visual Arts Biennial, Summer Family Festival, Volunteer Appreciation Movie Day and a regular program of cultural events.
- A new **Volunteer Strategy 2016-2021** was adopted, recognising volunteering as an essential component of Council's service delivery and fostering a commitment to volunteer participation, partnerships and events.

Further details of Council's services, projects and activities to **enhance the lives of Willoughby City's people** are detailed in the next Section: *Progress report towards achieving the Delivery Program*.



KEY ACHIEVEMENTS

Fit for the Future

Willoughby City Council is well advanced in responding to the NSW Government *Fit for the Future* reform package:

- Willoughby City Council undertook extensive consultation and research and made a number of submissions in response to the State Government's ***merger proposals affecting Willoughby City Council*** – details are provided in the box below.
- Willoughby City Council ensured through a program of early stage change management and business planning activities the organisation remained ***adaptable should a merger proceed*** between Mosman, North Sydney and Willoughby City Councils. However in July 2017 the State Government called off the remaining mergers.

The NSW Government *Fit for the Future* reform package

In September 2014 the NSW Government launched the *Fit for the Future* council reform package which included encouraging councils to review their performance and consider options for the future.

The NSW Government required Council to prepare a response to its *Fit for the Future* initiative by 30 June 2015. The Government's objective was to achieve scale and capacity consistent with the Independent Local Government Review Panel report's preferred merger option (Hunter's Hill, Lane Cove, Mosman, North Sydney, Willoughby and the eastern part of Ryde Councils). Council put forward a case that it had the capacity to continue in its own right. This was after the Government found it unfit on scale and capacity grounds, along with 71% of other metropolitan councils.

In November 2015, in response to a State Government request, Willoughby City Council indicated that a voluntary merger with North Sydney Council was its only preference.

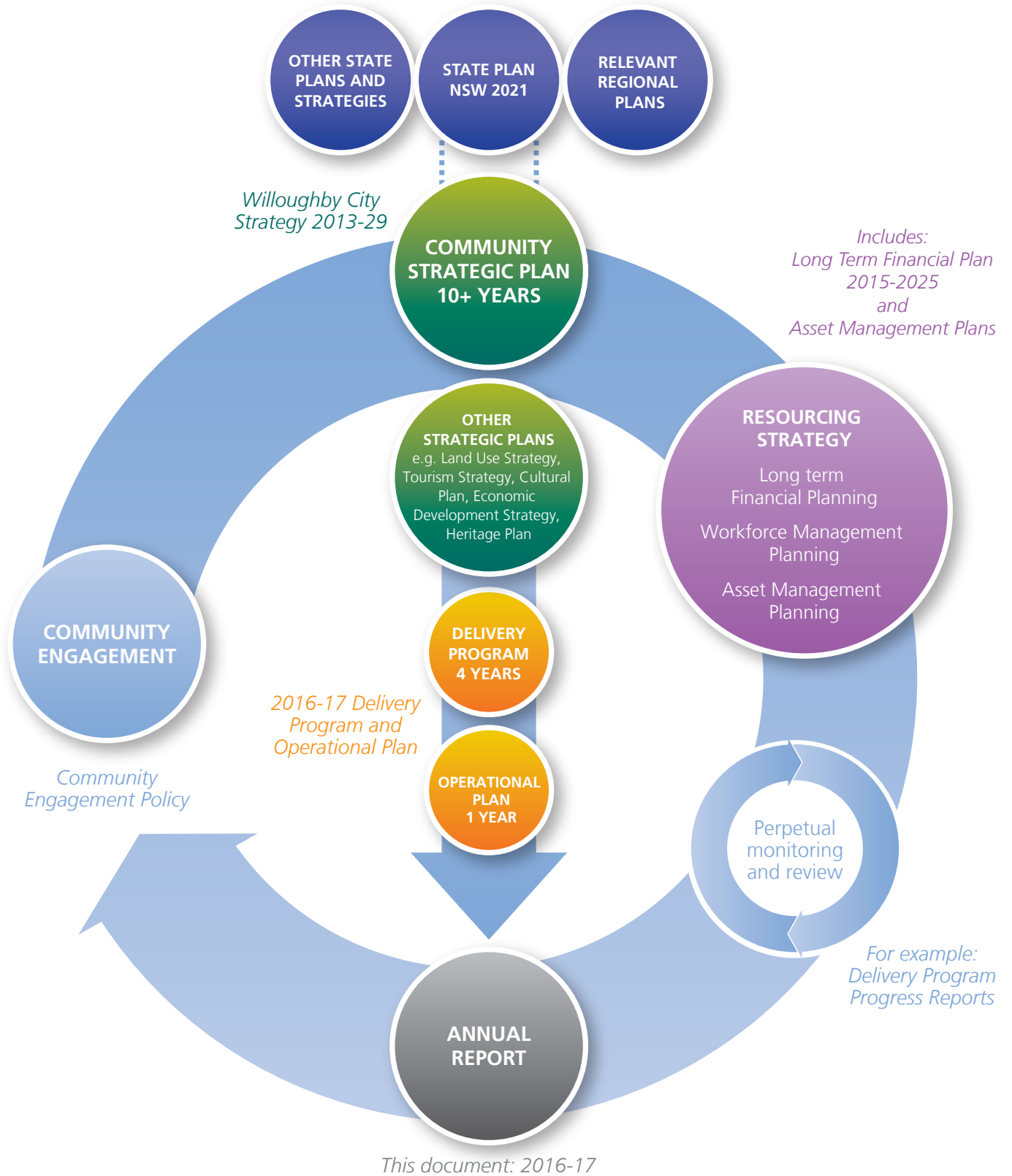
In January 2016 the Government provided notification of a formal merger proposal for North Sydney and Willoughby City Councils. In February 2016 Council

made a submission to the Government outlining the factors needed for a successful merger and noting the level of disruption a merger would involve. This submission was informed by consultation including a citizen jury, telephone survey and feedback via the 'Have Your Say' facility.

In February 2016 the Government presented a new merger proposal which included Mosman Council. In April 2016 Council made another submission based on the new proposal. All relevant factors and concerns were canvassed and the April submission reflected sentiment that Mosman and Willoughby share limited compatibility. This submission was informed by public meetings held in March 2015.

Both submissions addressed the legislative criteria referenced in Section 263 of the *Local Government Act (1993)* and presented detailed research and data.

INTEGRATED PLANNING AND REPORTING FRAMEWORK



KEY PERFORMANCE INDICATORS

Source: Page 14, Willoughby City Strategy 2013-29

KEY STRATEGIC DIRECTION	WHAT IS BEING MEASURED	TYPE OF INDICATOR	MEASUREMENT TOOL	TARGET
Community and Cultural Life	Community satisfaction with Council's service provision	Qualitative statistics	By survey ~ 4 year	Benchmark + (Benchmark is currently >65%)
	Community participation rates in events, volunteering etc.	Workloads and activity indicators	Indicators taken from Delivery Program	Various
Natural Environment	The City's carbon footprint	Quantitative statistics	% renewable energy used by Council	20% renewable by 2020
			% reduction in community's use of electricity	Target met June 2016. Currently trend being monitored
Homes	Diversity of housing stock	Quantitative statistics	Change to land use zonings	No decrease in E4 zones and conservation areas
			Numbers of dwellings approved	6800 new dwellings by 2031
	Affordable housing	Quantitative statistics	Numbers of additional dwellings	Increase in Council's affordable housing stock
Infrastructure	Asset management backlog and risk mitigation	Financial indicators	Gap backlog servicing	Benchmark + (percentage of overall works versus residual backlog)
	Sustainable transport	Quantitative statistic	Public transport usage	Increased public transport usage
Economic Activity	Maintain a range of businesses and employment	Quantitative statistic	Business occupancy rate in Chatswood and industrial areas	Reduction of vacancy rates to: - 7% for commercial office in Chatswood CBD - 15% in industrial areas
			Number of jobs in Willoughby	16,000 jobs by 2031
Governance	Financial health indicator	Financial indicators	Net Operating Result before Capital Grants & Contributions	Surplus Result

PROGRESS REPORT TOWARDS ACHIEVING OUR DELIVERY PROGRAM

Our Community Strategic Plan, the *Willoughby City Strategy* outlines a long-term vision for the future of the City of Willoughby:

'Willoughby: the vital hub of the region, where residential, cultural, economic and environmental interests are respected and balanced, and our communities enjoy a diversity of lifestyles'

To achieve this vision, the *Willoughby City Strategy* identifies 12 goals, 28 objectives and 148 strategies. These are all grouped into 6 key strategic directions:

1. Community and Cultural Life
2. Natural Environment
3. Homes
4. Infrastructure
5. Economic Activity
6. Governance

The goals and objectives articulated in the strategy are linked to activities in the four year Delivery Program and the one year Operational Plan. Since 2014/15 the annual Operational Plan and Budget has been a combined document with the four-year Delivery

Program. This is intended to provide clear linkages between the long term Willoughby City Strategy, the four year Delivery Program and the annual Operating Plan and Budget. The combined document includes a table of projects requiring funding and recurrent (operating) expenditure is detailed. Additional information on projects and capital works is provided in each Annual Report and from 2016/17, the Operating Plan also included information on projects and capital works.

The Willoughby City Strategy and the Delivery Program are reviewed in line with the Council term, every four years.

For the 2016/17 financial year, the Operational Plan identified 243 activities and performance measures. These, as well as 325 projects and capital works, were tracked throughout the year to assess Council's progress on delivering its promise to the community.

The remainder of this section summarises Council's progress in delivering services and projects in each of the key strategic directions, and highlights the achievements during 2016/17. Details on individual performance measures, targets and results can be found in the six monthly delivery program progress report.



1. COMMUNITY AND CULTURAL LIFE

Diversity and Spirit

Goal: *To be a cohesive and inclusive community where all people can actively participate in community life.*

1.1.1 The community can participate in City life

- a. Facilitate and support a range of cultural, recreational and social activities and events, recognising emerging social changes and interest
- b. Develop business partnerships and sponsorships of community programs and events
- c. Promote sharing of existing facilities owned by private or other government organisations for use by the community
- d. Acknowledge and support volunteers.

1.1.2 The vulnerable are involved in our community and supported with respect and integrity

- a. Facilitate support for those who are disadvantaged and their carers
- b. Promote and assist community and charitable organisations
- c. Provide for access and mobility for all new development and in the public domain
- d. Support initiatives for older people and people with a disability
- e. Promote the rights and needs of children throughout the community

1.1.3 Cultural diversity is respected, supported and celebrated

- a. Encourage the broader community to engage with our multicultural communities through cross-cultural activities, the arts and events
- b. Promote and provide support for Culturally and Linguistically Diverse groups, including interagency services
- c. Acknowledge, respect and protect Aboriginal heritage
- d. Promote the conservation of local history and heritage

1.1.4 Art and cultural activities provide enriching opportunities for people

- a. Facilitate integration of public art in appropriate private and public spaces
- b. Support and promote the performing arts and local and regional groups
- c. Support local artists and deliver diverse visual arts programs and exhibitions

Services and Facilities

Goal: *To provide a range of community services and facilities*

1.2.1 Relevant services and facilities are available for the community

- a. Provide multi-purpose community centres and meeting spaces
- b. Foster partnerships with local business, neighbouring councils, government and non-government organisations to provide community services programs and facilities
- c. Promote awareness of, and access to, services and facilities throughout different community and interest groups

1.2.2 Provide and advocate for appropriate facilities and services for all ages

- a. Facilitate high quality children's services
- b. Advocate for coordinated service delivery for families and children
- c. Provide convenient, safe and inviting services and facilities for young people
- d. Deliver, facilitate and advocate home and community care services to support older people and people with disabilities living in their most appropriate location

1.2.3 Quality, accessible public library and community learning services are available

- a. Appropriately resource a network of libraries in the community
- b. Provide information, programs and services responsive to community need
- c. Use technology to maximise access to resources and library services



Health and Wellbeing

Goal: *To be a healthy, educated, safe and interactive regional community, with open space, sport and recreation facilities and programs which promote healthy lifestyles and contribute to the social, spiritual, emotional and physical wellbeing of the community*

1.3.1 Accessible open space and recreational facilities for the community are provided

- a. Implement the recreation plan and open space plan
- b. Improve access to and knowledge about local sport and recreational facilities
- c. Provide sport and recreational areas and programs appropriate for demographic need
- d. Create public spaces that offer a wide variety of recreational and creative experiences
- e. Improve multi-use of sport and recreation areas to respond to community demand
- f. Work with relevant government departments, NSROC and organisations to achieve better sport and recreational outcomes
- g. Increase linkages to foreshore areas bushland and open space
- h. Protect existing public and private open space areas from inappropriate land users
- i. Incorporate climate change adaptation measures into open space and recreational facility management

1.3.2 Healthy living and wellbeing are encouraged

- a. Promote healthy lifestyles and wellbeing campaigns and programs
- b. Utilise local libraries as community learning centres
- c. Schools and education facilities are supported and maintained
- d. Provide walking and cycling access routes throughout the City and to adjoining Councils
- e. Improve the safety of buildings, the public domain, and facilities
- f. Maintain a clean, safe and healthy public domain



Summary of performance – 87% of performance targets met³

Service area	# performance measures	# targets met
Community Life	34	33
Culture & Leisure	29	21
Media, Marketing & Events	6	6
Works	1	1
Total:	70	61

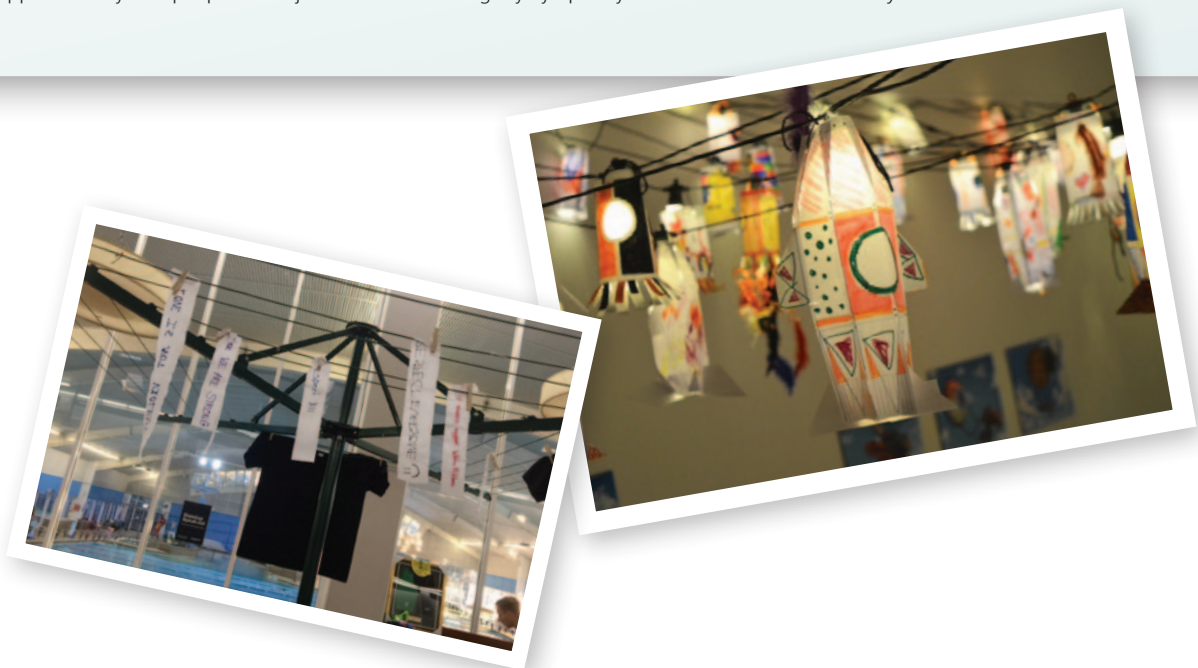
³ Note that these targets do not include projects and capital works (applies to all these tables in this Section).



HIGHLIGHTS

Goal: *To be a cohesive and inclusive community where all people can actively participate in community life*

- **Over 27,000 volunteer hours** were spent providing services, events and programs – these engaged an average of 195 people per month. The *Volunteer Strategy 2016-2021* has been adopted to increase Volunteer participation and across the area and to ensure Volunteers are recognised for their invaluable contribution to the community. Council welcomed 114 new volunteers in 2016/17.
- **The MOSAIC multicultural centre**, through its dedicated team of 100 regular volunteers, delivered 55 programs attaining 8,150 attendances. These included English and community language classes, leisure activities, social groups, technology programs for seniors and school holiday programs. 1,030 people attended multicultural information sessions which were held throughout the year on topics including health issues, disability services, NDIS, cancer wellness, Tax and Centrelink services.
- Council participated in **Neighbour Day**, this is Australia's annual celebration of community, encouraging people to connect with those who live in their neighbourhood. There were a total of 10 Neighbour Day events held and some local neighbours have continued to meet monthly for a picnic lunch at the local park. In addition we ran children's activities at the Willoughby Fauna Fair. Neighbour Day will continue to form part of the annual Willoughby City Council Event Calendar.
- **White Ribbon** is a national campaign that raises awareness about violence against women. In November 2016 Council supported this initiative by organising a community swimming relay race – Willoughby Swim for a Cause. The evening attracted 150 attendees. All proceeds raised went directly to White Ribbon and The Women's Resource Centre - Delvena Women's Refuge.
- **Older people participated** in 20,000 hours of social programs to reduce social isolation provided by centres including the MOSAIC Centre, Willoughby Park Centre, and Willoughby Leisure Centre. Social lunches were attended by 1172 residents.
- Council supported 1576 older people to access **social participation programs** to reduce social isolation and improve wellbeing. These groups are very popular and a new Seniors Walking Group was introduced during the month of June 2017.
- **International Women's Day:** Willoughby Women Inspired was an intimate evening for 50 women hosted by The Mayor and featuring the NSW premier as guest speaker. Charity partner Dress for Success shared stories of inspiring women while participants donated hand bags and shared their own experiences and aspirations.
- **Art spaces** at the Incinerator, on The Concourse and in Council's foyer were fully booked. At Incinerator Art Space, *'Morphogenesis'* by Emily McGregor attracted 553 visitors over 3 weeks. *'Domestic Goddess'* showcased glass and ceramic artists (in collaboration with Sabbia Gallery) attracted 741 people. At Art Space on The Concourse *'The Young Creators'* presented Rosie Deacon and Liam Benson, with high school students assisting curation and public program delivery and receiving 1,593 visitors. *'Smart Expressions'* showcased HSC artworks from local high schools, attracting 992 visitors. A light installation workshop at Art Space on The Concourse received 985 visitors as part of Vivid Sydney at Chatswood. A craft activity was delivered to approximately 200 people in conjunction with Willoughby Symphony Orchestra's *'Boom Box Family Concert'*.



HIGHLIGHTS (Continued)

- **Vivid Sydney at Chatswood** was run with Council partnering with Destination NSW and a number of local businesses for the third year running. The festival was extended from 18 to 23 nights to be in line with the Vivid Sydney festival period, resulting in significant growth in visitation to 105,000 people and economic impact of \$4.2M.
- **Diverse annual events** have enriched community participation, for example, the Summer Family Festival - including the Urban Screen Movie Program (January), Council's Heritage Festival (April), Sydney Film Festival (May), Council's Spring Festival, Emerge (September) and the Willoughby Shorts Film Festival open to students aged 12-25 years (October).
- Council took ownership of 12 new **Affordable Housing units** for keyworkers in Chatswood and Naremburn. These units are let to low income residents who are employed in essential services within our city such as health, education, transport, retail and hospitality.
- **Willoughby Symphony Orchestra and Choir** continue to provide outstanding music and cultural opportunities for the North Shore and wider Sydney community with the subscription series concerts and children's musical program.
- Popular lunchtime concert series **Live at Lunch** returned for a successful fifth year. Curated by Artistic Director and international flautist, Jane Rutter, the series brings together renowned Australian musicians for a stunning daytime musical and entertainment program.



HIGHLIGHTS (Continued)

- **Time to Grow, a Garden Share Project**, grew with 16 residents sharing a garden bed with volunteers growing fresh food together. During Seniors week Indira Naidoo gave a presentation on Edible Balcony Gardening for over 100 residents. Grandparents Day featured a pop up children's nature play garden and hands-on gardening activities growing Heirloom tomatoes. Time to Grow coordinated 16 workshops with 220 attendees learning hands-on gardening skills and inspiration for preparing fresh food at home. Participants in gardening workshops share recipes, gardening tips and experiences as they garden together.
- **Sportsgrounds upgrades in 2016/17** include the new synthetic surface and floodlights at Chatswood High School Oval, including new multi-sport courts; irrigation and drainage renewals at Bicentennial Baseball Diamond, Castle Cove Oval and Chatswood Rotary Athletic Field; resurfacing and new floodlights at the Bicentennial Netball Courts complex.
- **Park upgrades** include new walking paths at Willoughby Park and Castle Cove Park; playground renewals at Hallstrom Park Playground, Campbell Park, Greville St Reserve, Bonds Corner and John Roche Park.
- **The Willoughby Leisure Centre** had 309,260 visits across a range of aquatic, health & fitness and recreational programs and activities.
- Willoughby Leisure began managing the **Tyneside Tennis** courts during this period and in partnership with Tennis Australia installed an online 'Book a Court' system. To date there have been 1154 individual bookings through the system. Free court time is available at the facility for 2 hours on a Sunday morning to encourage the community to participate in tennis.
- During April School holidays an inflatable obstacle course was temporarily installed at **Northbridge Baths**, encouraging new visitors to the facility and providing a new water based recreational activity for the local community.
- **Chatswood Youth Centre** conducted 13 live music events for young people living in the LGA.



2. NATURAL ENVIRONMENT

Ecosystems and Environmental Health

Goal: *Conserve the natural ecosystem for its intrinsic ecological, educational, scientific, and recreational value.*

2.1.1 Conserve and maintain Willoughby's natural ecosystems

- a. Implement and review the Sustainability Action Plan
- b. Protect environmentally sensitive areas from human impact and climate change
- c. Manage natural areas using a water catchment approach
- d. Enhance habitat corridors and linkages between bushland reserves
- e. Regenerate and maintain natural areas
- f. Manage potential impact of bushfires on the natural and built environment
- g. Monitor and control feral animals, noxious plants and undesirable weeds
- h. Ensure stability of riparian zones
- i. Protect trees and vegetation

2.1.2 The community values the natural environment

- a. Provide safe pedestrian links into, through and between bushland areas without endangering natural ecosystems
- b. Encourage community involvement in Bushcare, Parkcare and Streetcare
- c. Facilitate natural environment education programs
- d. Build partnerships with stakeholders and other councils to integrate management of environmentally sustainable issues

2.1.3 Reduce pollution

- a. Continue air and water quality monitoring
- b. Work with NSW Government, other councils and stakeholders to improve air and water quality on a regional basis
- c. Ensure that new developments implement appropriate soil, erosion and water management
- d. Work with NSW Government and developers to remediate contaminated sites and prevent future contamination



Sustainable Practices

Goal: To work with the community to reduce our environmental and Climate Change impacts and mitigate their effects

2.2.1 People live more responsibly and increase resilience to climate change impacts

- a. Provide sustainability education programs
- b. Facilitate schools, business and industry and community to participate in sustainability programs
- c. Assist residents, business and industry to implement sustainable practices
- d. New and existing homes and business/industry incorporate sustainable measures in design and construction
- e. Waste is reduced, reused and disposed of in a responsible manner using alternative waste technology and removal of more recyclable material going to landfill
- f. Develop and implement an action plan that addresses climate change mitigation and adaptation

Summary of performance – 92% of performance targets met⁴

Service area	# performance measures	# targets met
Environment	12	11
Total:	12	11

⁴ Note that these targets do not include projects and capital works (applies to all these tables in this Section).



HIGHLIGHTS

Goal: *To work with the community to reduce our environmental and Climate Change impacts and mitigate their effects*

- **The Live Well in Willoughby Campaign** provided 184 sustainable education activities, comprising of 167 workshops and 17 events, engaging over 7,000 people.
- Council continued to deliver a wide variety of **sustainability education campaigns** including plastic free July, sustainable fashion week, Sustainable House Day, promotion of energy and water efficiency, waste reduction education, the illegal dumping campaign, Fair Trade market days, bicycle skills building, Share the Path cycling breakfasts, Garden Share, the monthly food swap, Ready-Set-Grow, and a variety of gardening programs.
- The Bushland Team hosted four major **sustainability education events** with more than 3,000 participants. In addition to this the team conducted 36 bushwalks for over 960 people and presented ten workshops with over 280 participants. Council has trained and co-ordinated almost 300 Bushcare volunteers working in 50 locations across Willoughby to manage and protect the natural environment. The 'Wildlife Story Book Competition' attracted over 400 entries in its sixth year.
- Sustainability continued to be a foundational concept during **Vivid Sydney at Chatswood** with all of the power being offset by green credits.
- **The Better Business Partnership** (BBP) is a joint service funded by Willoughby City, North Sydney, and Ku-ring-gai Councils assisting businesses to save energy and water and reduce waste. BBP recruited 143 businesses bringing the total number of BBP member businesses to 769, of which 224 are Willoughby members.
- **Reserve Action Plans** have been developed with community consultation to guide the work of staff, contractors, and volunteers throughout 330 hectares of bushland.



HIGHLIGHTS (Continued)

Goal: *To work with the community to reduce our environmental and Climate Change impacts and mitigate their effects*

- The Northern Sydney **Community Recycling Centre** opened in Artarmon. This is a free service that allows residents to drop off problem household waste such as paint, gas bottles, fire extinguishers etc. The Centre is jointly run by five Northern Sydney Councils and is funded from the EPA waste levy.
- Council began a new era in **waste processing** by entering into an alliance with four other Northern Sydney Councils to become one of the first customers of an alternate waste technology solution. This contract will result in more than 40% of the red-bin waste being processed into compost to be used in rehabilitating a mine site.
- **Greenhouse gas emissions** from Council's energy and fuel use has reduced by 3% from the previous financial year and 14% since the peak year of 2012/13. However compared to our baseline year of 2008/09, emissions have increased by 4%.
- **Electricity consumption** has reduced by 2% in comparison to the previous financial year and achieved an 8% reduction since the peak year of 2012/13. However electricity consumption is 24% higher than the base year 2008/09, largely attributable to the construction of new Council facilities, notably The Concourse.
- A **solar photovoltaic** array has been designed for The Concourse and will be installed in 2017/18.
- Council's Rangers use an **electric vehicle** that is recharged using green power offsets. Council has provided five freely available public recharging stations with further stations planned in future years.
- Council now has 13 **solar installations** generating close to 500,000kWh of electricity, saving over 450 tonnes of CO₂ and approximately \$100,000 on electricity bills per year.
- Council continued to install **sustainable elements in Council buildings** including sustainable flooring, low VOC paints, building management upgrades, recycling of demolition waste, use of water efficiency devices, LED lighting upgrades, and solar PV installations.
- Council continued to make improvements to the **cycling network**.
- Council has installed its second **stormwater harvesting and reuse facility** (Artarmon Reserve) and is maintaining ten **gross pollutant traps** which remove trash from stormwater networks prior to creek discharge.



3. HOMES

Housing Choice, Quality and Character

Goal: *To be a place with housing that is liveable, sustainable and enhances urban character*

3.1.1 Plan for housing choice

- a. Undertake and implement housing strategies in the context of state government requirements
- b. Investigate changing demographics of the Willoughby area and review planning controls to encourage new housing types to meet community and intergenerational needs
- c. Facilitate, provide and advocate for affordable housing
- d. Protect important employment areas (industrial, commercial land) from incursion by residential development and other uses that affect the long term integrity of those areas
- e. The heritage and natural environment of Willoughby is balanced with housing growth needs

3.1.2 Quality living amenity for residents

- a. Ensure future development can be provided with adequate infrastructure and services
- b. Assess development for its quality, sustainability and amenity for living
- c. Universally accessible measures into all new housing design

3.1.3 Local character

- a. Identify and protect heritage items, conservation areas, environmentally sensitive areas and Aboriginal sites
- b. Encourage quality design and construction
- c. Respect and enhance local character



Summary of performance – 90% of performance targets met⁵

Service area	# performance measures	# targets met
General Managers Office	1	0
Internal Audit	1	1
Media, Marketing & Events	4	4
Planning	20	19
Property & Construction	4	3
Works	1	1
Total:	31	28

⁵ Note that these targets do not include projects and capital works (applies to all these tables in this Section).

HIGHLIGHTS

Goal: *To be a place with housing that is liveable, sustainable and enhances urban character*

- Council engaged consultants to prepare a **Draft Chatswood CBD Planning and Urban Design Strategy**. Extensive consultation was undertaken with stakeholders and the Draft Strategy was subsequently adopted by Council for forwarding to the Department of Planning and Environment and Greater Sydney Commission for endorsement.
- Council has contributed to the **Draft North District Plan** through the Greater Sydney Commission, including attendance at workshops and submission of written comments.
- Council prepared and consulted on Position Statements regarding Housing, Local Centres and Industrial Lands. Consultants were engaged to provide urban planning advice for 7 local Centres. This will contribute to other work being undertaken in developing **Housing and Local Centres Strategies**.
- Strategic Planning staff are also progressing work on an **Industrial Lands Strategy**.
- Council staff have been working with the Department of Planning and Environment, North Sydney Council and Lane Cove Council on the **St Leonards/Crows Nest Priority Precinct**.
- In 2016/17, **482 Development Applications** were approved (slightly higher than the 478 approved in 2015/16) with a total cost of works of over \$293 million.
- Willoughby Council's **Certification team** certify and issue *Complying Development Certificates, Construction Certificates, Building Certificates, Occupation Certificates and Swimming Pool Fencing Certificates*.
- The Certification team also provides **expert advice on the Building Code of Australia** and in support of Council's strategy to promote housing choice, quality and character.
- **Software and website updates** have been introduced to improve the availability and accessibility of information including development controls and requirements and tracking of Development Application progress.
- Customer service in the **DA process** has also been improved by electronic stamping and issuing of consents.
- **Regular workshops** are conducted to assist residents in understanding the DA process.

4. INFRASTRUCTURE

Efficient Asset Management

Goal: *To provide financially sustainable physical infrastructure that meets the needs of the community without burdening future generations*

4.1.1 Planning, maintenance and operation of infrastructure

- a. Develop and implement Asset Management Improvement Strategy (AMIS) and Plans (AMPs)
- b. Whole of life cycle costs are considered for all existing and proposed infrastructure
- c. Sustainability and risk management principles are applied at each stage of asset management, new works and acquisitions and in the review of asset performance
- d. Type, quantity, quality and capacity of infrastructure is assessed in line with projected demographic changes, cultural trends, projected climate variations and community need
- e. Utilise alternative methods to fund existing and new infrastructure such as developer contributions and partnerships
- f. 'Acceptable' levels of service provision are defined with the community through education on assets and finances and consultation
- g. Integrate, coordinate and advocate for the provision of services and infrastructure with other authorities and providers
- h. Flood mitigation and management programs are developed with community involvement
- i. Water sensitive urban design principles are applied to all new developments in the City
- j. Continue to invest in renewable energy technologies and encourage others to do the same



Transport and Mobility

Goal: To manage the transport needs of the community in a sustainable manner by reducing car dependence and promoting public transport use, walking and cycling

4.2.1 Increased use of active and public transport

- a. Promote active and public transport
- b. Improve integration between transport modes
- c. Improve local accessibility and transport options between suburbs
- d. Work with government and the private sector for improved local and regional public transport
- e. Provide on and off road bike routes and safe bicycle parking facilities
- f. Identify improvements for a city-wide local walking network
- g. Provide a pedestrian and cyclist focus within local centres
- h. Improve physical mobility access to public transport

4.2.2 Balance traffic management

- a. Identify and implement traffic management and safety strategies, incorporating engineering and educational activities
- b. Develop and implement a parking management strategy for the LGA
- c. Manage parking demand on street with available parking supply
- d. Manage car parking in developments in order to promote public transport use
- e. Involve the business community and residents in transport initiatives
- f. Work with car share providers to increase use of such services

Summary of performance – 94% of performance targets met⁶

Service area	# performance measures	# targets met
Compliance	5	5
Design Services	6	5
Environment	4	4
Information Services	2	2
Planning	1	0
Property & Construction	6	6
Strategic Human Resources	2	2
Works	5	5
Total:	31	29

⁶ Note that these targets do not include projects and capital works (applies to all these tables in this Section).

HIGHLIGHTS

Goal: *To provide financially sustainable physical infrastructure that meets the needs of the community without burdening future generations*

- **Asset management planning** is supported by data on the condition of Council's assets. In 2016/17, CCTV inspections were carried out on 2.6% of drainage and stormwater systems. To date, 72% of the pipelines in Council's LGA have been inspected. Level 1 inspections were completed for bridges. Data collection regarding the condition of retaining walls has commenced and will continue into 2017/18.
- 2016/17 was the second year of **Council's infrastructure levy** – 63 projects worth \$5.18 million were delivered, including carry-forward projects from the previous year.
- **Infrastructure levy projects greater than \$50,000 by Category** included*:

Open Space - Sporting Fields/Parks & Playgrounds

- Open space sporting fields capital works
- Floodlighting at Alan Hyslop Oval, Willoughby
- Upgrade underground lighting at Beauchamp Park, Chatswood
- Upgrade playground at Hallstrom Park, Willoughby. Playground Stage 1 & 2 implementation
- Upgrade playground at Scott Crescent Reserve, Chatswood,
- Upgrade/renewal of John Roche Playground, Northbridge Stage 1 & 2
- Lights at Naremburn Oval
- New playground at Northbridge Park (Bonds Cnr) Stage 2
- Playground upgrade at Greville Street Reserve, West Chatswood
- Willoughby Park perimeter path extension and associated works
- Fencing works at Bicentennial Reserve baseball diamond & reserve oval
- Renewal of floodlights including re-sheeting of playing surface at Bicentennial Reserve netball courts
- Castle Cove Oval - irrigation renewal
- Bicentennial Reserve baseball diamond - drainage, irrigation and returfing
- Realign/upgrade two cricket wickets at Bales Park Oval, Chatswood
- Renewal of practice wickets at Chatswood Oval

Footpath

- Footpath renewal - Mowbray Rd West - North Side - between Goodchap Rd, West Chatswood
- Install new path between Minimbah Rd and Dalmeny Rd, Northbridge
- Asset ramp improvement
- Footpath renewal - Pacific Hwy - North Side between Centennial and Victoria Ave, Chatswood
- Hampden Rd East and West side - from Mowbray Rd to 115, Artarmon
- Link to K&G - between 138 Victoria and Kooringa Rd, Willoughby

Stormwater

- Relining of stormwater infrastructure:
 - Mabel St and Penshurst St, Willoughby
 - Eddy Road, Chatswood West
 - Mowbray Rd / Alpha Rd, Willoughby
- Repairs to open channel at Flat Rock Creek, Naremburn

* Also see Part 22 of Section 2 of this Annual Report.



HIGHLIGHTS (Continued)

Goal: *To provide financially sustainable physical infrastructure that meets the needs of the community without burdening future generations*

Buildings

- Replace Willoughby Leisure Centre - Gym/Sport Hall louvres
- Public Toilet Refurbishment:
 - Muston Park Chatswood
 - Clive Park Northbridge
 - Bales Park Chatswood
- Complete Refurbishment of Change Rooms at Willoughby Leisure Centre
- Refurbish OOSH space at Trumper Pavilion Chatswood Park
- Roof Replacement at Artarmon Kid's Cottage
- Retaining Wall and partial fencing at Cleland Tennis Centre Artarmon
- Major Upgrade of Willoughby Leisure Centre Pool Hall
- Carpet replacement:
 - Level 4 of WCC office, 31 Victor St
 - Zenith Theatre Foyer
- The Gore Hill Redevelopment Major Works Contract is still under negotiation with a Contract to be signed early next Financial Year.



HIGHLIGHTS

Goal: *To manage the transport needs of the community in a sustainable manner by reducing car dependence and promoting public transport use, walking and cycling*

- Rangers undertake **daily parking and enforcement patrols** of the City of Willoughby to ensure road safety and accessibility.
- Rangers also focus on **safety, turn-over of available parking spaces and Mobility Parking Scheme (MPS)** offences.
- 2016/17 **Road Safety Action Plan initiatives** were all completed – including child car seat checking events, supervising learner drivers series, Street Savvy Seniors, 'It's Local It's 50' campaign, the road safety calendar and a pedestrian safety campaign.
- **Pedestrian safety** was improved following the completion of wombat crossings in Sailors Bay Road, Northbridge in the vicinity of Woonona Road and Pyalla Street. Traffic safety was improved with the completion of traffic management at the intersection of Albert Avenue and Olga Street, Chatswood.

5. ECONOMIC ACTIVITY

Sustainable Business Activity

Goal: *To maintain and promote the City's employment opportunities and the range and quality of businesses, industry and services*

5.1.1 Local business

- a. Facilitate business and employment opportunities servicing local and regional needs
- b. Encourage a range of business, retail, office and industrial spaces
- c. Provide policies to limit commercial and retail activity in industrial areas and ensure long term availability of sites for alternative industrial uses
- d. Develop a strategy for regional business and economic development opportunities and funding in partnership with neighbouring councils
- e. Implement St Leonards Strategy as a specialist centre for health and education with neighbouring councils
- f. Implement strategy for the long term development of Chatswood CBD as a major regional employment, retail and entertainment destination
- g. Provide land use planning controls to support viability of local centres
- h. Investigate strategies to promote the establishment of small businesses

5.1.2 Support our centres

- a. Lobby state and federal governments for infrastructure funding
- b. Provide development guidelines for business centres to maintain sustainable and high quality architecture and public domain
- c. Develop and implement public domain improvements for our local centres
- d. Provide and promote appropriate transport options for workers, residents and visitors including active and public transport options and policy
- e. Support public art and maintain the quality of the public domain

5.1.3 Engage with business

- a. Support the needs of local business and industry
- b. Link local businesses to local community projects and events
- c. Support mentoring programs that link young people with local business and employment/training opportunities
- d. Develop working partnerships with local business interest groups
- e. Provide programs that engage with local businesses and assist in their long term sustainability

HIGHLIGHTS

Goal: *To maintain and promote the City's employment opportunities and the range and quality of businesses, industry and services*

- Council has a Gross Regional Product of \$10.54B an increase of 10.7%.
- Willoughby is just 1% of the State Population yet represents 1.9% of the NSW Gross State Product.
- Willoughby provides employment for 69,092 an increase of 8.6%.
- Council has marketed **Chatswood as a destination**, supported by the Chatswood CBD Marketing Plan and The Concourse Business Plan - many events and partnerships with local businesses were run e.g. Vivid Sydney at Chatswood is now a major annual attraction - the Visit Chatswood website is a conduit for tourism into Chatswood.



6. GOVERNANCE

Open Government

Goal: *To ensure transparency and ethical practices in everything that we do*

6.1.1 A Council that is open, accountable and represents its constituents

- a. Implement relevant policies and protocols that support ethical, open conduct and access to Council information
- b. Ensure that decisions reflect the community's priorities as outlined in the Willoughby City Strategy
- c. Meet statutory requirements and government directives
- d. The decision making process is transparent
- e. All communication is conducted in an open and professional manner
- f. Ensure integration of strategic directions outlines in corporate planning documents

Community Engagement

Goal: *To have a participatory informed community*

6.2.1 A community that is informed of key Council policies, services and activities and can participate in the decision-making process

- a. Implement the community engagement strategy
- b. Key decisions are communicated in a timely, accessible manner
- c. Plan and coordinate community engagement activities across sections of Council
- d. A variety of media are used for community information and engagement
- e. Create opportunities for regular customer feedback



Business Efficiency and Service Delivery

Goal: *To provide strong financial management and a high quality of service delivery*

6.3.1 Council maintains a strong sustainable financial position

- a. Develop, review and implement Long Term Financial Plan
- b. Maximise financial capacity and balance risk
- c. Deliver a balanced budget
- d. Maintain compliance with accounting standards
- e. Seek a range of alternative funding sources
- f. Independent auditing of Council's statutory financial reports

6.3.2 Council services are delivered to a quality standard, are sustainable and responsive to community needs

- a. Regularly review and prioritise service delivery outcomes
- b. Use appropriate technological resources to deliver business systems
- c. Provide and maintain an efficient and effective emergency management system

6.3.3 Council has the people it requires in terms of number, skills and job roles and they are appropriately supported

- a. Ensure Equal Employment Opportunity (EEO) for all current and potential staff and the integration of EEO principles into all Human Resources programs
- b. Implement Workforce Plan
- c. Maintain and improve internal communication partnering on projects
- d. Maintain fair and equitable industrial practices
- e. Provide safety for staff and external providers
- f. Integrate sustainability principles of Council into staff work programs

6.3.4 Council works with state and regional organisations

- a. Advocate on agreed regional positions and priorities
- b. Investigate opportunities for resource use and cost sharing
- c. Initiate and respond to state and regional issues
- d. Council is a regional leader for local government reform

Summary of performance – 96% of performance targets met⁷

Service area	# performance measures	# targets met
Compliance	11	11
Customer Service	8	8
Design Services	1	0
Finance	15	15
General Managers Office	18	18
Governance & Policy	11	10
Information Services	12	12
Internal Audit	3	2
Media & Marketing	5	5
Strategic Human Resources	12	11
Total:	96	92

HIGHLIGHTS

Goal: *To ensure transparency and ethical practices in everything that we do*

- Council's Operational Plan and Delivery Program now include new performance measures – and there is a complete list of capital works and business improvement initiatives in the Operational Plan 2016/17
- At the 2017 Local Government Awards Willoughby City Council won the 'Excellence in Operational Management Effectiveness' Award. This award recognises our business improvement program including 84 business improvement projects, with completed projects having delivered \$175,000 in savings and better and quicker services for the community.
- 91% of Corporate Indicators (CPIs) completed or remaining on track as planned for the 2016/17 financial year. This compares favourably to past results (2015/16), 84% of measures were completed or on track
- A net reduction of \$80 million via the 2016 revision of Council's Long Term Financial Plan – the largest saving being employee costs.
- New Technologies were employed e.g. improved mobile website and app, mobile devices for field staff, a finance software upgrade, electronic delivery of certificate applications and reduced hardware and energy consumption.



⁷ Note that these targets do not include projects and capital works (applies to all these tables in this Section).

HIGHLIGHTS

Goal: *To have a participatory informed community*

- Council receives over **20,000 calls per quarter** (67% of these are answered within 20 seconds).
- Council receives close to **8,000 service requests per quarter**.
- **Connections with the community** via social media are increasing – over 6 months, ‘likes’ on Council’s Facebook page increased from 2,710 to 3,188, an 18% increase.
- A **formal community engagement framework** was adopted by Council in June.
- Throughout the year, 41 engagements were conducted to seek the community’s input via **Council’s Have Your Say website**. These engagements are listed on the next page



Title of Community Engagement Activity	Aware	Informed	Engaged
Artarmon Reserve Draft Reserve Action Plan	144	93	10
Campbell Park	220	116	37
Carols in Willoughby Park	28	10	37
Castle Cove Park Path Extension	96	35	26
Chatswood Park playground	173	83	24
Child Restraint Checks	7	3	0
Children Services Development Day 2016 - Feedback	41	23	21
Children Services Directory - Contact Update 2016	68	0	43
Clive Park Draft Reserve Action Plan	155	72	12
Community Service Provision Needs Analysis Survey	194	73	57
Concierge Shift Library	29	0	15
Coolaroo Road and Dalrymple Avenue Local Area Traffic Management	275	120	85
Cortile Reserve	80	20	21
Customer Service Charter	65	40	0
Devonshire Street Children's Centre - Attendance requirements 2017	94	63	62
Disability Inclusion Action Plan Survey	82	15	11
Draft Castle Cove Park Reserve Action Plan	63	41	2
Draft Operational Plan and Budget 2016/17	542	446	21
Explosives Reserve & H.C. Press Park Draft Reserve Action Plan	74	42	10
Footpath Improvements - High Street	10	4	0
Footpath Improvements - Penshurst Street / Oakville Road	13	4	0
Footpath Improvements - Willoughby Road	13	4	0
Gore Hill Park Redevelopment	1809	373	289
Gore Hill Park Redevelopment - Intercept	17	5	5
Gore Hill Technology Park - Lot 5, 4 Broadcast Way, Artarmon	47	37	0
Gore Hill Technology Park - Lots 2,3,4 and 6 Broadcast Way, Artarmon	64	48	0
Greville Street Reserve	133	63	26
Guringai Festival Survey	34	9	13
Harmony Day Survey-2016	14	5	2
Harold Reid Reserve Draft Reserve Action Plan	112	88	13
Haven Amphitheatre, Castlecrag - Design Option for New Stage	450	215	104
How do you Recycle Your Household Items?	436	337	322
John Roche Playground	329	205	28
Library Survey 2016	23	0	12
Live Well Event Survey	102	5	73
Live Well in Willoughby Evaluation Form	181	132	124
Lowanna Park	132	61	12
Media, Marketing and Events Feedback Survey	13	0	6
Naming of Castle Cove Park path 'James White Path'	13	6	1
Naming of pathway 'McCurrich Cut'	88	28	12
Neighbour Day Survey	12	6	6

Title of Community Engagement Activity	Aware	Informed	Engaged
Preparing for the future – what skills do we have in the Library?	51	0	31
Project Management - Capability Assessment	64	0	53
Proposed Amendments to Section 94A Contributions Plans	80	36	1
Public Exhibition - Draft Payment of Expenses Policy	11	5	0
Reserve Naming and Landscape Improvement Plan for 296-298 Edinburgh Road, Castlecrag	120	52	17
Secret Women's Business Event Evaluation	53	9	23
Staff goal-setting workshop evaluation	35	0	22
Team workshop feedback	18	0	12
The Bailey	60	21	16
View Street Park	34	17	8
Volunteer Strategy 2016 - 2021	196	39	21
Willoughby City Council - Draft Community Engagement Policy 2016	71	31	2
Willoughby Heritage Plaques	53	18	0
Youth Outreach Survey	12	5	5



Section Two

Statutory Information and State of the Environment

for the year ended 30 June 2017

STATUTORY INFORMATION AND STATE OF THE ENVIRONMENT

1. Details of overseas visits by Councillors and staff

Details (including the purpose) of overseas visits undertaken during the year by Councillors, Council staff or other persons while representing the Council (including visits sponsored by other organisations).

There were no overseas visits by Councillors or Council staff to represent the Council that were paid for by the Council.

2. Details of the Mayor and Councillors and their fees, expenses and facilities

Mayor and Councillors as at June 2017

Number of Council Meetings held between July 2016 – June 2017		21
COUNCILLOR NAME	MEETINGS ATTENDED	
Councillor Coppock	17	
Councillor Eriksson	18	
Councillor Giles-Gidney	21	
Councillor Hill	18	
Councillor Hooper	15	
Councillor Mustaca	17	
Councillor Norton	21	
Councillor Rozos	16	
Councillor Rutherford	20	
Councillor Saville	19	
Councillor Sloane	15	
Councillor Stevens	10	
Councillor Wright	15	

Total amount of money expended during the year on mayoral fees and councillor fees, the Council's policy on the provision of facilities for use by Councillors and the payment of Councillors' expenses, together with a statement of the total amount of money expended during that year on the provision of such facilities and the payment of such expenses.

The Local Government Remuneration Tribunal assessed Willoughby as a Category 1 – Metropolitan Centre Council.

Fees paid according to the Tribunal's schedule for 2016/17 were:

Mayor	\$63,640
Councillor	\$23,950

On this basis, the total fees expended for the 2016/17 year were

Mayor	\$63,640
Councillors	\$311,349
Total	\$374,989

A copy of Council's Policy for the Payment of Expenses and the Provision of Facilities to Councillors is available for viewing on Council's Website under Policies.

CATEGORY	AMOUNT \$
Provision of dedicated office equipment to councillors	Nil
Telephone call costs made by Councillors	3,474
Data and telephone fees & charges	12,837
Attendance of Councillors at conferences and seminars, training of councillors, provision of skill development.	15,203
Interstate visits by Councillors including transport, accommodation and other out of pocket expenses	Nil
Expenses of spouse, partner or other person who accompanies a Councillor	Nil
Expenses for the provision of care for child or other family members	Nil
Legal costs incurred by Councillors	Nil
Insurance costs incurred by Councillors	Nil
Other costs including travel costs e.g. cab charge	5,068

3. Contracts awarded by Council

Details of each contract awarded by the Council during the year (whether as a result of tender or otherwise) other than:

- i) employment contracts (that is, contracts of service but not contracts for services); and
- ii) contracts for less than \$150,000 or such other amount as may be prescribed by the regulations, including the name of the contractor, the nature of the goods or services supplied by the contractor and the total amount payable to the contractor under the contract.

Council awarded the following contracts during 2016/17:

CONTRACTOR	DESCRIPTION OF CONTRACT	TERM	AMOUNT
Rees Electrical P/L	Floodlighting Willoughby Park, Alan Hyson Oval, Naremburn Park	Sept 2016 -12 Weeks	\$459,602
Havencord P/L	Floodlighting - Chatswood Oval	Nov 2016 -12 Weeks	\$172,700
William Ross Architects	Gore Hill Park Development Architectural Services		\$470,000
PM Production Management	Providing VIVID at Chatswood 2017	Completed by June 17	\$584,000
Polytan Asia Pacific P/L	Synthetic Surfacing Chatswood High School Oval	From Dec 2016 - 4 Months	\$795,497
R & N Paddison P/L	Sports Ground Renovation - Chatswood Rotary Memorial Athletics Field	From Dec 2016 - 4 Months	\$386,850
EPHO P/L	Solar PV Installation on The Concourse	Completed by 30 June 2017	\$298,000
EVOLE Housing	Management of Affordable Housing Program	From 23 June 2017 for 5 years	Management Fee: \$975.00 per property per annum
Benedict Sand & Gravel	Disposal of Excavated Material and Spoil from within Willoughby Council Area	3 Years plus one year option	Schedule of Rates



4. Amounts incurred in relation to legal proceedings

Summary of the amounts incurred by the Council during the year in relation to legal proceedings taken by or against the Council (including amounts, costs and expenses paid or received by way of out of court settlements, other than those the terms of which are not to be disclosed), and a progress of each legal proceedings and if it has been finalised.

Summary of Legal Costs involving Court matters:

- 1) Total legal costs incurred \$774,977
- 2) Total legal costs incurred defending appeals \$485,197
- 3) Total legal costs for matters initiated by Council \$316,780

Council was involved in the following legal proceedings for the period 1 July 2016 to 30 June 2017:

Land and Environment Court matters

PROCEEDINGS NO.	MATTER	STATUS	TOTAL COSTS TO DATE	TOTAL LTD LEGAL COST RECOVERY
2015/10226	Class 1 Appeal - Boarding House Use	Matter resolved	\$38,990	
2015/10883	Class 1 Appeal - Refusal of DA for construction of Child Care Centre	Matter ongoing	\$119,922	
2015/10453	Class 1 Appeal - Refusal of DA for Shop Top Housing	Matter resolved	\$21,877	-\$4,000
2016/165449	121B order to stop work to demolish and remove rear shed	Matter resolved	\$15,231	
	Class 4 Appeal - Development Consent No-compliance with Council Order	Matter resolved	\$940	
2016/10235	Class 1 Appeal - Residential Flat building for 10 units	Matter ongoing	\$33,530	
2015/10264	Class 1 Appeal - Refusal for alterations and additions to existing dwelling.	Matter resolved	\$59	
	Class 4 Appeal - Illegal Tree Removal	Matter ongoing	\$17,096	
	Class 4 Appeal - Deemed Refusal for proposed alterations and additions to first floor and roof of existing dwelling	Matter ongoing	\$9,727	
2017/41951	Class 1 Appeal - Refusal of Subdivision	Matter ongoing	\$11,049	
2016/295188	Class 1 Appeal - Refusal of Carport	Matter resolved	\$12,525	
2017/59460	Class 1 Appeal against Deemed refusal of a residential development application	Matter resolved	\$5,834	
2016/223823	Class 1 Appeal - Deemed Refusal of Childcare Centre	Matter closed	\$9,675	
2013/1092	Class 1 Appeal - Unauthorised foreshore works	Matter resolved	\$357,291	
2013/1092	Class 5 Appeal - Unauthorised foreshore works	Matter closed	\$279,914	
	Unauthorised works. PCA informed council that they were giving notice of intention as CDC conditions were not complied with.	Matter ongoing	\$7,894	
2014/10064	Class 1 Appeal - 85 place childcare centre	Matter ongoing	\$225,897	-\$4,648
2015/10864	Class 1 Appeal - Refusal of DA residential flat building	Matter ongoing	\$16,917	
2016/245602	Class 1 Appeal - Modification Application	Matter resolved	\$15,438	
2017/105243	Class 1 Appeal - Non-compliance with DA conditions	Matter resolved	\$16,594	
2017/105243	Class 1 Appeal - Deemed Refusal of Childcare Centre	Matter resolved	\$2,421	
2016/331962	Class 1 Appeal - Sailors Bay Road Child Care Centre	Matter resolved	\$56,326	
2017/244782	Class 1 Appeal - Mixed use development	Matter resolved	\$27,599	

PROCEEDINGS NO.	MATTER	STATUS	TOTAL COSTS TO DATE	TOTAL LTD LEGAL COST RECOVERY
2015/10872	Class 1 Appeal - Deemed refusal of construction of 2-storey boarding house for 12 adult lodgers and associated works	Matter resolved	\$25,264	
2016/295688	Class 1 Appeal - Deemed refusal of construction of mixed use development of shop top housing, car parking and associated works	Matter ongoing	\$35,745	
2015/40167	Class 4 Appeal - Unauthorised works	Matter resolved	\$31,352	-\$203
2015/10739	Class 4 Appeal - Stop Work Order - unlawful works	Matters resolved	\$19,816	
2017/169864	Class 1 Appeal - Deemed refusal of childcare centre	Matter ongoing	\$1,155	
2016/374201	Class 1 Appeal - Council's refusal of a Building Certificate application and Section 96 application for alterations and additions. Unlawful works.	Matter ongoing	\$8,780	
2016/374203	Class 1 Appeal - Section 121ZK(4) EPAA 1979 Order 12 and 15	Matter ongoing	\$7,430	
2016/374202	Class 1 Appeal - Modification Application DA 2014/78/C - rear timber deck	Matter resolved	\$30,390	
2016/383215	Class 1 Appeal - deemed refusal of residential flat building	Matter closed	\$34,915	
TOTAL Land and Environment Court matters			\$1,497,592	-\$11,396

Local Court matters

PROCEEDINGS NO.	MATTER	STATUS	TOTAL COSTS TO DATE	TOTAL LTD LEGAL COST RECOVERY
2016/00194641	Food Prosecution (Win)	Completed	\$7,245	
3071909051 3071909042	Local Court PIN 3071909051 (Unauthorised dog wash) and 3071909042 (unauthorised turntable and roof)	Completed	\$2,757	
N/A	Abuse of mobility parking permit scheme failure to produce ID when requested	Completed	\$494	
N/A	Littering Offence	Completed	\$385	
N/A	Development in breach of development approval	Completed	\$2,380	
3136781560	Prohibited Development Illegal Advertising signs	Completed	\$2,030	-\$2,545
N/A	Appeals against State Debt Recovery Office decisions not to set aside penalty notices	Completed	\$3,850	
3136781203	Breach of the EPAA Act Tree and Bushland Preservation Clause	Completed	\$1,820	
3136824067	Prosecution - Prohibited Development Advertising Trailer	Completed	\$8,194	
TOTAL Local Court matters			\$29,155	-\$2,545

Legal Advice

VENUE	MATTER	STATUS	TOTAL COSTS TO DATE	TOTAL LTD LEGAL COST RECOVERY
Bicentennial Reserve	Public Address System at Bicentennial Reserve Willoughby	Matter completed	\$3,735	
Chandos St	Advice regarding fire safety order	Ongoing	\$2,705	
Fullers Rd	Advice on Development Standard in LEP	Matter closed	\$170	
Greville St	Compliance advise regarding Church of Scientology	Matter completed	\$1,848	
	Advice regarding legal right to obtain access over drainage reserve in West Chatswood	Matter completed	\$4,795	
	Advice regarding Powers of Entry onto residential land/search warrants	Matters completed	\$4,008	
	Advice regarding limitations regarding use of serviced apartments/ tourist and visitor accommodation	Matter completed	\$3,837	
	Advice regarding Affordable Housing Deed	Matter completed	\$4,474	
	Proposed sale of portion of Scott Street Artarmon	Matter ongoing	\$15,584	
Talus Street Reserve	Advice on Parking Restriction on Crown Reserve	Matter resolved	\$1,527	
Tulloh Street	Advice regarding works on Council land	Matter completed	\$2,360	
	Advice regarding unauthorised works carried out by the builder	Matter completed	\$3,141	
TOTAL Legal Advice			\$48,183	

* Note: Legal expenditure for 2016/17 financial year only

5. Private works and financial assistance

Details or a summary (as required by Section 67(3)) of resolutions made during that year under Section 67 concerning work carried out on private land and details or a summary of such work if the cost of the work has been fully or partly subsidised by the Council, together with a statement of the total amount by which the Council has subsidised any such work during the year.

Council did not undertake any works on private land in 2016/17 in accordance with Section 67 of the *Local Government Act 1993*.

6. Grants Awarded (Section 356)

Details of grants awarded by Council during 2016/17.

The total amount contributed or otherwise granted under Section 356.

Children's Services

NO	ORGANISATION	AMOUNT \$
1	Apple and Honey Preschool	3,970
2	Koori Kids	500
3	KYDS Youth Development Service Incorporated	4,000
4	Playgroup Association of NSW Inc	2,126
5	Willoughby Kids House Association Inc	1,725
	Total	12,321

Older People

NO	ORGANISATION	AMOUNT \$
1	Japanese Australian Support in the Community Inc.	1,000
2	Sydney U3a Incorporated	500
	Total	1,500

People with Disabilities

NO	ORGANISATION	AMOUNT \$
1	Active Opportunities Inc.	3,460
2	Lane Cove & North Side Community Services	2,300
3	The Shepherd Centre - For Deaf Children	1,500
	Total	7,260

Arts Assistance

NO	ORGANISATION	AMOUNT \$
1	Chatswood Cantonese Opera Association Inc	3,000
2	Chatswood Musical Society	3,000
3	Conviction Group Incorporated	4,000
4	Emma Anna	2,400
5	Jewish Arts Incorporated	2,460
6	Willoughby City Band Inc	18,000
7	Willoughby Girls High School P&C	3,000

8	Workshops Arts Centre	2,065
9	Armenian Missionary Association of Australia	3,000
10	Chadbad North Shore	3,000
11	Haven Promotions Inc	5,000
12	Nova Employment	5,000
	Total	53,925

Other Community Groups

NO	ORGANISATION	AMOUNT \$
1	Action Foundation for Mental Health	2,000
2	Athletics Australia	500
3	Campsie Cultural Centre Inc	1,000
4	CanRevive Inc.	1,460
5	Castlecrag Community Library	5,000
6	Chatswood Chamber of Commerce	2,000
7	Chinese Cultural Centre	11,000
8	Fresh Tracks	2,000
9	Justin Buchta	2,000
10	Meeting House Inc	1,500
11	NSW Justices Association Incorporated	2,615
12	OzHarvest	3,260
13	Phoenix House Youth Services	2,000
14	Relationships Australia	2,112
15	Sydney Multicultural Community Services Inc	4,000
16	Taiwan Festival Committee Incorporated	2,850
17	Taldumande Youth Services Inc	1,000
18	The Combined Probus Club of Northbridge Inc.	593
19	Walter Burley Griffin Society Incorporated	2,400
20	Willoughby Community Men's Shed Inc	2,475
21	Willoughby District Historical Society Inc	2,300
22	Willoughby Friends of Ossu	1,500
	Total	55,566

Other non-cash items

NO	ORGANISATION	AMOUNT \$
1	Zenith Theatre - ADFAS	8,521
2	Zenith Theatre - Asthma Foundation	4,413
3	Zenith Theatre - Australian Mandarin Christian Church	425
4	Zenith Theatre - Bengali Association of NSW	380
5	Zenith Theatre - Better Business Partners	1,013
6	Zenith Theatre - Board of Studies	1,965
7	Zenith Theatre - Chatswood Musical Society	1,841
8	Zenith Theatre - Engineers Australia	7,344

NO	ORGANISATION	AMOUNT \$
9	Zenith Theatre - Evangelistic Free Church	39,805
10	Zenith Theatre - Gordon Waterhouse	1,600
11	Zenith Theatre - Hamazkaine Theatre Company	2,273
12	Zenith Theatre - Hua Xia Chinese Culture School Inc.	756
13	Zenith Theatre - Nor Pem Theatrical Association	1,650
14	Zenith Theatre - Soroptimist International	624
15	Zenith Theatre - Willoughby Band	31,315
16	1503 Mission Network	2,835
17	A Winter's Day with Stamps Fundraiser	618
18	AA Meetings	17,459
19	Ability Links	41
20	ACCA	16,204
21	Adopt a Village	490
22	Alertforce	35
23	Area 6 Toastmasters	176
24	Artarmon Muslim Community Association	1,792
25	Artarmon Progress Association	320
26	Assistance Dogs Australia	59
27	Australia Taiwanese Friendship Association	190
28	Baptist Care	4,643
29	Beating Time (formerly Sydney U3A Choir)	3,750
30	Better Hearing Australia	423
31	Blessed Dip Gospel Choir Inc	440
32	Bulgarian Cultural & Social Assoc. "Rodina" Inc	3,323
33	BUSK - Bonzer Ukulele and Singing Collective	644
34	Cancer Support Group - CanRevive	224
35	CanSupport	2,844
36	Carers Workshop - Japanese Carers Group	83
37	Catholic Community Services	165
38	Chatswood Early Risers Toastmasters Club Meeting	2,074
39	Chatswood East Progress Association	637
40	Chatswood Speaking & Leadership Club	1,605
41	Chatswood West Ward Progress Association	927
42	Chinese Australian Health Association	1,620
43	Dance Chance	540
44	DCC Chess Club	769
45	DCC Knitting Group	4,725
46	DCC Scrabble Group	8,544
47	DCC Willoughby Senior Citizens	11,109
48	Ecclesia Mission	17,133
49	Grace Anglican Church	3,073
50	Great Light Church	2,925
51	Greater Sydney Commission	175
52	Headspace	2,409
53	Heartmoves (Create U Fitness)	2,535
54	Iranian Cultural and Art Society of NSW - Poetry Night	2,798
55	Japan Club of Sydney	803

NO	ORGANISATION	AMOUNT \$
56	Japan Earthquake and Tsunami Disaster Commemoration	645
57	JASIC	502
58	JCS	1,640
59	Jow Ga Pilates	98
60	Legacy Torch Bearers	603
61	Lifeline	6,987
62	Lifestart Aboriginal and Torres Strait Islander NDIS Transition Support	234
63	Lindfield Ladies Probus Club Inc	220
64	Link Housing	435
65	Macquarie Community College	1,650
66	Mahasiddha Kadampa Meditation Centre	3,526
67	Marian Street Theatre	1,365
68	Matsuri Volunteer Meeting	104
69	Midnight Feast Theatre that Unites	4,889
70	NDIS	145
71	North Shore Orchid Society	2,940
72	Northside Community Forum	562
73	NS District Consumer Forum	110
74	NSWJA Lower North Shore - NSW Justices' North Sydney	1,125
75	OWN Northside	8,968
76	Philatelic Society of NSW	282
77	Probus South Pacific	363
78	Roseville Chase Probus Club	127
79	Rotary Club of Chatswood Sunrise Inc	1,926
80	Saturday Music Group	7,855
81	Senior Society of Japan Club of Sydney Inc	184
82	Sydney New Life Church	4,172
83	Sydney Video Makers Club	2,255
84	Tai Chi Society	1,121
85	The Baha'is Spiritual Assembly of Willoughby	2,370
86	The Centre for the Study of Self Knowledge	714
87	Toastmasters Club Leader Training	140
88	TUSI Networking	90
89	U3A	12,092
90	Uniting NDIS	150
91	UPI Club North	135
92	Volunteers Function	130
93	Wayahead Mental Health	1,430
94	Yoga Janet Statham	683
95	Young Carers Wellbeing Day	380
	Total	298,420
	Total Grants Awarded	428,991

7. Statement of corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or not incorporated) in which Council held a controlling interest during that year

Council has no controlling interests in any companies.

8. Statement of all external bodies that during the year exercised functions delegated by the Council

There were no external bodies carrying out functions during 2016/17 that were delegated by Council.

9. Statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or not incorporated) in which the Council participated during that year

Council is involved in the following partnerships, co-operatives or other joint ventures:

- **Aboriginal Heritage Management Program** – A joint venture between Lane Cove, North Sydney, Ku-ring-gai, Strathfield, Northern Beaches, Ryde, and Willoughby Councils, and the Department of the Environment and NSW Heritage Office to effectively manage and preserve Aboriginal heritage sites across the participating government areas.
- **Civic Place Trust** – The Trust is a public fund established to hold donations and bequests and to assist in the construction, maintenance and operation of the various facilities within The Concourse in Civic Place.
- **Dougherty Apartments Retirement Housing Project** – A Company Limited by Guarantee, membership comprising Council and the NSW Department of Housing. The Apartments, which are situated at No 1 Victor Street, Chatswood, provide varying types of accommodation such as:
 - rental housing for clients of the Department of Housing
 - self-funding retirement housing, and
 - a 40 bed hostel where rooms are serviced for the occupants.
- **MOU Harvesting of Treated Water from Lane Cove Tunnel Lane Cove West** – Memorandum of Understanding between Council and Connector Motorways P/L to clarify access to the treated groundwater from Lane Cove Tunnel for use in the water harvesting project at Mowbray Park.
- **Northern Sydney Regional Organisation of Councils (NSROC)** – An organisation representing issues in local government for the greater Sydney region.
- **North West Metropolitan Region Emergency Management Committee** – This Committee manages the arrangements for the prevention of, preparation for, response to, and recovery from emergency situations within the North West Emergency Management Region of Sydney.
- **SBS Childcare** – A tripartite agreement between Council, SBS Corporation and SBS Child Care Centre to provide SBS employees with child care and include some places for community access. The agreement is in the process of being wound up.
- **Shorelink** – A library management network between North Sydney, Mosman, Lane Cove, Manly and Willoughby which links the library resources of the member councils giving borrowers access to a range of books, audio and other library materials. Council has now given notice to leave this network.

- **Statewide Mutual Insurance Pool** – A co-operative of a number of councils with the objective of minimising the insurance premiums payable by member councils and sharing risk strategies.
- **StateCover** – StateCover is a company providing workers' compensation insurance cover to the NSW local government industry and specifically Council. Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.
- **Sydney Coastal Councils Group (SCCG)** – A group of 14 councils formed to promote co-ordination between Member Councils on environmental issues relating to the sustainable management of the urban coastal environment.
- **Northern Sydney Councils Waste Services Alliance** – A waste processing and disposal participation agreement between Willoughby, North Sydney, Ku-ring-gai, Lane Cove, Hunters Hill and Ryde Councils, setting out how the Councils will make decisions in relation to the procurement and management of a joint municipal solid waste processing and disposal contract.
- **Willoughby/Lane Cove Family Day Care** – A joint scheme to assist home based child care operators. This service provides additional home care for children outside the child care services supplied by Council.
- **Willoughby/Lane Cove Local Emergency Committee** – This Committee is responsible for the preparation, response and recovery for emergencies which require a significant and co-ordinate response at the local level. It operates under the provisions of the *State Emergency and Rescue Management Act, 1993*.

10. Statement of activities undertaken to implement Council's Workforce Plan

Workforce Plan

Council's third iteration of the workforce plan was completed in June 2016/17. The plan continues to be the centrepiece of Council's employment activities, as well as being the major driver of Human Resources strategy development.

As indicated in the plan, Council is entering its third year of an improvement and cultural change program. The previous two years have seen significant improvement across a range of areas. As a result, the organisation is well placed with strong financials, an efficient and aligned workforce, greatly enhanced governance, excellent project and capital works delivery and increasing levels of community engagement.

Analysis shows that the key workforce risks to Council not meeting its delivery program are:

- Increased competition for staff, particularly in the critical and difficult-to-fill job groups
- Lack of required skills in existing staff
- Inability to secure appropriately skilled staff to replace those leaving
- Loss of operational knowledge as long term staff retire
- An increasing skills gap between available and required talent

To mitigate these risks, Council is continuing its program of organisational streamlining, capacity building and leadership development with particular emphasis on innovation and collaboration, as well as flexible work practices and other strategies to attract and retain staff.

The Workforce Plan was impacted by the potential merger of Council with Mosman and North Sydney Councils. Specific strategies that were developed to support the proposed merger and to ensure the Community and Stakeholders continued to enjoy efficient customer

orientated services are still relevant, however, regardless of the fact that the merger has been abandoned.

The plan is monitored by the Strategic Human Resources Unit and assists Council in addressing important staffing matters, including equal employment opportunity management planning. In essence, the workforce plan is an effective equity and diversity tool which assists Council in ensuring the employment of a diverse workforce representative of the community in which it operates.

Equal Employment Opportunity

Human Resources policies and procedures are continually reviewed to ensure they are consistent with the principles of Equal Employment Opportunity (EEO). These principles are the cornerstone of Councils recruitment, selection and development processes. They are also incorporated into all relevant internal training programs including:

- New staff inductions
- Grievance Handling
- Bullying, Harassment and Workplace Violence Prevention
- Code of Conduct
- Performance Planning and Review System
- Recruitment and Selection
- Managing Unsatisfactory Performance/Conduct

The Training and Development Specialist reviews all training methods and materials to ensure respect for individual differences, cultures and gender.

11. Statement of other human resource activities

Policy and Procedures

Human Resources policies and procedures are continually reviewed to ensure they are consistent with the principles of Equal Employment Opportunity (EEO).

The following policies were implemented for the first time in 16/17:

- Recognition and Reward
- Children in the Workplace

The following initiatives were introduced, amended or expanded:

- All staff are now using the employee performance management module in Pulse
- The process for registering for training, conferences and seminars has been amended to comply with the revised procurement policy
- One on one coaching of Convenor's of selection panels has been introduced
- New ways of working initiatives are continually refined and promoted to help meet the work life balance needs of all generations working for Council
- A range of health and wellbeing programs are provided to cater for differing ages and health needs

Workplace Representation

The following Committees continue to operate effectively and with appropriate representation:

- Joint Consultative Committee
- Motor Vehicle Safety Committee
- Health and Safety Committee

Human Resources

The Strategic Human Resources Unit co-ordinates the recruitment and selection process which resulted in 51 external appointments for the year. The Human Resources Team also provides an advisory service to supervisors and managers, to assist them in meeting their human resource management responsibilities and to ensure compliance with all relevant legislation.

Work Health and Safety

Work Health and Safety (WHS) is an important issue within Council and objectives and targets are set for each financial year. With this in mind, WHS benchmarks relating to time taken to close out hazards and incidents as well as Lost Time Injury Incidents Rates were included in the corporate scorecard. The lost time injury rate for 2016/17 was 2.80 which met the target of less than or equal to 4.10.

Reporting hazards, incidents and workplace inspections continued for 2016 /17 with an emphasis on the responsibility of managers and supervisors to find effective corrective actions within the established corporate timeframes.

An Online WHS system was rolled out in March 2017. This system should streamline the reporting of WHS compliance activities.

Health and Wellbeing

Council has taken a holistic, proactive approach to health and wellbeing and offers an array of programs to assist staff in improving their personal health and wellbeing.

Flexible work practices are an integral part of the initiative as they are essentially about creating and maintaining a supportive and, therefore, healthy work environment. As at 30 June 2017, 19 staff were accessing flexible work practices.

The ability to successfully meet many work related challenges, particularly those associated with change while delivering to the community and other stakeholders requires a resilient and adaptable organisation. To this end, Council has been proactive in offering mindfulness programs such as the Mindful Leadership Program, to assist staff in this regard. The Mindful Leadership program was attended by the Executive Leadership Team and all Unit Managers. General staff were also provided with the opportunity to participate in mindfulness training.

Council's Employee Assistance Program remains in place for the support of staff and family members and 159 staff participated in the flu-vacs program.

Training and Development

Council's training and development program is co-ordinated by a dedicated Training and Development Specialist and includes internal, external and regional training initiatives.

Staff development requirements identified in annual performance reviews form the basis of the training and development program. In addition training was provided to support staff in times of change and to assist them in becoming merger ready. This training included:

- Corruption Prevention
- Disability Awareness Training
- Formal Induction Training – including Code of Conduct, Protected Disclosure, Harassment, Bullying and Workplace Violence Prevention etc.
- Intranet Training
- Microsoft Office refresher training
- Project Management
- Promapp Training

- Recruitment and Selection Training
- Training for supervisors and team leaders.
- Mindfulness Training

12. General Manager and Senior Staff

In 2016/17 the contracted senior staff of Council comprised the General Manager, the Planning and Infrastructure Director, the Community, Culture and Leisure Director and the Customer and Corporate Director.

OFFICER	SALARY	OTHER PAYMENTS	SUPER	NON-CASH BENEFITS	FRINGE BENEFITS TAX	TOTAL PACKAGE
General Manager	\$313,671	-	\$29,799	-		\$343,470
Senior Staff	\$699,287	\$181,992	\$63,360	\$10,601	\$8,500	\$963,740

13. Stormwater Management Services

Council levied its first charge for the provision of stormwater management in the 2007/8 financial year. The levy was:

- \$25.00 per rateable residential property
- \$12.50 per rateable strata titled property
- \$25.00 per 350 square metres for business related properties.

In 2016/17 Council implemented a number of stormwater drainage works programmes funded from various sources, including the stormwater management levy. These included:

- Reline invert eroded and/or cracked pipelines to extend life of the infrastructure at Nicholson St, Kameruka Rd, Mabel/Penshurst St, Beresford Ave and Eddy Rd.
- Reline and reconstruction of collapsed pipeline at Mowbray/Alpha Rd.
- Reconstruct collapsed pipe at Chatswood High School Oval.
- Repair/reconstruct damaged/deteriorated brick lined Flat Rock Creek open channel.
- CCTV of stormwater pipeline as part of the Council's drainage network condition auditing program.
- Cleaning of stormwater pipeline to clear blockages.

The selection of the above projects was based on condition data collected using CCTV as part of Council's stormwater drainage condition auditing program. Identified repair works are prioritised and rated depending on the potential of local flooding and Council's risk exposure from property damage. The prioritising of drainage improvement works reflects Council's Management Plan Activity 6: Infrastructure, Transport and Access Management.

The expenditure for the above projects reflects the operational plan and budget allocation for the year.

14. Information on companion animal management

Companion Animal Management Plan – Council has adopted a Companion Animal Management Plan which takes into account the contemporary issues in companion animal management. Council also makes reference to the 'Guideline on the exercise of functions under the Companion Animals Act' issued by the NSW Office of Local Government.

Animal Registration – Companion Animal Registration Returns are sent to the Department on a monthly basis and Council follows up the owners of unregistered animals to make them aware of the need to register their pets. Council carries out education programmes to make current and prospective owners aware of the need to identify and register their pets.

Stray dogs – Stray dogs are captured by the Rangers and where possible returned to their owners using the Companion Animals Register to obtain identification and contact details. Dogs which cannot be identified or, where the owners cannot be contacted, are impounded. These dogs are left at a local vet for 48 hours whilst the owner is contacted. Dogs which are not claimed after 48 hours are transferred to Blacktown Animal Holding Facility, 415 Flushcombe Road, Blacktown 2148.

Barking dogs – Council's Rangers investigate complaints about the noise nuisance created by barking dogs. The question about what constitutes a noise nuisance can be subjective and so the Rangers have adopted a procedure that includes surveillance, questionnaires to neighbours and negotiations with owners to deal with these complaints.

Unleashed Dog Exercise Areas – Fourteen unleashed exercise areas have been set aside in the City for owners to exercise their dogs. Some of these areas have access and time restrictions so other park users can also enjoy the facilities. Council provides dog litter disposal bags from dispensers located in 10 of the most popular of these exercise areas to assist owners to clean up after their pets. These dispensers are replenished on a weekly basis.

Wildlife Protection Areas – Council has designated a number of reserves in the City as Wildlife Protection Areas. This action prevents or places limits on the use of the reserves by companion animals and gives Council the power to impose fines on people who allow their pets to enter these reserves contrary to the signage.

Homeless cats in bushland – To limit the threat to native wildlife in our reserves, Council's Bushland Staff periodically conduct trapping programmes in bushland where there is evidence that homeless cats are active. These trapping programmes together with the annual fox baiting programme have led to a tangible increase in the native wildlife population in our reserves.

Initiatives to educate people regarding Companion Animals – Council has produced a number of brochures on Responsible Dog and Cat Ownership, Barking Dogs, Unleashed Dog Exercise Areas and Wildlife Protection Areas. These can be downloaded from our website or are available at Council's Customer Service Desk on Level 4, 31 Victor Street, Chatswood.

Companion Animals Registration Fees – During the 2016/17 year Council remitted a total of \$33,610 in registration fees to the Office of Local Government. An amount of \$16,227 was received back from the Office.

These funds were used to:

- provide dog litter bag dispensers together with the disposal bags in selected unleashed dog exercise areas and to service them on a weekly basis
- signage to inform residents about the Wildlife Protection Areas
- production and printing of Ranger activities in education and the enforcement of the Companion Animals Act
- Payment of animal pound fees and fees to Vetfriends, the vet facility which receives impounded animals in the first instance, and to Blacktown Animal Holding Facility, Council's designated animal pound.

Lodgement of Companion Animal Returns – Council has complied with the requirements of the Office of Local Government in submitting returns for pound collection data and dog attacks.

Dog attacks and Dangerous Dog Declarations – Dog attacks and dangerous dog declarations are notified to the Office in accordance with statutory requirements.

Thirty one dog attack incidents were reported to the Office of Local Government during the year.

According to the Companion Animals Register, as at 30 June 2017:

- There were 31 dog attacks and 1 dog was declared dangerous.
- There is one restricted breed animal registered in Willoughby.

15. National Competition Policy

National Competition Policy requires Council to identify its 'Business Activities' and to apply the principle of competitive neutrality to these businesses.

The principle of competitive neutrality is based on the concept of a 'level playing field' between persons competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that Council should operate without net competitive advantages over other businesses as a result of its public ownership which means that when Council competes in the market place it should do so on a basis that does not utilise its public sector position to gain unfair advantage over a private sector competitor.

In adopting the above principle, Council is required to determine the full costs of carrying out a business activity including tax equivalent regime payments such as sales tax, land tax, etc.

Any subsidy provided by Council must be made explicit in the calculations. In terms of national Competition policy, there are two categories of business activities and they have differing reporting requirements as follows:

Category 1 Business

Category 1 Businesses have a gross operating turnover of \$2 million or greater.

Councils are required to apply Taxation Equivalent Payments in accordance with the requirements of *Pricing and Costing for Council Businesses - A Guide to Competitive Neutrality*.

All Category 1 businesses are expected to generate a return on capital invested. In a competitive market the return on invested capital should be equal or better than the return on a Commonwealth 10 year bond.

When determining the level of any subsidy, Council is required to include a return on capital invested in the calculations and make the subsidy explicit.

Category 2 Business

Category 2 Businesses have a gross operating turnover of less than \$2 million.

Councils are required to apply if practical, Taxation Equivalent Payments in accordance with the requirements of *Pricing and Costing for Council Businesses - A Guide to Competitive Neutrality*.

Category 2 businesses are encouraged to generate a return on capital invested.

When determining the level of any subsidy, Council is encouraged to factor into its calculations a return on capital invested in the calculations. The subsidy is to be made explicit in the calculations.

Council Business Activities

The Council as part of its Operational Plan and ongoing Budget Review process reviews its operations to ensure that any changes in the classification of business activities are carried out in a timely manner.

The following services are Council's 'Business Activities' in terms of National Competition Policy:

Devonshire Street Child Care

This Centre provides long day child care services for up to 59 places at its premises situated at 36-38 Devonshire Street Chatswood from 7.30am to 6.00 pm.

As the total annual operating revenues is less than \$2,000,000, it is defined as a 'Category 2 Business'.

Family Day Care

The Willoughby/Lane Cove Family Day Care service arranges day care services for children in need of care from ages 0-12 years at a registered carer's home.

As the total annual operating revenues is less than \$2,000,000, it is defined as a 'Category 2 Business'.

Before / After School Care / Vacation Care

Council operates Before & After School Care services for children at the following centres:

- Artarmon (BSC & ASC)
- Chatswood (ASC)
- Bales Park (ASC)

Before School Care hours are from 7.30am to 9.00am and After School Care Hours are from 3.00pm to 6.00 pm.

In addition Council in conjunction with the State Government operates Vacation Care Services at the following centres during school holidays:

- Artarmon Vacation Care Centre
- Bales Park Vacation Care Centre
- Chatswood Vacation Care Centre

As the total annual operating revenues is less than \$2,000,000, it is defined as a 'Category 2 Business'.

Dougherty Food Services

Dougherty Food services is a commercial food kitchen that supplies meals on a contract basis to a number of organisations as well as catering for functions and the operation of a coffee shop.

As the total annual operating revenue is less than \$2,000,000, it is defined as a 'Category 2 Business'.

Willoughby Leisure Centre

Willoughby Leisure Centre includes a public swimming pool, gymnasium, indoor sports hall and other associated facilities.

As the total annual operating revenue is greater than \$2,000,000, it is defined as a 'Category 1 Business'.

The Concourse Precinct

The Concourse Precinct includes the Chatswood Library, a Concert Hall, Theatre, Art Space, Urban Screen, restaurants, cafés and other entertainment and parking facilities.

As the total annual operating revenue is greater than \$2,000,000, it is defined as a 'Category 1 Business'.

Whilst the Council considers many of these activities community services, as there exists a degree of private competition within the specific industry, they are classified as Business Activities for National Competition Policy purposes.

The Council has factored into its business activities full cost attribution which includes a proportion of corporate overhead costs. Council has applied the full requirements of competitive neutrality pricing applicable to Category 1 business activities including taxation equivalent payments, corporate taxation and a return on capital when calculating the notional subsidy from Council.

Enquiries and complaints regarding competitive neutrality should be directed to Council's Chief Financial Officer.

Council has not received any complaints in respect of competitive neutrality during the 2016/17 financial year.

16. Special Rate Variation

In May 2015, the Independent Pricing and Regulatory Tribunal (IPART) approved Council's application for a seven year Infrastructure Levy. The levy will raise an estimated \$20.382M over the seven years and Council will provide additional funding (above annual recurrent expenditure of \$19.887M), a total of \$40.269M which will be spent on asset renewal works.

The additional rate income raised \$2.883M in 2016/17 with Council allocating a further \$2.163M to develop a program of works totalling \$5.046M. In addition \$1.097M was carried over from 2015/16 to 2016/17 to meet the incomplete budgeted works.

The actual spend totalled \$5.18M and was spent on the following Asset Classes:

- Bridges – \$7K
- Buildings –\$877K
- Drainage – \$1,179K
- Footpaths – \$518K
- Parks – \$287K
- Playgrounds – \$805K
- Sporting Fields – \$1,507K

An amount of \$435K was carried forward by Council to 2017/18 in order to complete all budgeted works, with a further \$402K Externally Restricted within the 2016/17 Annual Financial Statements for future use.

17. Rates and Charges Regulation 1993

Abandonment Register 2016/17

DATE	RATE ACCOUNT	RATEPAYER	RATE TYPE	TRANS TYPE	JOURNAL	\$	COMMENT
30-Jun	Various	Small Balance	RES	Various	EOY	\$0.01	
30-Jun	Various	Small Balance	BUS	Various	EOY	\$3.11	
30-Jun	Various	Small Balance	CTC	Various	EOY	\$2.05	
30-Jun	Various	Small Balance	DWM	Various	EOY	\$0.20	
30-Jun	Various	Small Balance	PDWM	Various	EOY	\$10.60	
30-Jun	Various	Small Balance	S-STORE	Various	EOY	\$3.00	
30-Jun	Various	Small Balance	CMR-W	Various	EOY	\$0.00	
30-Jun	Various	Small Balance	SWRES	Various	EOY	\$20.88	
30-Jun	Various	Small Balance	SWBUS	Various	EOY	\$4.35	
30-Jun	Various	Small Balance	SWRES-S	Various	EOY	\$11.50	
30-Jun	Various	Small Balance	SWBUS-S	Various	EOY	\$17.44	
30-Jun	Various	Small Balance	ERB	Various	EOY	\$0.00	
30-Jun	Various	Small Balance	EGW	Various	EOY	\$0.00	
30-Jun	Various	Small Balance	SFDWM	Various	EOY	\$1.03	
		Proposed Rates	Res	Various	EOY	\$2,741.90	Postponed Rates from 2012/13
		Proposed Interest	Res	Various	EOY	\$1,125.20	Postponed Interest from 2012/13
Sub Total						\$3,941.27	
To 30-Jun	Various	Pension Rebates for 2016/17	RES/DWM	Rebate		\$499,798.23	Pension Rebates for Year
Total Abandoned for 2016/17						\$503,739.50	
Rates and Charges						\$3,941.27	

18. Information Protection Principles

The *Privacy and Personal Information Protection Act 1998* provides for the protection of personal information and for the protection of the privacy of individuals generally. It establishes twelve information protection principles which cover the collection, storage, use, access to and disclosure of personal information.

Council's revised Privacy Management Plan, based on the Model Privacy Management Plan issued by the Office of Local Government, is available on Council's website.

The Council has nominated a Privacy Officer (the Public Officer) to overview its procedures to ensure compliance with the legislation.

No Internal Reviews (under Section 43) were carried out during the period covered by this report. There was no action required by the Privacy Commissioner regarding reviews or appeals.

19. Government Information (Public Access) Application – Annual Report

In keeping with the requirements of the *Government Information (Public Access) Act 2009* (GIPA Act), Council publishes a wide range of information on its website to facilitate the public access to Council information.

Council also processes Informal Access Requests for people who wish to access particular files and other documents. During the current reporting period, 612 informal access requests were processed.

The information in the tables overpage relate to Council's responses to Formal Access requests dealt with during the year.

Table A – Number of applications by type of applicant and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of parliament	0	0	0	0	0	0	0	0
Private sector business	0	1	1	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	8	1	0	0	0	0	0	0
Members of the public (other)	15	2	0	0	0	0	0	0

Table B – Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications	5	1	0	0	0	0	0	0
Access applications (other than personal information applications)	0	1	3	0	0	0	0	0
Access applications that are partly personal information applications and partly other	18	0	0	0	0	0	0	0

Table C – Invalid Applications

There were no invalid applications received.

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

	NUMBER OF TIMES CONSIDERATION USED
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	2
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

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

	NUMBER OF OCCASIONS WHEN APPLICATION NOT SUCCESSFUL
Responsible and effective government	1
Law enforcement and security	0
Individual rights, judicial processes and natural justice	2
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F – Timeliness

	NUMBER OF APPLICATIONS
Decided within the statutory timeframe (20 days plus any extensions)	26
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	2
Total	28

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

	DECISION VARIED	DECISION UPHELD	TOTAL
Internal review	1	0	1
Review by Information Commissioner	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	2	2
Total	1	2	3

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

	NUMBER OF APPLICATIONS FOR REVIEW
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Table I – Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

	NUMBER OF APPLICATIONS FOR REVIEW
Agency-initiated transfers	0
Applicant-initiated transfers	0

20. Public Interest Disclosure Report

In accordance with the provisions of the Public Interest Disclosure Act, Council must submit a report to the NSW Ombudsman regarding the complaints dealt with under the Act.

One disclosure was received by Council in the reporting period and reported to the NSW Ombudsman.

21. Planning Agreements

The following Voluntary Planning Agreements are in force:

LAND SUBJECT OF AGREEMENT	PARTIES TO AGREEMENT	DESCRIPTION OF AGREEMENT
ABC Site at Gore Hill - 217 Pacific Hwy (cnr Campbell St), Artarmon	Lindsay Bennelong Developments Pty Ltd.	The effect of the Planning Agreement is that the developer must provide: (1) a community building, (2) a shuttle bus service, and (3) a sporting and recreation facility in lieu of s.94 and s 94A contributions.
65 Albert Avenue, Chatswood	Mandarin Development P/L	The VPA makes a monetary contribution towards a shortfall in car parking arising from the development.
1 Anderson Street, Chatswood	Westfield Shopping Centre	The VPA makes a monetary contribution towards a shortfall in car parking arising from the development of the Anderson Street 'Eat Street' area.
73 Albert Avenue, Chatswood	Iglu No 202 P/L	The Agreement proposes: (1) dedication of Thomas Lane road reservation land, and (2) Thomas Lane embellishment works.
654-666 Pacific Highway, 2A Oliver Rd and 1 Freeman Rd, Chatswood	Daraki Holdings	This Agreement: (1) dedicates 3 metres along Oliver Road for the purposes of local road widening, and (2) dedicates one metre along Freeman Road for the purposes of local road widening.

22. Assets Reporting

The intent of this section is to report on the condition of the public works (including public buildings, public roads and water, sewerage and drainage works) under the control of Council as at the end of the year, together with:

- an estimate (at current values) of the amount of money required to bring the works up to a satisfactory standard; and
- an estimate (at current values) of the annual expense of maintaining the works at that standard; and
- Council's programme of maintenance for that year in respect of the works.

The condition of public works under the control of Council as at 30/6/2017 is reported in Special Schedule 7 of the annual financial statements, which can be found at the end of this document.

Special Schedule 7 includes the cost to bring assets up to a satisfactory standard, as defined through extensive community engagement throughout 2013, as well as the estimated maintenance expenditure required to keep assets at that level. The process through which the standards were arrived at and costed is documented in Council's Asset Management Strategy.

In early 2015, Council's application to the Independent Pricing and Regulatory Tribunal (IPART) for an Infrastructure Levy was approved. With these funds, 61 additional projects were undertaken, targeted at renewing aging infrastructure and reducing Council's infrastructure backlog. The funding was distributed amongst different classes of assets as follows.

ASSET CLASS	INFRASTRUCTURE LEVY SPENDING FOR 2016/17	NUMBER OF PROJECTS
Buildings	\$877K	14
Open Space	\$2,599K	28
Footpaths	\$518K	11
Stormwater	\$1,179K	4
Bridges	\$7K	1
TOTAL	\$5,180K	58

A prioritised works program (subject to current funding arrangements) is documented in Council's Operational Plan and Budget for 2017/18. Forward estimates of asset management benchmarks reported in Special Schedule 7 are provided in The Long Term Financial Plan.

23. State of the Environment

See Sustainability Action Plan Report Card (Attachment 1)

24. e.Restore

For information about Council's e.Restore programme, please refer to the attached link on Council's website:

<http://www.willoughby.nsw.gov.au/Environment---Sustainability/e-restore/>



Section Three

General Purpose Financial Statements

for the year ended 30 June 2017

General Purpose Financial Statements

for the year ended 30 June 2017

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Willoughby City Council.
- (ii) Willoughby City Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by the Council on 30 October 2017. Council has the power to amend and reissue these financial statements.
-

General Purpose Financial Statements for the year ended 30 June 2017

Understanding Council's financial statements

Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2017.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the financial statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

More information

A review of Council's financial performance and position for the 16/17 financial year can be found at Note 29 of the financial statements.

Willoughby City Council

General Purpose Financial Statements
for the year ended 30 June 2017

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

The attached General Purpose Financial Statements have been prepared in accordance with:

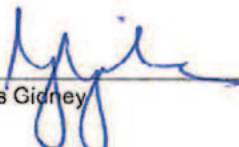
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these financial statements:

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

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


Signed in accordance with a resolution of Council made on 23 October 2017.



Gail Giles Gidney
Mayor



Hugh Eriksson
Deputy Mayor



Debra Just
General manager



Michael Duffy
Responsible accounting officer

Willoughby City Council

Income Statement

for the year ended 30 June 2017

Budget ¹ 2017	\$ '000	Notes	Actual 2017	Actual 2016
Income from continuing operations				
Revenue:				
62,992	Rates and annual charges	3a	62,794	60,944
18,945	User charges and fees	3b	17,909	19,056
2,909	Interest and investment revenue	3c	3,109	3,293
18,287	Other revenues	3d	23,235	21,777
6,665	Grants and contributions provided for operating purposes	3e,f	8,376	7,251
9,131	Grants and contributions provided for capital purposes	3e,f	3,635	22,394
Other income:				
160	Net gains from the disposal of assets	5	263	307
119,089	Total income from continuing operations		119,321	135,022
Expenses from continuing operations				
41,191	Employee benefits and on-costs	4a	38,721	39,794
1,755	Borrowing costs	4b	2,450	2,590
34,149	Materials and contracts	4c	31,868	32,250
10,807	Depreciation and amortisation	4d	11,394	11,724
–	Impairment	4d	–	–
14,456	Other expenses	4e	13,397	13,106
5	Net share of interests in joint ventures and associates using the equity method	19	1	22
102,363	Total expenses from continuing operations		97,831	99,486
16,726	Operating result from continuing operations		21,490	35,536
16,726	Net operating result for the year		21,490	35,536
16,726	Net operating result attributable to Council		21,490	35,536
7,595	Net operating result for the year before grants and contributions provided for capital purposes		17,855	13,142

¹ Original budget as approved by Council – refer Note 16. Note the 2017 Budget figures are unaudited.

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

Willoughby City Council

Statement of Comprehensive Income for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Restated 2016
Net operating result for the year (as per Income Statement)		21,490	35,536
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	13,690	26,133
Total items which will not be reclassified subsequently to the operating result		13,690	26,133
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the year		13,690	26,133
Total comprehensive income for the year		35,180	61,669
Total comprehensive income attributable to Council		35,180	61,669

Willoughby City Council

Statement of Financial Position

as at 30 June 2017

\$ '000	Notes	Actual 2017	Restated 30/6/2016	Restated 1/7/2015
ASSETS				
Current assets				
Cash and cash equivalents	6a	6,971	7,326	6,250
Investments	6b	109,088	94,964	78,847
Receivables	7	5,163	4,979	4,813
Inventories	8	24	24	24
Other	8	345	406	493
Total current assets		121,591	107,699	90,427
Non-current assets				
Investments	6b	–	1,994	5,015
Receivables	7	52	37	36
Infrastructure, property, plant and equipment	9	1,374,210	1,354,523	1,312,884
Investments accounted for using the equity method	19	33	34	56
Investment property	14	74,285	70,885	67,717
Total non-current assets		1,448,580	1,427,473	1,385,708
TOTAL ASSETS		1,570,171	1,535,172	1,476,135
LIABILITIES				
Current liabilities				
Payables	10	19,804	17,340	16,030
Income received in advance	10	513	774	918
Borrowings	10	1,621	2,980	3,859
Provisions	10	10,351	10,412	11,060
Total current liabilities		32,289	31,506	31,867
Non-current liabilities				
Borrowings	10	42,589	43,479	45,736
Provisions	10	300	374	388
Total non-current liabilities		42,889	43,853	46,124
TOTAL LIABILITIES		75,178	75,359	77,991
Net assets		1,494,993	1,459,813	1,398,144
EQUITY				
Retained earnings	20	1,133,236	1,111,746	1,076,210
Revaluation reserves	20	361,757	348,067	321,934
Council equity interest		1,494,993	1,459,813	1,398,144
Total equity		1,494,993	1,459,813	1,398,144

This Statement should be read in conjunction with the accompanying Notes.

Statement of Changes in Equity
for the year ended 30 June 2017

	Notes	2017					2016						
		Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity	Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity
\$ '000													
Opening balance ^(Restated)		1,111,746	348,067	-	1,459,813	-	1,459,813	-	-	2,853,569	-	2,853,569	
a. Correction of prior period errors	20 (c)	-	-	-	-	-	(1,383,210)	-	-	(1,455,425)	-	(1,455,425)	
b. Changes in accounting policies (prior year effects)	20 (d)	-	-	-	-	-	-	-	-	-	-	-	
Revised opening balance		1,111,746	348,067	-	1,459,813	-	1,076,210	321,934	-	1,398,144	-	1,398,144	
c. Net operating result for the year		21,490	-	-	21,490	-	35,536	-	-	35,536	-	35,536	
d. Other comprehensive income													
- Revaluations: IPP&E asset revaluation rsve	20b (ii)	-	13,690	-	13,690	-	-	26,133	-	26,133	-	26,133	
- Revaluations: other reserves	20b (ii)	-	-	-	-	-	-	-	-	-	-	-	
- Transfers to Income Statement	20b (ii)	-	-	-	-	-	-	-	-	-	-	-	
- Impairment (loss) reversal relating to IPP&E	20b (ii)	-	-	-	-	-	-	-	-	-	-	-	
- Joint ventures and associates	19b	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income		-	13,690	-	13,690	-	-	26,133	-	26,133	-	26,133	
Total comprehensive income (c&d)		21,490	13,690	-	35,180	-	35,536	26,133	-	61,669	-	61,669	
e. Distributions to/(contributions from) non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	
f. Transfers between equity		-	-	-	-	-	-	-	-	-	-	-	
Equity – balance at end of the reporting period		1,133,236	361,757	-	1,494,993	-	1,111,746	348,067	-	1,459,813	-	1,459,813	

This Statement should be read in conjunction with the accompanying Notes.

Willoughby City Council

Statement of Cash Flows

for the year ended 30 June 2017

Budget 2017	\$ '000	Notes	Actual 2017	Actual 2016
Cash flows from operating activities				
Receipts:				
62,965	Rates and annual charges		62,746	60,941
19,314	User charges and fees		18,946	20,001
2,909	Investment and interest revenue received		2,927	3,038
15,796	Grants and contributions		11,727	20,325
–	Bonds, deposits and retention amounts received		3,355	3,769
18,287	Other		24,527	23,152
Payments:				
(40,578)	Employee benefits and on-costs		(38,941)	(40,501)
(31,811)	Materials and contracts		(33,552)	(34,521)
(1,755)	Borrowing costs		(2,465)	(1,904)
–	Bonds, deposits and retention amounts refunded		(1,738)	(2,186)
(14,456)	Other		(16,356)	(16,647)
30,671	Net cash provided (or used in) operating activities	11b	31,176	35,467
Cash flows from investing activities				
Receipts:				
42,173	Sale of investment securities		40,544	32,000
410	Sale of investment property		–	–
–	Sale of infrastructure, property, plant and equipment		350	391
Payments:				
(40,000)	Purchase of investment securities		(52,683)	(45,112)
–	Purchase of investment property		–	(107)
(22,080)	Purchase of infrastructure, property, plant and equipment		(17,478)	(17,704)
–	Deferred debtors and advances made		(15)	–
(19,497)	Net cash provided (or used in) investing activities		(29,282)	(30,532)
Cash flows from financing activities				
Receipts:				
Nil				
Payments:				
(2,959)	Repayment of borrowings and advances		(2,249)	(3,859)
(2,959)	Net cash flow provided (used in) financing activities		(2,249)	(3,859)
8,215	Net increase/(decrease) in cash and cash equivalents		(355)	1,076
7,326	Plus: cash and cash equivalents – beginning of year	11a	7,326	6,250
15,541	Cash and cash equivalents – end of the year	11a	6,971	7,326
Additional Information:				
	plus: Investments on hand – end of year	6b	109,088	96,958
Total cash, cash equivalents and investments			116,059	104,284

Please refer to Note 11 for additional cash flow information

This Statement should be read in conjunction with the accompanying Notes.

Notes to the Financial Statements

for the year ended 30 June 2017

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n/a – not applicable

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the Local Government Act 1993 (NSW) and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

(i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance, however note 28 has been added.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11] was adopted during the year, the impact of this standard had no impact on reporting financial position or performance.

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of property, plant and equipment and investment property.

(iv) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment,

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below.

Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

(i) Rates, annual charges, grants and contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

Control over assets acquired from rates and annual charges is obtained at the commencement of the

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

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

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

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

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

(ii) User charges and fees

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

(iii) Sale of infrastructure, property, plant and equipment

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

(iv) Interest

Interest income is recognised using the effective interest rate at the date that interest is earned.

(v) Rent

Rental income is accounted for on a straight-line basis over the lease term.

(vi) Other income

Other income is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

(c) Principles of consolidation

(i) The Consolidated Fund

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

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- *General Purpose Operations*

(ii) The Trust Fund

Council does not maintain a separate and distinct trust fund in accordance with the provisions of Section 411 of the Local Government Act 1993(as amended). Separate and distinct cash funded liability accounts are maintained to account for all externally restricted money and property received by Council which must be applied only for the purposes of or in accordance with the restrictions relating to those monies.

All externally restricted monies and property subject to council's control have been included in these statements.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

All externally restricted monies and property held by council but not subject to the control of Council has been excluded from these statements.

(iii) County Councils

Council is not a member of any county councils.

(iv) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

Joint ventures

Joint ventures represent operational arrangements where the joint control parties have rights to the net assets of the arrangement.

Any interests in joint ventures are accounted for using the equity method and are carried at cost.

Under the equity method, Council's share of the operation's profits/(losses) are recognised in the income statement and its share of movements in retained earnings and reserves are recognised in the balance sheet.

Detailed information relating to Council's joint ventures can be found at Note 19 (b).

(d) Leases

Council has no finance leases.

Lease income from operating leases where Council is a lessor is recognised as income on a straight-line basis over the lease term.

(e) Impairment of assets

Intangible assets that have an indefinite useful life or are not yet available for use 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 assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(g) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

costs of completion and the estimated costs necessary to make the sale.

(ii) Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

(iii) Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(h) Non-current assets (or disposal groups) held for sale and discontinued operations

Council does not currently have any Non-Current Assets held for Sale and discontinued operations.

(i) Investments and other financial assets

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which that are classified as non-current assets.

Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the Statement of Financial Position.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

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

(iv) Available-for-sale financial assets

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

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

intends to dispose of the investment within 12 months of the reporting date.

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

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

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

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

Subsequent measurement

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

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss

event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance 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.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

amounts previously written off are credited against other expenses in the income statement.

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order (the Order) arising from the Cole Inquiry recommendations.

(j) Fair value estimation – financial instruments

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(k) Infrastructure, property, plant and equipment (IPPE)

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At reporting date, the following classes of IPPE were stated at their fair value:

Externally valued:

- Operational land
- Community land
- Buildings – specialised/non-specialised
- Other structures
- Swimming pools
- Other infrastructure

Internally valued:

- Plant and equipment
- Land improvements
- Roads assets including roads, bridges and footpaths
- Bulk earthworks
- Stormwater drainage
- Other open space/recreational assets

As approximated by depreciated historical cost:

- Plant and equipment

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For all other asset classes, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount. Full revaluations are undertaken for all assets on a five-year cycle apart from Road, Drainage, Open Space and Land Improvement Assets which are revalued internally each year.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

to that asset class, the increase is first recognised as profit or loss.

Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Capitalisation thresholds

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

Land	
- Council land	100% Capitalised
- Open space	100% Capitalised
- Land under roads (purchases after 30/6/08)	100% Capitalised

Plant & Equipment	
Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

Buildings & Land Improvements	
Park Furniture & Equipment	100% Capitalised
Building	
- Construction/extensions	100% Capitalised
- Renovations	100% Capitalised
Other Structures	100% Capitalised

Stormwater Assets	
Drains & Culverts	100% Capitalised
Other	100% Capitalised

Transport Assets	
Road construction & reconstruction	>\$15,000 Capitalised
Reseal/Re-sheet & major repairs:	>\$5,000 Capitalised
Bridge construction & reconstruction	>\$10,000 Capitalised
Footpath construction & reconstruction	>\$5,000 Capitalised
K&G construction & reconstruction	>\$5,000 Capitalised

Other Infrastructure Assets	
Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	100% Capitalised

Other Infrastructure	> \$10,000
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Depreciation

Land is not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant & Equipment	
- Office Equipment	5 to 10 years
- Furniture & Fittings	5 to 20 years
- Computer Equipment	5 years
- Vehicles & Plant	5 years
- Plant & Equipment	5 to 20 years

Buildings	
- Envelope	40 to 150 years
- Roof	40 to 90 years
- Floors	60 to 150 years
- Floor coverings	15 to 80 years
- Internal fit-out	20 to 45 years
- Mechanical	25 to 35 years
- Transportation	25 years
- Fire protection	40 years

Stormwater Drainage	
- Drains	40 - 150 years
- Culverts	100 -150 years

Transportation Assets	
- Sealed Roads: Surface	25-40 years
- Sealed Roads: Pavement	100 years
- Major Bridges	15-100 years
- Major Culverts	20 to 50 years
- Minor Structures	10-60 years
- Kerb & Gutter Concrete	100 years
- Footpaths Concrete	80 years
- Footpaths Bitumen	25 years

Land Improvements	5 to 50 years
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Other Structures	10 to 100 years
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Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Open Space/Recreational Assets

- Playground Equipment	15-20 years
- Park Furniture & Equipment	10-20 years
- Playing Surfaces	40-100 years
- Natural Assets (garden beds/turf)	10-100 years

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(l) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council.

Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets, or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of other income.

Properties that are under construction for future use as investment properties are regarded as investment properties. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

Full revaluations are carried out every 3 years unless material changes occur.

The last full revaluation for Council's investment properties was dated 30th June 2016 with a desktop revaluation dated 30th June 2017.

(m) Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are

unsecured and are usually paid within 30 days of recognition.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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

(o) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(p) Provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

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

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable.

Council is party to an Industry Defined benefit Plan under the Local Government Superannuation Scheme, named the 'Local Government Superannuation Scheme – Pool B'.

This scheme has been deemed to be a 'multi-employer fund' for the purposes of AASB119.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB119) because the assets to the scheme are pooled together for all Councils.

The last valuation of the scheme was performed by Mr Richard Boyfield, FIAA on 2nd December 2016 and covers the period ended 30th June 2016.

However the position is monitored annually and the actuary has estimated that as at 30 June 2017 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses in Note 4 (a) for the year ending 30 June 2017 was \$631,403.

The share of the deficit that can be broadly attributed to council is estimated to be in the order of \$741,000 as at 30 June 2017.

Council's share of that deficiency cannot be accurately calculated as the scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

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

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(r) Land under roads

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

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

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

(s) Self-insurance

Council does not self-insure.

(t) Intangible assets

Council has not classified any assets as intangible.

(u) Crown reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

(v) Rural fire service assets

Under section 119 of the Rural Fire Services Act 1997 (NSW), "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

Willoughby Council's area is not serviced by the Rural Fire Service. As a result there are no assets to be recognised in Council's Asset Register.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

(x) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Effective for annual reporting periods beginning on or after 1 January 2017

AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15

AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities

Effective for annual reporting periods beginning on or after 13 February 2017

AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle

Effective for annual reporting periods beginning on or after 13 December 2017

AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

Effective for annual reporting periods beginning on or after 1 January 2018

AASB 9 Financial Instruments (December 2009)

AASB 15 Revenue from Contracts with Customers

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

AASB 2014-1 Amendments to Australian Accounting Standards (Part E)

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)
AASB 1057 Application of Australian Accounting Standards

AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Effective for annual reporting periods beginning on or after 1 January 2019

AASB 16 *Leases*

AASB 16 *Leases (Appendix D)*

AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*

AASB 1058 *Income of Not-for-Profit Entities*

AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

The full impact of these standards has yet to be ascertained or quantified but will range from additional and/or revised disclosures to changes in how certain transactions and balances are accounted for.

(y) Rounding of amounts

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

(z) Comparative figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(aa) Disclaimer

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

Notes to the Financial Statements

for the year ended 30 June 2017

Note 2(a). Council functions/activities – financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current and non-current)	
	Original budget	Actual 2017	Actual 2016	Original budget	Actual 2017	Actual 2016	Original budget	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016
	2017	2017	2016	2017	2017	2016	2017	2017	2016	2017	2016	2017	2016
Governance	443	446	400	2,063	2,153	1,981	(1,620)	(1,707)	(1,581)	–	–	–	–
Administration	2,409	3,573	5,456	23,330	21,616	22,373	(20,921)	(18,043)	(16,917)	101	92	277,642	268,750
Public order and safety	5,431	5,547	5,381	5,070	4,967	4,566	361	580	815	–	–	2,000	1,995
Health	228	205	193	238	256	227	(10)	(51)	(34)	–	–	2,224	2,280
Environment	15,144	16,187	15,677	19,418	18,805	17,949	(4,274)	(2,618)	(2,272)	135	148	86,271	85,370
Community services and education	6,045	5,649	5,805	6,898	6,671	6,942	(853)	(1,022)	(1,137)	2,245	2,416	11,598	11,640
Housing and community amenities	2,594	3,536	18,850	5,344	6,082	5,596	(2,750)	(2,546)	13,254	748	734	40,108	18,911
Recreation and culture	13,917	9,306	10,523	26,224	24,899	26,507	(12,307)	(15,593)	(15,984)	690	311	565,867	564,875
Mining, manufacturing and construction	402	414	433	1,413	1,051	1,185	(1,011)	(637)	(752)	–	–	–	–
Transport and communication	12,072	11,484	12,344	11,676	10,704	11,261	396	780	1,083	654	797	444,268	433,977
Economic affairs	7,037	10,314	9,864	684	626	877	6,353	9,688	8,987	–	–	140,160	147,340
Total functions and activities	65,722	66,661	84,926	102,358	97,830	99,464	(36,636)	(31,169)	(14,538)	4,573	4,498	1,570,138	1,535,138
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	–	–	5	1	22	(5)	(1)	(22)	–	–	33	34
General purpose income ¹	53,367	52,660	50,096	–	–	–	53,367	52,660	50,096	3,378	2,269	–	–
Operating result from continuing operations	119,089	119,321	135,022	102,363	97,831	99,486	16,726	21,490	35,536	7,951	6,767	1,570,171	1,535,172

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

Willoughby City Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 2(b). Council functions/activities – component descriptions

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

GOVERNANCE

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

ADMINISTRATION

Includes corporate support and other support services, engineering works, and any Council policy compliance.

PUBLIC ORDER AND SAFETY

Includes Council's fire and emergency services levy, fire protection, emergency services, beach control, enforcement of regulations and animal control.

HEALTH

Includes immunisation, food control, health centres etc.

ENVIRONMENT

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

COMMUNITY SERVICES AND EDUCATION

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

HOUSING AND COMMUNITY AMENITIES

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

RECREATION AND CULTURE

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

MINING, MANUFACTURING AND CONSTRUCTION

Includes building control, quarries and pits, mineral resources, and abattoirs.

TRANSPORT AND COMMUNICATION

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

ECONOMIC AFFAIRS

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

Willoughby City Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Rates and annual charges			
Ordinary rates			
Residential		27,525	26,064
Business		19,702	19,599
Total ordinary rates		47,227	45,663
Special rates			
Stormwater management levy		681	680
Total special rates		681	680
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		14,886	14,601
Total annual charges		14,886	14,601
TOTAL RATES AND ANNUAL CHARGES		62,794	60,944
Council has used 2015 year valuations provided by the NSW Valuer General in calculating its rates.			
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Waste management services (non-domestic)		273	273
Total user charges		273	273
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation		2,607	2,210
Section 611 charges		76	73
Total fees and charges – statutory/regulatory		2,683	2,283
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Building related		1,056	1,921
Child care		2,051	2,155
Community services		2,048	1,880
Leisure centre		2,832	2,939
Parking fees		5,886	6,108
Restoration charges		337	717
Other		743	780
Total fees and charges – other		14,953	16,500
TOTAL USER CHARGES AND FEES		17,909	19,056

Willoughby City Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		45	38
– Interest earned on investments (interest and coupon payment income)		3,073	2,884
– Receipt of investment principal previously written off		–	387
Fair value adjustments			
– Fair valuation movements in investments (at fair value or held for trading)		(9)	(16)
TOTAL INTEREST AND INVESTMENT REVENUE		3,109	3,293
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		45	38
General Council cash and investments		1,604	1,678
Restricted investments/funds – external:			
Development contributions			
– Section 94		443	447
Site 1 – Cy Pres Scheme		140	164
Site 2 – Cy Pres Scheme		27	29
Other externally restricted assets		444	489
Restricted investments/funds – internal:			
Internally restricted assets		406	448
Total interest and investment revenue recognised		3,109	3,293
(d) Other revenues			
Fair value increments – investment properties	14	3,400	3,061
Rental income – investment properties	14	5,327	5,118
Rental income – other council properties		6,511	6,161
Fines		5,332	5,100
Legal fees recovery – rates and charges (extra charges)		39	47
Legal fees recovery – other		21	79
Arts and culture		2	16
Commissions and agency fees		3	4
Community development		130	219
Council property		315	366
General administration		7	62
Insurance claim recoveries		86	82
Library services		33	40
Melody markets		536	455
Merchant fee recovery		94	89
Orchestra and choir		1	13
Sale of abandoned vehicles		16	19
Sales – general		28	42
Services recovery		35	32
Sponsorship		541	585
Street fair		39	40
Other – Carbon Tax Refund		319	–
Other – Fire and Emergency Services Levy Implementation		126	–
Other		294	147
TOTAL OTHER REVENUE		23,235	21,777

Notes to the Financial Statements
for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(e) Grants				
General purpose (untied)				
Financial assistance – general component	2,318	1,504	–	–
Financial assistance – local roads component	859	566	–	–
Pensioners' rates subsidies – general component	201	199	–	–
Total general purpose	3,378	2,269	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Domestic waste management	76	81	–	–
Community care	2,245	2,416	–	–
Housing and community	557	543	–	–
Library – per capita	141	137	–	–
LIRS subsidy	60	67	–	–
Recreation and culture	71	94	478	80
Street lighting	191	191	–	–
Traffic route subsidy	24	27	–	–
Transport (roads to recovery)	629	770	–	–
Other	101	92	–	–
Total specific purpose	4,095	4,418	478	80
Total grants	7,473	6,687	478	80
Grant revenue is attributable to:				
– Commonwealth funding	2,755	3,043	18	–
– State funding	4,458	3,203	435	80
– Other funding	260	441	25	–
	7,473	6,687	478	80

Notes to the Financial Statements
for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
S 93F – contributions using planning agreements	–	–	–	5,592
S 94 – contributions towards amenities/services	–	–	3,012	3,870
Total developer contributions 17	–	–	3,012	9,462
Other contributions:				
Community services	–	10	–	–
Environment	–	2	–	–
Housing and community amenities	–	–	145	10,191
Other councils – joint works/services	34	33	–	–
Recreation and culture	5	10	–	2,661
RMS contributions (regional roads, block grant)	864	509	–	–
Total other contributions	903	564	145	12,852
Total contributions	903	564	3,157	22,314
TOTAL GRANTS AND CONTRIBUTIONS	8,376	7,251	3,635	22,394

\$ '000	Actual 2017	Actual 2016
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	21,716	16,082
Add: grants and contributions recognised in the current period but not yet spent:	4,799	12,327
Less: grants and contributions recognised in a previous reporting period now spent:	(2,749)	(6,693)
Net increase (decrease) in restricted assets during the period	2,050	5,634
Unexpended and held as restricted assets	23,766	21,716
Comprising:		
– Specific purpose unexpended grants	1,554	522
– Developer contributions	22,166	21,176
– Other contributions	46	18
	23,766	21,716

Notes to the Financial Statements
for the year ended 30 June 2017

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Employee benefits and on-costs			
Salaries and wages		29,768	30,412
Travel expenses		48	42
Employee leave entitlements (ELE)		4,416	4,584
Superannuation		3,505	3,534
Workers' compensation insurance		848	723
Fringe benefit tax (FBT)		317	355
Training costs (other than salaries and wages)		324	337
Other		53	39
Total employee costs		39,279	40,026
Less: capitalised costs		(558)	(232)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>38,721</u>	<u>39,794</u>
Number of 'full-time equivalent' employees (FTE) at year end		356	366
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		2,450	2,590
Total interest bearing liability costs expensed		2,450	2,590
(ii) Other borrowing costs			
Nil			
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>2,450</u>	<u>2,590</u>

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Materials and contracts			
Raw materials and consumables		2,643	2,740
Contractor and consultancy costs			
– Consultancy costs (assorted)		2,035	1,761
– Cleaning		996	894
– Waste Collection		5,873	4,511
– Equipment Maintenance		709	644
– Security Services		344	254
– Pay and Display Machine Maintenance		249	262
– Waste Disposal		5,599	6,010
– Management Fees		346	393
– Agency Personnel		1,455	965
– Open Space		1,479	1,693
– Infrastructure Works		1,548	1,664
– Street Cleaning		310	379
– Property Services		2,677	2,950
– Engineering Services		241	508
– Plant		130	151
– Environmental Services		1,569	1,613
– Events		940	964
– Concourse Urban Screen		4	173
– Willoughby Leisure Centre		135	323
– Chatswood Mall		123	135
– Other		1,025	1,389
Auditors remuneration ⁽¹⁾		70	56
Audit committee fees		3	5
Legal expenses:			
– Legal expenses: planning and development		361	636
– Legal expenses: other		414	484
Operating leases:			
– Operating lease rentals: minimum lease payments ⁽²⁾		325	343
Other		265	350
<u>TOTAL MATERIALS AND CONTRACTS</u>		<u>31,868</u>	<u>32,250</u>

(continued on the next page...)

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Materials and contracts (continued)			
1. Auditor remuneration			
a. During the year, the following fees were incurred for services provided by the Auditor-General:			
Audit and other assurance services			
Audit and review of financial statements: Auditor-General		70	–
Remuneration for audit and other assurance services		70	–
Total Auditor-General remuneration		70	–
b. During the year, the following fees were incurred for services provided by the other Council's Auditors (and the Auditors of other consolidated entities):			
Audit and other assurance services			
Audit and review of financial statements: Council's Auditor		–	53
Other audit and assurance services		–	3
Remuneration for audit and other assurance services		–	56
Total remuneration of other Council's Auditors		–	56
Total Auditor remuneration		70	56
2. Operating lease payments are attributable to:			
Computers		240	227
Other		85	116
		325	343
(d) Depreciation, amortisation and impairment			
Plant and equipment		1,055	1,013
Office equipment		200	237
Furniture and fittings		182	160
Land improvements (depreciable)		43	30
Infrastructure:			
– Buildings – non-specialised		123	53
– Buildings – specialised		1,373	1,964
– Other structures		441	383
– Roads		2,791	2,745
– Bridges		236	417
– Footpaths		815	950
– Stormwater drainage		1,158	1,199
– Swimming pools		47	47
– Other open space/recreational assets		2,291	1,993
– Other infrastructure		189	–
Other assets			
– Library books		450	533
Total depreciation and amortisation costs		11,394	11,724
Impairment			
Nil			
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		11,394	11,724

Willoughby City Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(e) Other expenses			
Advertising		370	453
Bad and doubtful debts		113	103
Bank charges		315	299
Child care assistance fee relief		635	661
Commissions and agency fees		831	658
Computer operating expenses		1,176	1,275
Concourse venue management		595	686
Contributions/levies to other levels of government			
– EPA levy		232	226
– NSW Fire Brigade levy		1,599	1,523
– Parking space levy		481	421
Councillor expenses – mayoral fee		64	61
Councillor expenses – councillors' fees		327	297
Councillors' expenses (incl. mayor) – other (excluding fees above)		–	8
Donations, contributions and assistance to other organisations (Section 356)		291	265
Electricity and heating		1,194	1,212
Events and community projects		99	53
Insurance		1,863	1,817
Orchestra costs		149	119
Planning reform fees		331	105
Street lighting		1,132	992
Subscriptions and publications		107	169
Telephone and communications		409	394
Valuation fees		113	110
Vehicle registrations		117	114
Water rates and other services		393	456
Other		461	629
<u>TOTAL OTHER EXPENSES</u>		<u>13,397</u>	<u>13,106</u>

Note 5. Gains or losses from the disposal of assets

Property (excl. investment property)			
Proceeds from disposal – property		175	–
Less: carrying amount of property assets sold/written off		(25)	–
Net gain/(loss) on disposal		150	–
Plant and equipment			
Proceeds from disposal – plant and equipment		175	391
Less: carrying amount of plant and equipment assets sold/written off		(62)	(84)
Net gain/(loss) on disposal		113	307
Financial assets			
Proceeds from disposal/redemptions/maturities – financial assets		40,544	32,000
Less: carrying amount of financial assets sold/redeemed/matured		(40,544)	(32,000)
Net gain/(loss) on disposal		–	–
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>263</u>	<u>307</u>

Willoughby City Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		116	–	153	–
Cash-equivalent assets ¹					
– Deposits at call		6,855	–	6,173	–
– Short-term deposits		–	–	1,000	–
Total cash and cash equivalents		6,971	–	7,326	–
Investments (Note 6b)					
– Long term deposits		107,080	–	92,959	–
– NCD's, FRN's (with maturities > 3 months)		2,008	–	2,005	1,994
Total investments		109,088	–	94,964	1,994
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		116,059	–	102,290	1,994

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

Cash, cash equivalents and investments were classified at year end in accordance with AASB 139 as follows:

Investments

a. 'Held to maturity' Investments	109,088	–	94,964	1,994
	109,088	–	94,964	1,994

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6c. Restricted cash, cash equivalents and investments – details

\$ '000	2017	2017	2016	2016
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	116,059	–	102,290	1,994
attributable to:				
External restrictions (refer below)	45,635	–	41,752	1,994
Internal restrictions (refer below)	56,565	–	49,122	–
Unrestricted	13,859	–	11,416	–
	116,059	–	102,290	1,994

2017	Opening	Transfers to	Transfers from	Closing
\$ '000	balance	restrictions	restrictions	balance

Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended loans – general (A)	40	297	(259)	78
External restrictions – included in liabilities	40	297	(259)	78

External restrictions – other

Developer contributions – general (B)	21,176	3,598	(2,608)	22,166
RMS (formerly RTA) contributions (C)	18	32	(4)	46
Specific purpose unexpended grants (D)	522	1,169	(137)	1,554
Domestic waste management (E)	4,450	478	(563)	4,365
Site 1 – CY pres scheme (F)	5,615	140	(1,033)	4,722
Site 2 – CY pres scheme (F)	989	27	–	1,016
Affordable housing (G)	10,877	409	–	11,286
Infrastructure levy reserve (H)	59	492	(149)	402
External restrictions – other	43,706	6,345	(4,494)	45,557
Total external restrictions	43,746	6,642	(4,753)	45,635

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- C RMS contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- D Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))
- E Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.
- F Trust scheme monies to be allocated to appropriate Open Space and Recreational projects.
- G Monies for allocation in line with Council's Affordable Housing plan.
- H Monies for allocation to infrastructure projects tied to council's Infrastructure Levy project.

Notes to the Financial Statements
for the year ended 30 June 2017

Note 6c. Restricted cash, cash equivalents and investments – details (continued)

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	2,849	–	(59)	2,790
Employees leave entitlement	2,248	–	–	2,248
Carry over works	1,337	–	(1,337)	–
Artarmon redevelopment	62	–	–	62
Asset improvement	1,491	1,000	(386)	2,105
Car park management	609	594	(19)	1,184
CBD property	750	–	–	750
CBD event activities	223	–	–	223
Community facilities	20	–	–	20
Depot	2,180	1,301	(2,427)	1,054
Election	150	50	–	200
Employee overheads	898	162	–	1,060
Environmental development plan	4,381	1,159	(508)	5,032
Flood Investigation	49	–	(7)	42
Information technology	230	380	(164)	446
Innovation	1,021	–	(19)	1,002
Insurance claims	179	–	–	179
Leisure and Recreational Projects	7,037	3,500	(128)	10,409
Open space	107	1,023	(235)	895
Paid parking	1,396	385	(152)	1,629
Property plan	5,863	1,869	(673)	7,059
Regency leisure centre lease	2,982	344	–	3,326
Repair to damage-road and footway	937	107	–	1,044
Stormwater management	15	26	(20)	21
The Concourse	12,108	4,468	(3,791)	12,785
Victor St Property redevelopment	–	1,000	–	1,000
Total internal restrictions	49,122	17,368	(9,925)	56,565
TOTAL RESTRICTIONS	92,868	24,010	(14,678)	102,200

Notes to the Financial Statements
for the year ended 30 June 2017

Note 7. Receivables

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		845	37	797	37
User charges and fees		1,934	–	2,129	–
Accrued revenues					
– Interest on investments		1,181	–	990	–
– Other income accruals		563	–	783	–
Amounts due from other councils		108	–	101	–
Deferred debtors		–	15	–	–
Government grants and subsidies		422	–	54	–
Net GST receivable		618	–	455	–
Other debtors		37	–	102	–
Total		5,708	52	5,411	37
Less: provision for impairment					
User charges and fees		(545)	–	(432)	–
Total provision for impairment – receivables		(545)	–	(432)	–
<u>TOTAL NET RECEIVABLES</u>		<u>5,163</u>	<u>52</u>	<u>4,979</u>	<u>37</u>
Externally restricted receivables					
Domestic waste management		640	–	493	–
Total external restrictions		640	–	493	–
Internally restricted receivables					
Nil					
Unrestricted receivables		4,523	52	4,486	37
TOTAL NET RECEIVABLES		5,163	52	4,979	37

Notes on debtors above:

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.50% (2016 8.50%).
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Notes to the Financial Statements
for the year ended 30 June 2017

Note 8. Inventories and other assets

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Stores and materials		24	–	24	–
Total inventories at cost		24	–	24	–
(ii) Inventories at net realisable value (NRV)					
Nil					
<u>TOTAL INVENTORIES</u>		<u>24</u>	<u>–</u>	<u>24</u>	<u>–</u>
(b) Other assets					
Prepayments		345	–	406	–
<u>TOTAL OTHER ASSETS</u>		<u>345</u>	<u>–</u>	<u>406</u>	<u>–</u>

Externally restricted assets

There are no restrictions applicable to the above assets.

Other disclosures

Inventory write downs

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other assets held.

Willoughby City Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 9a. Infrastructure, property, plant and equipment

Asset class	as at 30/6/2016			Asset movements during the reporting period							as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	3,543	–	3,543	2,610	854	–	–	(3,261)	–	–	3,746	–	3,746
Plant and equipment	11,345	6,001	5,344	–	1,212	(62)	(1,055)	735	–	–	12,853	6,679	6,174
Office equipment	2,412	1,670	742	–	131	–	(200)	–	–	–	2,543	1,870	673
Furniture and fittings	2,441	1,028	1,413	5	99	–	(182)	–	–	–	2,545	1,210	1,335
Land:													
– Operational land	371,178	–	371,178	–	–	(25)	–	–	–	–	371,153	–	371,153
– Community land	250,071	–	250,071	–	–	–	–	–	12,503	–	262,574	–	262,574
Land improvements – depreciable	2,203	186	2,017	141	108	–	(43)	–	126	–	2,608	259	2,349
Infrastructure:													
– Buildings – non-specialised	14,068	1,828	12,240	42	–	–	(123)	–	–	–	14,110	1,951	12,159
– Buildings – specialised	287,022	12,336	274,686	979	383	–	(1,373)	1,747	–	–	290,092	13,670	276,422
– Other structures	12,499	1,849	10,650	96	160	–	(441)	–	537	–	13,193	2,191	11,002
– Roads	271,550	71,411	200,139	3,207	210	–	(2,791)	–	(405)	–	271,765	71,405	200,360
– Bridges	10,428	1,540	8,888	–	–	–	(236)	–	–	–	10,558	1,378	9,180
– Footpaths	70,645	10,640	60,005	1,219	102	–	(815)	–	–	–	70,926	10,076	60,850
– Bulk earthworks (non-depreciable)	20,815	–	20,815	–	–	–	–	–	9	–	20,824	–	20,824
– Stormwater drainage	116,795	31,460	85,335	1,925	71	–	(1,158)	–	29	–	116,714	30,512	86,202
– Swimming pools	3,892	962	2,930	191	–	–	(47)	133	–	–	4,216	1,009	3,207
– Other open space/recreational assets	42,917	12,839	30,078	1,645	1,520	–	(2,291)	646	–	–	45,694	14,072	31,622
– Other infrastructure	16,487	3,358	13,129	–	108	–	(189)	–	–	–	16,595	3,547	13,048
Other assets:													
– Library books	8,213	6,893	1,320	–	460	–	(450)	–	–	–	8,673	7,343	1,330
TOTAL INFRASTRUCTURE,				12,060	5,418	(87)	(11,394)	–	(405)	14,095	1,541,382	167,172	1,374,210
PROPERTY, PLANT AND EQUIP.	1,518,524	164,001	1,354,523										

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

Notes to the Financial Statements
for the year ended 30 June 2017

Note 9b. Externally restricted infrastructure, property, plant and equipment

\$ '000

Council has no externally restricted infrastructure, property, plant and equipment.

Note 9c. Infrastructure, property, plant and equipment – current year
impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Notes to the Financial Statements
for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Payables					
Goods and services – operating expenditure		8,630	–	7,758	–
Accrued expenses:					
– Borrowings		109	–	124	–
– Other expenditure accruals		34	–	29	–
Security bonds, deposits and retentions		10,777	–	9,160	–
Other		254	–	269	–
Total payables		19,804	–	17,340	–
Income received in advance					
Payments received in advance		513	–	774	–
Total income received in advance		513	–	774	–
Borrowings					
Loans – secured ¹		1,546	41,798	2,905	42,613
Deferred payment liabilities		75	791	75	866
Total borrowings		1,621	42,589	2,980	43,479
Provisions					
Employee benefits:					
Annual leave		2,486	–	2,681	–
Long service leave		7,010	152	6,947	228
Gratuities		–	112	–	110
ELE on-costs		761	–	690	–
Sub-total – aggregate employee benefits		10,257	264	10,318	338
Public liability claims		94	36	94	36
Total provisions		10,351	300	10,412	374
TOTAL PAYABLES, BORROWINGS AND PROVISIONS					
		32,289	42,889	31,506	43,853
(i) Liabilities relating to restricted assets					
		2017		2016	
		Current	Non-current	Current	Non-current
Externally restricted assets					
Domestic waste management		78	–	107	–
Other		–	–	1,000	–
Liabilities relating to externally restricted assets		78	–	1,107	–
Internally restricted assets					
Nil		–	–	–	–
Total liabilities relating to restricted assets		78	–	1,107	–
Total liabilities relating to unrestricted assets		32,211	42,889	30,399	43,853
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		32,289	42,889	31,506	43,853

¹ Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 2017	Actual 2016
(ii) Current liabilities not anticipated to be settled within the next twelve months		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	7,572	7,841
Payables – security bonds, deposits and retentions	8,620	7,216
	16,192	15,057

Note 10b. Description of and movements in provisions

Class of provision	2016		2017			Closing balance as at 30/6/17
	Opening balance as at 1/7/16	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Annual leave	2,681	1,859	(2,054)	–	–	2,486
Long service leave	7,175	317	(330)	–	–	7,162
ELE on-costs	690	71	–	–	–	761
Gratuities	110	2	–	–	–	112
Other	130	–	–	–	–	130
TOTAL	10,786	2,249	(2,384)	–	–	10,651

- a. Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

Notes to the Financial Statements
for the year ended 30 June 2017

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017	Actual 2016
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	6,971	7,326
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		6,971	7,326
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		21,490	35,536
Adjust for non-cash items:			
Depreciation and amortisation		11,394	11,724
Net losses/(gains) on disposal of assets		(263)	(307)
Non-cash capital grants and contributions		–	(9,610)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investments classified as ‘at fair value’ or ‘held for trading’		9	16
– Investment properties		(3,400)	(3,061)
– Fair valuation adjustment (re-measurement) of existing loans to Council		–	723
Share of net (profits) or losses of associates/joint ventures		1	22
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(297)	(270)
Increase/(decrease) in provision for doubtful debts		113	103
Decrease/(increase) in other assets		61	87
Increase/(decrease) in payables		872	454
Increase/(decrease) in accrued interest payable		(15)	(37)
Increase/(decrease) in other accrued expenses payable		5	(692)
Increase/(decrease) in other liabilities		1,341	1,441
Increase/(decrease) in employee leave entitlements		(135)	(635)
Increase/(decrease) in other provisions		–	(27)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		31,176	35,467
(c) Non-cash investing and financing activities			
Contributed Assets - Land & Buildings		–	9,610
Total non-cash investing and financing activities		–	9,610
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		1,200	1,200
Total financing arrangements		1,200	1,200

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

(ii) Secured loan liabilities

Loans are secured by a mortgage over future years rate revenue only.

Notes to the Financial Statements
for the year ended 30 June 2017

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2017	Actual 2016
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, plant and equipment			
Buildings		301	337
Plant and equipment		118	379
Other Structures		235	6
Other Assets		–	2
Roads		300	122
Carparks		392	41
Drainage		–	13
Open Space		6,205	1,736
Total commitments		7,551	2,636
These expenditures are payable as follows:			
Within the next year		7,551	2,636
Total payable		7,551	2,636
Sources for funding of capital commitments:			
Unrestricted general funds		395	670
Future grants and contributions		4,766	22
Sect 64 and 94 funds/reserves		1,138	156
Unexpended grants		93	56
Other Reserves		1,081	1,712
Other Revenue		78	20
Total sources of funding		7,551	2,636

(b) Finance lease commitments
Nil

(c) Operating lease commitments (non-cancellable)

a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	287	275
Later than one year and not later than 5 years	445	444
Total non-cancellable operating lease commitments	732	719

b. Non-cancellable operating leases include the following assets:

Computer, Photocopier and printer Equipment

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

Conditions relating to operating leases:

- All operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

(d) Investment property commitments

Nil

Notes to the Financial Statements
for the year ended 30 June 2017

Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2017	Indicator 2017	Prior periods		Benchmark
			2016	2015	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>14,202</u>	12.68%	8.98%	6.22%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	112,032				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>103,656</u>	89.62%	77.49%	82.94%	>60.00%
Total continuing operating revenue ⁽¹⁾	115,667				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	<u>75,316</u>	4.70x	4.27x	3.99x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	16,019				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>28,046</u>	5.97x	3.74x	3.01x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	4,699				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	<u>882</u>	1.38%	1.35%	1.43%	< 5% Metro
Rates, annual and extra charges collectible	63,712				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>114,051</u>	14.36 mths	12.1 mths	10.8 mths	> 3 mths
Payments from cash flow of operating and financing activities	7,942				

Notes

⁽¹⁾ Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

⁽²⁾ Refer Notes 6-8 inclusive.

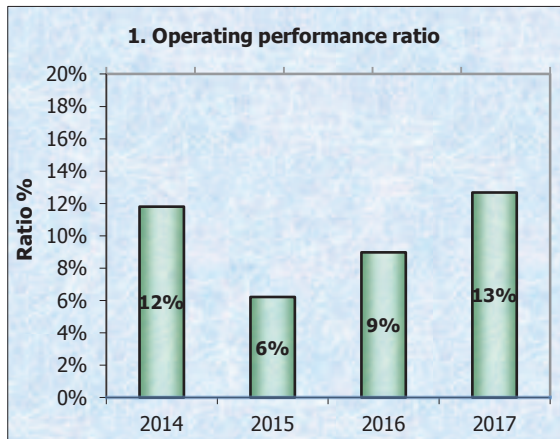
Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

⁽³⁾ Refer to Note 10(a).

⁽⁴⁾ Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Notes to the Financial Statements
for the year ended 30 June 2017

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Benchmark: — Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



Purpose of operating performance ratio

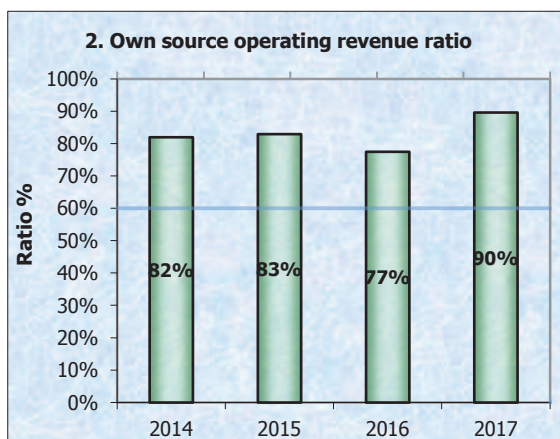
This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2016/17 result

2016/17 ratio 12.68%

Council continues to trend positively against the industry benchmark of 0%

 Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



Purpose of own source operating revenue ratio

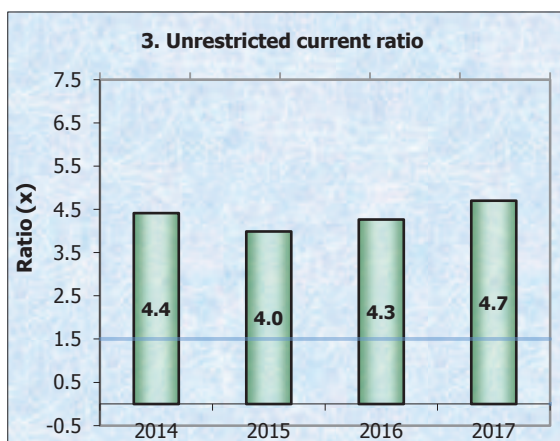
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2016/17 result

2016/17 ratio 89.62%

The Ratio compares adequately to the Industry Benchmark of 60%.

 Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Minimum ≥ 1.50

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



Purpose of unrestricted current ratio

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

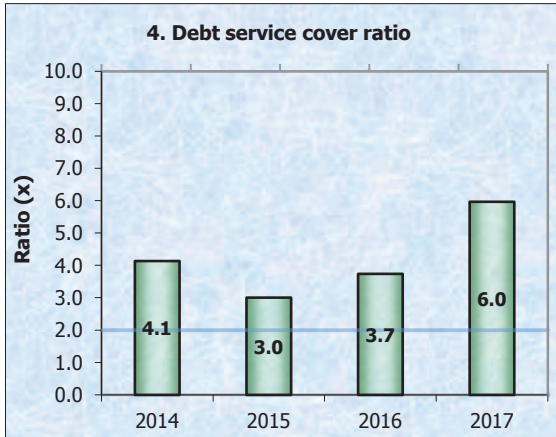
Commentary on 2016/17 result

2016/17 ratio 4.70x

Council continues to compare very well to the Industry Benchmark of 1.5:1

 Ratio achieves benchmark
 Ratio is outside benchmark

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Benchmark: — Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of debt service cover ratio

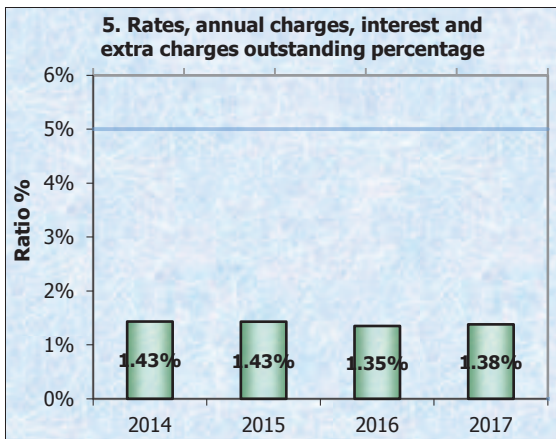
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2016/17 result

2016/17 ratio 5.97x

This indicator emphasises Council's defined Operating result maintains the capacity to meet its annual debt requirements. The 16/17 result exceeds the Industry Benchmark of 2.0.

Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Maximum $< 5.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of rates and annual charges outstanding ratio

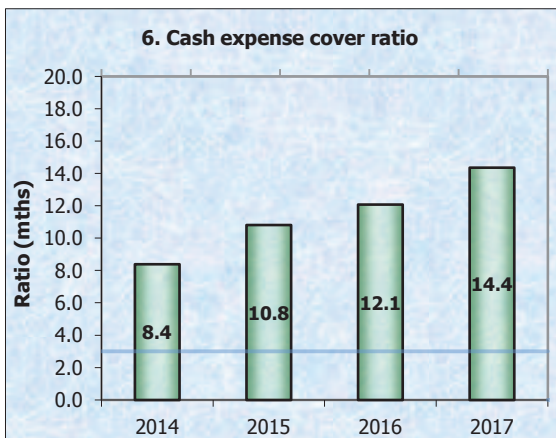
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2016/17 result

2016/17 ratio 1.38%

The result can be linked to both capacity to pay and internal recovery policy. It compares favourably to the Industry Benchmark of 5%.

Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: — Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of cash expense cover ratio

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

Commentary on 2016/17 result

2016/17 ratio 14.36 mths

Council's indicator compares very favourably to the Industry Benchmark of 3 months.

Ratio achieves benchmark
 Ratio is outside benchmark

Notes to the Financial Statements
for the year ended 30 June 2017

Note 14. Investment properties

\$ '000	Notes	Actual 2017	Actual 2016
(a) Investment properties at fair value			
<u>Investment properties on hand</u>		<u>74,285</u>	<u>70,885</u>
Reconciliation of annual movement:			
Opening balance		70,885	67,717
– Capitalised expenditure – this year		–	107
– Net gain/(loss) from fair value adjustments		3,400	3,061
CLOSING BALANCE – INVESTMENT PROPERTIES		<u>74,285</u>	<u>70,885</u>

(b) Valuation basis

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

The 2017 revaluations were based on independent assessments made by:
Daniel Atherton - Registered Valuer B Bsus (RE & Dev) GAPI - APV Valuers and Asset Management.

(c) Contractual obligations at reporting date

Refer to Note 12 for disclosures relating to any capital and service obligations that have been contracted.

(d) Leasing arrangements – Council as lessor

Details of leased investment properties are as follows;

Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:

Within 1 year	5,398	5,208
Later than 1 year but less than 5 years	12,243	13,256
Later than 5 years	9,579	11,125
Total minimum lease payments receivable	<u>27,220</u>	<u>29,589</u>

(e) Investment property income and expenditure – summary

Rental income from investment properties:		
– Minimum lease payments	5,327	5,118
Direct operating expenses on investment properties:		
– that did not generate rental income	(300)	(308)
Net revenue contribution from investment properties	<u>5,027</u>	<u>4,810</u>
plus:		
Fair value movement for year	<u>3,400</u>	<u>3,061</u>
Total income attributable to investment properties	<u>8,427</u>	<u>7,871</u>

Refer to Note 27. Fair value measurement for information regarding the fair value of investment properties held.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management

\$ '000

Risk management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

	Carrying value		Fair value	
	2017	2016	2017	2016
Financial assets				
Cash and cash equivalents	6,971	7,326	6,754	7,326
Investments				
– 'Held to maturity'	109,088	96,958	109,088	96,958
Receivables	5,215	5,016	5,432	5,016
Total financial assets	121,274	109,300	121,274	109,300
Financial liabilities				
Payables	19,804	17,340	19,804	17,340
Loans/advances	44,210	46,459	44,210	46,459
Total financial liabilities	64,014	63,799	64,014	63,799

Fair value is determined as follows:

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

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

(a) Market risk – price risk and interest rate risk

The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2017				
Possible impact of a 10% movement in market values	–	–	–	–
Possible impact of a 1% movement in interest rates	1,157	1,157	(1,157)	(1,157)
2016				
Possible impact of a 10% movement in market values	–	–	–	–
Possible impact of a 1% movement in interest rates	1,002	1,002	(1,002)	(1,002)

Notes to the Financial Statements
for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	2017 Rates and annual charges	2017 Other receivables	2016 Rates and annual charges	2016 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	0%	100%	0%	75%
Overdue	100%	0%	100%	25%
	100%	100%	100%	100%

	Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
(ii) Ageing of receivables – value				
Rates and annual charges				
Other receivables				
Current	–	3,314	–	3,486
< 1 year overdue	719	224	679	271
1 – 2 years overdue	53	333	69	26
2 – 5 years overdue	46	274	27	61
> 5 years overdue	64	733	59	770
	882	4,878	834	4,614

	2017	2016
(iii) Movement in provision for impairment of receivables		
Balance at the beginning of the year	432	329
+ new provisions recognised during the year	113	154
– amounts already provided for and written off this year	–	(31)
– amounts provided for but recovered during the year	–	(20)
Balance at the end of the year	545	432

Notes to the Financial Statements
for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2017									
Trade/other payables	10,777	9,027	–	–	–	–	–	19,804	19,804
Loans and advances	–	3,295	3,337	3,380	2,898	2,992	74,263	90,165	44,210
Total financial liabilities	10,777	12,322	3,337	3,380	2,898	2,992	74,263	109,969	64,014
2016									
Trade/other payables	9,160	8,180	–	–	–	–	–	17,340	17,340
Loans and advances	–	5,794	4,329	3,337	3,380	2,898	77,862	97,600	46,459
Total financial liabilities	9,160	13,974	4,329	3,337	3,380	2,898	77,862	114,940	63,799

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities and interest rate structures.

The following interest rates were applicable to Council's borrowings at balance date:

	2017		2016	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	19,804	0.00%	17,340	0.00%
Loans and advances – fixed interest rate	11,387	4.70%	12,871	4.70%
Loans and advances – variable interest rate	32,823	3.80%	33,588	3.80%
	<u>64,014</u>		<u>63,799</u>	

Notes to the Financial Statements
for the year ended 30 June 2017

Note 16. Material budget variations

\$ '000

Council's original financial budget for 16/17 was adopted by the Council on 26 June 2017.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Note that for variations* of budget to actual :

Material variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----		
REVENUES					
Rates and annual charges	62,992	62,794	(198)	(0%)	U
User charges and fees	18,945	17,909	(1,036)	(5%)	U
Interest and investment revenue	2,909	3,109	200	7%	F
Other revenues	18,287	23,235	4,948	27%	F
The positive variance can be attributed to an unbudgeted fair value increment on Investment Properties of \$4.0M.					
Operating grants and contributions	6,665	8,376	1,711	26%	F
The positive variance can in the main be attributed to the advance payment of the Financial Assistance Grant for Quarter 1 of the 2017/2018 financial year of \$1.081M.					
Capital grants and contributions	9,131	3,635	(5,496)	(60%)	U
The negative variance can in the main be attributed to an anticipated Grant of \$5.2M for the Gore Hill Redevelopment which was anticipated to be received in 2016/17 but is now is expected to be received in 2017/18.					
Net gains from disposal of assets	160	263	103	64%	F
The positive variance can be attributed to the sale of operational land that was not included in the original budget.					

Willoughby City Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----		
EXPENSES					
Employee benefits and on-costs	41,191	38,721	2,470	6%	F
Borrowing costs	1,755	2,450	(695)	(40%)	U
The negative variance can be attributed to an unbudgeted amortisation cost for the CPI Linked loan of \$731K.					
Materials and contracts	34,149	31,868	2,281	7%	F
Depreciation and amortisation	10,807	11,394	(587)	(5%)	U
Other expenses	14,456	13,397	1,059	7%	F
Joint ventures and associates – net losses	5	1	4	80%	F
The positive variance can be attributed to a better financial result for the Shorelink Joint Venture than was originally budgeted for.					

Budget variations relating to Council's Cash Flow Statement include:

Cash flows from operating activities	30,671	31,176	505	1.6%	F
Cash flows from investing activities	(19,497)	(29,282)	(9,785)	50.2%	U
The variance is based on a greater than anticipated purchase of investments during the year.					
Cash flows from financing activities	(2,959)	(2,249)	710	(24.0%)	F

Willoughby City Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions and levies and the value of all remaining funds which are 'restricted' in their future use.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	335	-	-	9	(25)	-	319	-
Traffic facilities	2,527	-	-	69	(21)	-	2,575	-
Parking	911	-	-	25	-	-	936	-
Child Care	4,165	-	-	115	-	-	4,280	-
(R/A) Inc Non CBD	5,554	2,869	-	176	(1,053)	-	7,546	-
(R/A) Inc CBD	1,785	143	-	49	(92)	-	1,885	-
S94 contributions – under a plan	15,277	3,012	-	443	(1,191)	-	17,541	-
Total S94 revenue under plans	15,277	3,012	-	443	(1,191)	-	17,541	-
S94 not under plans	25	-	-	1	-	-	26	-
S93F planning agreements	5,874	-	-	142	(1,417)	-	4,599	-
Total contributions	21,176	3,012	-	586	(2,608)	-	22,166	-

Willoughby City Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 - WILLOUGHBY CITY COUNCIL

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	335	-	-	9	(25)	-	319	-
Traffic facilities	2,527	-	-	69	(21)	-	2,575	-
Parking	911	-	-	25	-	-	936	-
Child Care	4,165	-	-	115	-	-	4,280	-
(R/A) Inc Non CBD	5,554	2,869	-	176	(1,053)	-	7,546	-
(R/A) Inc CBD	1,785	143	-	49	(92)	-	1,885	-
Total	15,277	3,012	-	443	(1,191)	-	17,541	-

S94 CONTRIBUTIONS – NOT UNDER A PLAN

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	23	-	-	1	-	-	24	-
Parking	2	-	-	-	-	-	2	-
Total	25	-	-	1	-	-	26	-

Notes to the Financial Statements

for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The schemes most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other liabilities

(i) Third party claims

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

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

Note 19. Interests in other entities

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities and operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other councils, bodies and other outside organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of council's (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Controlled entities (subsidiaries) Note 19(a)

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

Joint ventures and associates Note 19(b)

Joint ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

Joint operations Note 19(c)

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

Unconsolidated structured entities Note 19(d)

Unconsolidated structured entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a subsidiary, joint arrangement or associate. Attributes of structured entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

Subsidiaries, joint arrangements and associates not recognised Note 19(e)

Accounting recognition:

(i) Subsidiaries disclosed under Note 19(a) and joint operations disclosed at Note 19(c) are accounted for on a 'line by line' consolidation basis within the Income Statement and Statement of Financial Position.

(ii) Joint ventures and associates as per Note 19(b) are accounted for using the equity accounting method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's share of net income		Council's share of net assets	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
Joint ventures	(1)	(22)	33	34
Associates	–	–	–	–
Total	(1)	(22)	33	34

Notes to the Financial Statements

for the year ended 30 June 2017

Note 19. Interests in other entities (continued)

\$ '000

(a) Controlled entities (subsidiaries) – being entities and operations controlled by Council

Council has no interest in any controlled entities (subsidiaries).

(b) Joint ventures and associates

Council has incorporated the following joint ventures and associates into its consolidated financial statements.

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	2017	2016
Shorelink Library Network	Joint Venture	Equity Method	33	34
Total carrying amounts – material joint ventures and associates			33	34

(b) Details

Name of entity	Principal activity	Place of business
Shorelink Library Network	Public Library Services	North Shore

(c) Relevant interests and fair values

Name of entity	Quoted fair value		Interest in outputs		Interest in ownership	
	2017	2016	2017	2016	2017	2016
Shorelink Library Network	na	na	37%	36%	24%	24%

(d) Summarised financial information for joint ventures and associates

	Shorelink Library Network	
Statement of financial position	2017	2016
Current assets		
Cash and cash equivalents	231	220
Non-current assets	8	6
Current liabilities		
Other current liabilities	102	87
Net assets	137	139
Reconciliation of the carrying amount		
Opening net assets (1 July)	139	229
Profit/(loss) for the period	(2)	(90)
Closing net assets	137	139
Council's share of net assets (%)	24.3%	24.3%
Council's share of net assets (\$)	33	34

Willoughby City Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 19. Interests in other entities (continued)

\$ '000

(b) Joint ventures and associates (continued)

(d) Summarised financial information for joint ventures and associates (cont'd)

	Shorelink Library Network	
	2017	2016
Statement of comprehensive income		
Income	642	614
Interest income	3	5
Depreciation and amortisation	(5)	(9)
Other expenses	(642)	(670)
Profit/(loss) from continuing operations	(2)	(60)
Profit/(loss) for period	(2)	(60)
Total comprehensive income	(2)	(60)
Share of income – Council (%)	37.3%	36.5%
Profit/(loss) – Council (\$)	(1)	(22)
Total comprehensive income – Council (\$)	(1)	(22)

(c) Joint operations

Council has no interest in any joint operations.

(d) Unconsolidated structured entities

Council has no unconsolidated structured entities

(e) Subsidiaries, joint arrangements and associates not recognised

None.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2017	Actual 2016
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of year (from previous years audited accounts)		1,111,746	2,459,420
a. Correction of prior period errors	20 (c)	–	(1,383,210)
b. Net operating result for the year		21,490	35,536
Balance at end of the reporting period		<u>1,133,236</u>	<u>1,111,746</u>
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		361,757	348,067
Total		<u>361,757</u>	<u>348,067</u>
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		348,067	394,149
– Revaluations for the year	9(a)	13,690	26,133
– Correction of prior period errors	20(c)	–	(72,215)
– Balance at end of year		<u>361,757</u>	<u>348,067</u>
TOTAL VALUE OF RESERVES		<u>361,757</u>	<u>348,067</u>

(iii) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

– The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements of non-current asset values due to their revaluation.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000

(c) Correction of error/s relating to a previous reporting period

During the current financial year Council identified Park and Infrastructure Assets worth \$17.176m that were not recorded in the asset register or financial statements. An adjustment has been made to record those assets.

During the previous financial year Council identified Other Structure Assets worth \$1.446m which had not been recorded in the asset register and identified a Bridge asset that was worth \$2.347m in the asset register which was not council's. This resulted in a net write off of \$901K.

Council previously valued Community land on the basis of deprival value as permitted by the previous editions of the Code of Accounting Practice. Code 25 requires Community land to be discounted to take into account the restrictions on the land in line with AASB13. Council has adopted the Valuer General's report as a basis of measurement of Community land which resulted in a write down of \$2.121b on the 1 July 2015 opening balance of Community land.

The total write down of \$2.121b includes an amount of \$649.8m for a revaluation of Community land in 2016 which has been reversed.

The net effect of these adjustments on the 1 July 2015 and 30 June 2016 Statement of Financial position and the 30 June 2016 statement of Comprehensive income is shown below:

	2015		
	1/7/2015	Increase/ (decrease)	1/7/2015
	Original		Restated
	\$'000	\$'000	\$'000
Statement of Financial Position (extract)			
Retained Earnings	2,459,420	(1,383,210)	1,076,210
Asset revaluation reserve	394,149	(72,215)	321,934
Non Current Assets (Infrastructure Property Plant & Equipment)	2,768,309	(1,455,425)	1,312,884
	2016		
	30/6/16	Increase/ (decrease)	30/6/16
	Original		Restated
	\$'000	\$'000	\$'000
Statement of Financial Position (extract)			
Retained Earnings	2,494,055	(1,382,309)	1,111,746
Asset revaluation reserve	1,070,101	(722,034)	348,067
Non Current Assets (Infrastructure Property Plant & Equipment)	3,458,866	(2,104,343)	1,354,523
Statement of Comprehensive Income (extract)			
Gain (loss) in revaluation of I,PP&E	675,952	(649,819)	26,133

(d) Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

Note 21. Financial result and financial position by fund

\$ '000

Council utilises only a general fund for its operations.

Note 22. 'Held for sale' non-current assets and disposal groups

Council did not classify any non-current assets or disposal groups as 'held for sale'.

Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (30 June 2017) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable 'authorised for issue' date relating to these General Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is 30/10/17.

Events that occur after the reporting period represent one of two types:

(i) Events that provide evidence of conditions that existed at the reporting period

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2017.

(ii) Events that provide evidence of conditions that arose after the reporting period

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2017 and which are only indicative of conditions that arose after 30 June 2017.

On the 27th July 2017 the Premier announced that the NSW Government would not proceed with the forced mergers of councils including Willoughby.

Council is unaware of any other material or significant 'non-adjusting events' that should be disclosed.

Note 24. Discontinued operations

Council has not classified any of its operations as 'discontinued'.

Note 25. Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

Note 27. Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Investment property

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

2017	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Investment properties					
Retail & Commercial Premises	30/06/17	–	37,260	37,025	74,285
Total investment properties		–	37,260	37,025	74,285
Infrastructure, property, plant and equipment					
Operational Land	30/06/13	–	371,153	–	371,153
Community Land	30/06/16	–	–	262,574	262,574
Land Improvements Depreciable	30/06/17	–	–	2,349	2,349
Buildings-Non Specialised	30/06/13	–	–	12,159	12,159
Buildings-Specialised	30/06/13	–	–	276,422	276,422
Other Structures	30/06/17	–	–	11,002	11,002
Roads	30/06/17	–	–	200,360	200,360
Bridges	30/06/17	–	–	9,180	9,180
Footpaths	30/06/17	–	–	60,850	60,850
Bulk Earthworks	30/06/17	–	–	20,824	20,824
Stormwater Drainage	30/06/17	–	–	86,202	86,202
Swimming Pools	30/06/16	–	–	3,207	3,207
Other Open Space/Recreational	30/06/17	–	–	31,622	31,622
Other Infrastructure Assets	30/06/17	–	–	13,048	13,048
Total infrastructure, property, plant and equipment		–	371,153	989,799	1,360,952

Notes to the Financial Statements
for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values (continued):

2016	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Investment properties					
Retail & Commercial Premises	30/06/16	–	35,510	35,375	70,885
Total investment properties		–	35,510	35,375	70,885
Infrastructure, property, plant and equipment					
Operational Land	30/06/13	–	371,178	–	371,178
Community Land	30/06/16	–	–	250,071	250,071
Land Improvements Depreciable	30/06/16	–	–	2,017	2,017
Buildings-Non Specialised	30/06/13	–	–	12,240	12,240
Buildings-Specialised	30/06/13	–	–	274,686	274,686
Other Structures	30/06/16	–	–	10,650	10,650
Roads	30/06/16	–	–	200,139	200,139
Bridges	30/06/16	–	–	8,888	8,888
Footpaths	30/06/16	–	–	60,005	60,005
Bulk Earthworks	30/06/16	–	–	20,815	20,815
Stormwater Drainage	30/06/16	–	–	85,335	85,335
Swimming Pools	30/06/16	–	–	2,930	2,930
Other Open Space/Recreational	30/06/16	–	–	30,078	30,078
Other Infrastructure	30/06/16	–	–	13,129	13,129
Total infrastructure, property, plant and equipment		–	371,178	970,983	1,342,161

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Investment Properties

Council obtains independent valuations of its investment property on an annual basis to ensure to financial statements reflect the most up to date valuation.

Daniel Atherton – Registered Valuer NSW : VAL 015214 – APV Valuers and Asset Management undertook the valuation for the year ended 30 June 2017. The following method was used to determine the fair value measurements.

Land – Level 2 valuation inputs were used to value land held in freehold title (investment and non investment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation is price per square metre.

Buildings – Level 3 valuation inputs were used to determine the fair value of a range of properties. These have been generally derived using a combination of a sales direct comparison approach and a capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre. There has been no change in the valuation process during the reporting period.

Infrastructure, Property, Plant & Equipment

Operational Land

This asset class incorporates all of Council's land classified as "Operational" under the NSW Local Government Act 1993. The key unobservable input to the valuation is price per square metre. The last valuation was undertaken on 30 June 2013 by APV Valuers and Asset Management.

Land – Level 2 valuation inputs were used to value land held in freehold title (investment and non-investment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size.

The most significant inputs into this valuation is price per square metre. There has been no change in the valuation process during the reporting period.

Community Land

Council's Community Land valuations have been performed internally based on Valuer General's valuations for rating purposes where available, or the average total Valuer General rate divided by the total land area to

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

derive a unit rate. For parcels not in the Valuer general report, the value is derived from the average of the community land parcels unit rate rather than the municipal average. Council's Community Land was last valued at 30th June 2017.

Land Improvements - Depreciable

This asset class comprises land improvements such as walking tracks. This fair valuation is undertaken annually by Council staff. The valuation has been materially impacted by estimations of gross replacement cost, rates per square metre, asset condition, useful life, residual value and pattern of consumption and has been valued using level 3 inputs.

Buildings – Non Specialised & Specialised

Buildings were valued by APV Valuers and Asset Management in June 2013 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (Level 2), other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

As such these assets were classified as having been valued using level 3 valuation inputs. There have been no changes in the valuation process during the reporting period.

Other Structures

This asset class includes assets such as The Chatswood Solar Farm, Public Art structures, Tennis Courts and The Water Treatment Tank at The Concourse were valued by APV Valuers and Asset Management in June 2016 and a desktop valuation in June 2017 using the cost approach. Under this approach the cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. The valuer disaggregated the assets into different components and for each component determined a value based on such factors as asset condition, legal and commercial obsolescence.

These assets were classified as having been valued using level 3 valuation inputs. There have been no changes in the valuation process during the reporting period.

Roads

This class of asset includes road pavement, surface and formation, kerb and guttering and car parks. The fair valuation is undertaken annually by Council staff. Whilst the unit and linear metre rates could be supported from market evidence (Level 2), other inputs such as (residual value, useful lives, pattern of consumption and asset condition) required extensive professional judgement which impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

There has been no change in the valuation process during the reporting period.

Bridges

This class of asset is fair valued annually by staff based on the "cost of componentisation" which was last provided by Pitt and Sherry during the 2014/2015 financial year. The consultants use their professional judgement and experience. As such these assets were classified as having been valued using Level 3 valuation inputs.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Footpaths

This class of asset is fair valued annually by staff. Whilst the unit rates based on square metres could be supported from market evidence (Level 2), other inputs such as (residual value, useful lives, pattern of consumption and asset condition) required extensive professional judgement which impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

There has been no change in the valuation process during the reporting period.

Bulk Earthworks

This class of asset is fair valued annually by staff. The unit rate is based on a per square metre rate which could be supported from market evidence and is therefore shown as being developed from Level 2 inputs.

There has been no change in the valuation process during the reporting period.

Stormwater Drainage

This class of asset includes Stormwater Conduits, Pits and Gross Pollutant Traps. The fair valuation is undertaken annually by Council staff. Whilst the unit rates based on linear metres could be supported from market evidence (Level 2), other inputs (such as residual value, useful life, gross replacement cost, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 inputs.

There has been no change in the valuation process during the reporting period.

Swimming Pools

This class of asset includes the pool at the Willoughby Leisure Centre together with the Ocean pool at Northbridge Baths. Valuation information has been provided from both in house and by APV Valuers and Asset Management in June 2013. The valuation required inputs such as gross replacement cost, assessment of useful life, residual value and pattern of consumption and as a result has been valued using Level 3 inputs.

There has been no change in the valuation process during the reporting period.

Other Open Space/Recreational

This class of asset includes Playgrounds, Parks, Sporting Fields, Open Space Footpaths and Bushland Assets. This class of asset is fair valued by Council staff. The valuation has been materially impacted by estimations of gross replacement cost, rates per square metre, asset condition, useful life, residual value and pattern of consumption and has been valued using Level 3 inputs.

There has been no change in the valuation process during the reporting period.

Other Infrastructure Assets

This class of asset includes Retaining wall assets. This asset is fair valued by Council staff with the first one undertaken as at 30 June 2017.

Whilst the unit rates based on square metres could be supported from market evidence (Level 2), other inputs such as (residual value, useful lives, pattern of consumption and asset condition) required extensive professional judgement which impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

Notes to the Financial Statements
for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

a. The following tables present the changes in level 3 fair value asset classes.

	Investment Properties	Community Land	Land Improvements Depreciable	Buildings Non Specialised	Total
Opening balance – 1/7/15	34,552	251,125	1,747	5,343	292,767
Transfers from/Other Assets	–	(1,054)	–	–	(1,054)
Purchases (GBV)	108	–	212	6,950	7,270
Depreciation and impairment	–	–	(30)	(53)	(83)
FV gains/losses – other comprehensive income	–	–	88	–	88
FV gains – Income Statement ¹	715	–	–	–	715
Closing balance – 30/6/16	35,375	250,071	2,017	12,240	299,703

Transfers from/Other Assets	–	–	249	–	249
Purchases (GBV)	–	–	–	42	42
Depreciation and impairment	–	–	(43)	(123)	(166)
FV gains/losses – other comprehensive income	–	12,503	126	–	12,629
FV gains – Income Statement ¹	1,650	–	–	–	1,650
Closing balance – 30/6/17	37,025	262,574	2,349	12,159	314,107

¹ FV gains recognised in the Income Statement relating to assets still on hand at year end total:

YE 15/16	715	–	–	–	715
YE 16/17	1,650	–	–	–	1,650

	Buildings Specialised	Other Structures	Roads	Bridges	Total
Opening balance – 1/7/15	274,455	8,168	184,071	9,905	476,599
Transfers from/to Other Category	318	78	–	108	504
Purchases (GBV)	1,877	444	3,009	1,107	6,437
Depreciation and impairment	(1,964)	(383)	(2,745)	(417)	(5,509)
FV gains/losses – other comprehensive income	–	2,343	15,804	532	18,679
Other movement (prior period errors)	–	–	–	(2,347)	(2,347)
Closing balance – 30/6/16	274,686	10,650	200,139	8,888	494,363
Transfers from Other Category	1,747	–	–	–	1,747
Purchases (GBV)	1,362	256	3,417	–	5,035
Depreciation and impairment	(1,373)	(441)	(2,791)	(236)	(4,841)
FV gains/losses – other comprehensive income	–	537	(405)	528	660
Closing balance – 30/6/17	276,422	11,002	200,360	9,180	496,964

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

a. The following tables present the changes in level 3 fair value asset classes. (continued)

	Footpaths	Bulk Earthworks Non Dep	Stormwater Drainage	Swimming Pools	Total
Opening balance – 1/7/15	52,675	20,750	83,881	2,977	160,283
Purchases (GBV)	1,795	–	1,511	–	3,306
Depreciation and impairment	(950)	–	(1,199)	(47)	(2,196)
FV gains/losses – other comprehensive income	6,485	65	1,142	–	7,692
Closing balance – 30/6/16	60,005	20,815	85,335	2,930	169,085
Transfers from/(to) another asset class	–	–	–	133	133
Purchases (GBV)	1,321	–	1,996	191	3,508
Depreciation and impairment	(815)	–	(1,158)	(47)	(2,020)
FV gains/losses – other comprehensive income	339	9	29	–	377
Closing balance – 30/6/17	60,850	20,824	86,202	3,207	171,083

	Other Open Space Recreational	Other Infrastructure Assets	Total
Opening balance – 1/7/15	27,966	13,129	41,095
Transfers from/(to) another asset class	818	–	818
Purchases (GBV)	2,167	–	2,167
Depreciation and impairment	(1,993)	–	(1,993)
FV gains/losses – other comprehensive income	1,120	–	1,120
Closing balance – 30/6/16	30,078	13,129	43,207
Transfers from/(to) another asset class	646	–	646
Purchases (GBV)	3,165	108	3,273
Depreciation and impairment	(2,291)	(189)	(2,480)
FV gains/losses – other comprehensive income	24	–	24
Closing balance – 30/6/17	31,622	13,048	44,670

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

(4). Fair value measurements using significant unobservable inputs (Level 3)

(b) Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

Unobservable valuation inputs are disclosed in the note relating to Valuation techniques in Note 27.

(c) The Valuation Process for Level 3 Fair Value Measurements

AASB 13 Fair Value Measurement requires disclosure of fair value measurement by level of input, using the following hierarchy;

- 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.
- Level 3 – Unobservable inputs for asset or liability

Fair Value – Valuation Techniques

The valuation techniques prescribed by AASB 13 can be summarised as:

Cost Approach – A valuation technique that reflects the amount that would be required to replace the service capacity of an asset (current replacement cost).

Income Approach – Valuation technique that converts future amounts (cash flows inflows/outflows) to signal the current (ie discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

Market Approach – A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

(1) Valuation techniques used to derive Level 2 and Level 3 inputs are as follows:

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Level 2 Valuation:

- Quoted prices for similar asset in active markets
- Current replacement cost concept
- Purchase Price
- Useful Life

Level 3 Valuation:

- Pattern of consumption
- Residual value
- Asset condition

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

- Unit rates
- Useful life

(2) Transfers between hierarchy

Council's policy for determining when transfers into different levels of the hierarchy have occurred is at the end of the reporting period. During the reporting period there were no transfers between levels of hierarchy.

(3) Highest and best use

All of Council's non - financial assets are considered to be being utilised for their highest and best use following due consideration to: physical possibility, legal permissibility, financial feasibility and maximum profitability. Implied within these criteria is the recognition of the contribution of that specific use to the community's environment and or development goals.

Willoughby City Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 28. Related party disclosures

\$

a. Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

	Actual 2017
Compensation:	
Short-term benefits (including annual leave)	1,530,062
Other long-term benefits	40,082
Termination benefits	181,992
Post Retirement Benefits	68,930
Total	1,821,066

It is noted that Council has an association with Shorelink Library Network as disclosed in Note 19 of the financial statements.

No other transactions with KMP and their related parties.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 29. Financial review

\$ '000

Key financial figures of Council over the past 5 years (consolidated)

Financial performance figures	2017	2016	2015	2014	2013
Inflows:					
Rates and annual charges revenue	62,794	60,944	57,288	54,439	52,209
User charges revenue	17,909	19,056	18,515	17,429	18,221
Interest and investment revenue (losses)	3,109	3,293	2,812	2,505	3,238
Grants income – operating and capital	7,951	6,767	6,222	4,781	5,517
Total income from continuing operations	119,321	135,022	119,097	128,548	110,446
Sale proceeds from I,PP&E	350	391	224	296	325
New loan borrowings and advances	–	–	–	–	2,000
Outflows:					
Employee benefits and on-cost expenses	38,721	39,794	40,539	39,129	38,340
Borrowing costs	2,450	2,590	2,943	3,113	3,258
Materials and contracts expenses	31,868	32,250	31,085	28,971	29,555
Total expenses from continuing operations	97,831	99,486	98,188	96,411	95,379
Total cash purchases of I,PP&E	17,478	17,704	10,515	9,809	11,986
Total loan repayments (incl. finance leases)	2,249	3,859	3,695	3,610	6,382
Operating surplus/(deficit) (excl. capital income)	17,855	13,142	8,080	15,175	3,868
Financial position figures					
Current assets	121,591	107,699	90,427	73,549	58,074
Current liabilities	32,289	31,506	31,867	28,057	28,170
Net current assets	89,302	76,193	58,560	45,492	29,904
Available working capital (Unrestricted net current assets)	(1,582)	(769)	2,499	4,364	3,667
Cash and investments – unrestricted	13,859	11,416	12,468	10,902	8,011
Cash and investments – internal restrictions	56,565	49,122	44,666	38,179	28,543
Cash and investments – total	116,059	104,284	90,112	71,436	55,224
Total borrowings outstanding (Loans, advances and finance leases)	44,210	46,459	49,595	52,571	55,458
Total value of I,PP&E (excl. land and earthworks)	886,831	876,460	803,228	793,037	775,878
Total accumulated depreciation	167,172	164,001	144,948	148,544	145,317
Indicative remaining useful life (as a % of GBV)	81%	81%	82%	81%	81%

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

Willoughby City Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 30. Council information and contact details

Principal place of business:

31 Victor Street
Chatswood NSW 2067

Contact details

Mailing address:

PO Box 57
Chatswood NSW 2067

Opening hours:

Monday to Friday, 8:30am to 5:00pm

Telephone: 02 9777 1000

Facsimile: 02 9411 8309

Internet: www.willoughby.nsw.gov.au

Email: email@willoughby.nsw.gov.au

Officers

GENERAL MANAGER

Debra Just

RESPONSIBLE ACCOUNTING OFFICER

Michael Duffy

PUBLIC OFFICER

Andrew Patterson

AUDITORS

Audit Office of NSW
15/1 Margaret Street
Sydney NSW 2000

Elected members

MAYOR

Gail Giles Gidney

COUNCILLORS

Wendy Norton
Judith Rutherford
Nic Wright
Angelo Rozos
Stuart Coppock
Tony Mustaca
Lynne Saville
Hugh Eriksson
Christine Tuon
Denis Fernandez
Craig Campbell
Brendon Zhu

Other information

ABN: 47 974 826 099



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Willoughby City Council

To the Councillors of the Willoughby City Council

Opinion

I have audited the accompanying financial statements of Willoughby City Council (the Council), which comprise the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been presented, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statements on 12 October 2016.

The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

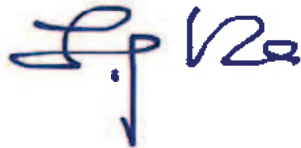
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, Note 2(a) and Note 16 budget variation explanations
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in blue ink, appearing to read 'W. Liao', with a vertical line extending downwards from the 'L'.

Weini Liao
Director, Financial Audit Services

30 October 2017
SYDNEY

Councillor Gail Giles Gidney
 Mayor
 Willoughby City Council
 Level 4 - 31 Victor St
 CHATSWOOD NSW 2067

30 October 2017

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2017
 Willoughby City Council**





I have audited the general purpose financial statements of Willoughby City Council (the Council) for the year ended 30 June 2017 as required by s415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2017 is issued in accordance with section 417 of the Act. Section 417(3) requires me to consider and report on matters pertinent to the Council's financial statements and audit. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under s417(2) of the Act.

INCOME STATEMENT

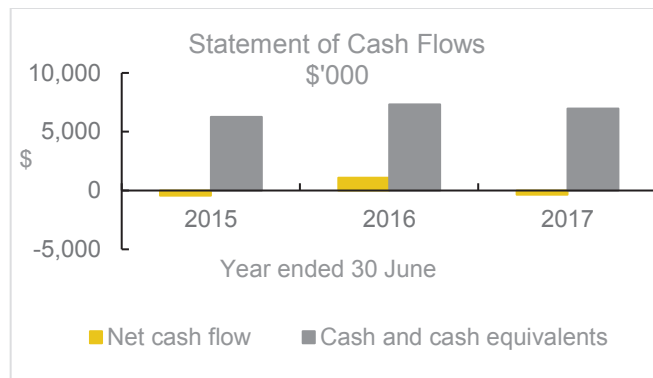
Operating result

	2017	2016	Variance
	\$m	\$m	%
Rates and annual charges revenue	62.8	61.0	3.0 
Grants and contributions revenue	12.0	29.6	(59.5) 
Operating result for the year	21.5	35.5	(39.4) 
Net operating result before capital amounts	17.9	13.1	36.6 

- The operating result from continuing activities declined by 39.4 per cent or \$14 million. This was mainly driven by 60 per cent decline in capital grant and contributions revenue. Non-cash section 94 and voluntary planning agreement dedications declined by \$6.5 million. In 2015-16 the Council also received a non-reoccurring Housing and Community contribution of \$10.2 million.
- Rates and annual charges increased by three per cent due to a special rate variation of 4.6 per cent in 2016-17. Domestic waste charges only increased by 1.4 per cent.
- Excluding capital amounts, the net operating result improved as a result of an increase in rates and a decrease in operating expenses, mainly employee costs, materials and contracts related expenses.

STATEMENT OF CASH FLOWS

- Cash and cash equivalents have remained fairly constant with a slight decrease in the year due to purchase of investments securities of \$52.7 million compared to \$45.1 million in 2015-16.
- Operating activities cash receipts was lower in 2016-17 mainly due to a reduction in cash grants and contributions compared to the prior year.



FINANCIAL POSITION

Cash and Investments

Restricted Cash and Investments	2017	2016	Commentary
	\$m	\$m	
External restrictions	45.6	43.8	○ External restrictions increased by \$1.8 million due to reduced spending on Section 94 restricted monies.
Internal restrictions	56.6	49.1	
Unrestricted	13.9	11.4	○ Internal restrictions increased by \$7.5 million mainly from \$3.5 million increase in funds set aside for Leisure and recreational project.
Cash and investments	116.1	104.3	

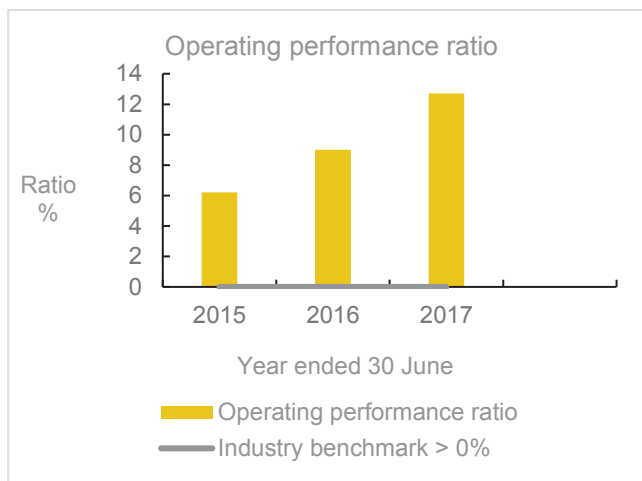
PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 13 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7.

Operating performance ratio

- Council's operating performance ratio of 12.7 per cent reflects a surplus in operating revenues over operating expenses. Council exceeded the industry benchmark of greater than zero per cent for the last three years.

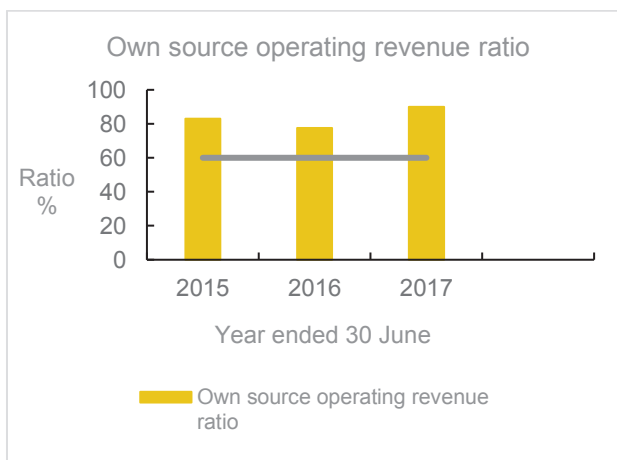
The 'operating performances ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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



Own source operating revenue ratio

- Council's own source operating revenue ratio of 90 per cent reflects a low level of reliance on externally sourced grant revenue and exceeded the OLG benchmark of greater than 60 percent.
- The ratio has remained relatively stable above the benchmark of 60 per cent over the last three years.

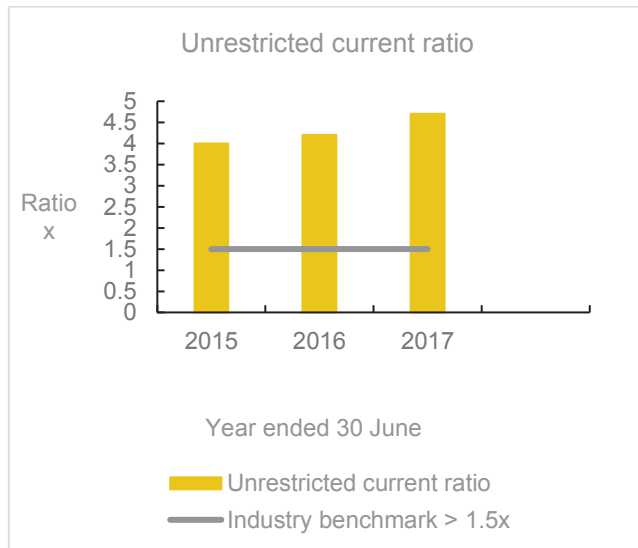
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

- This ratio indicates that Council currently has \$4.7 of unrestricted assets available to service every \$1.0 of its unrestricted current liabilities. This reflects a sufficient operating buffer for use in Council's operations and exceeded the OLG benchmark of greater than 1.5 times.
- The unrestricted current ratio continues to improve as the council continues to build cash and investments from the positive operating results.

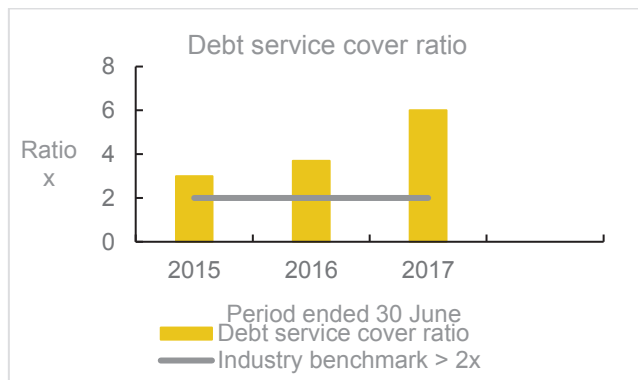
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

- Council's debt service cover ratio of 6 times reflects the positive operating result and the low debt repayments. Council's ratio continues to exceed the OLG benchmark of greater than two times.

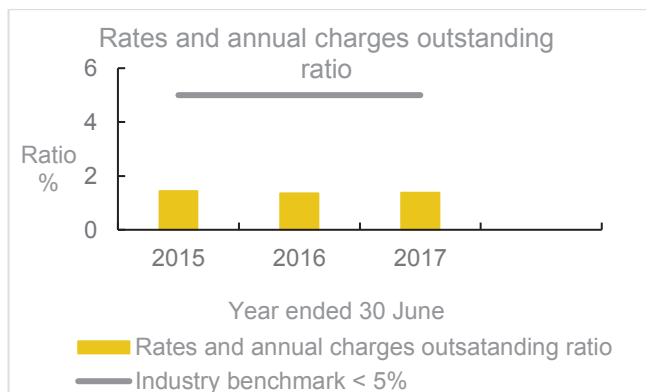
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding ratio

- Council's rates and annual charges outstanding ratio of 1.38 per cent met the benchmark of less than 5 per cent. The Council's ratio continues to remain constant because of efficient collection of outstanding debt.

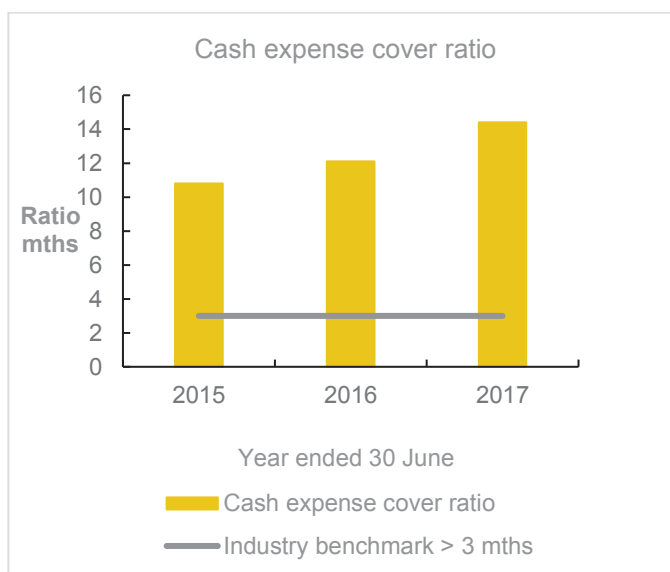
The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metro councils.



Cash expense cover ratio

- Council's cash expense cover ratio of 14.4 months well exceeded the OLG benchmark of greater than three months. This reflects the substantial building up of cash and investment securities reserves made over a number of years.
- Council's cash expense cover ratio has increased over the past three years, reflecting ongoing operating cash surpluses.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

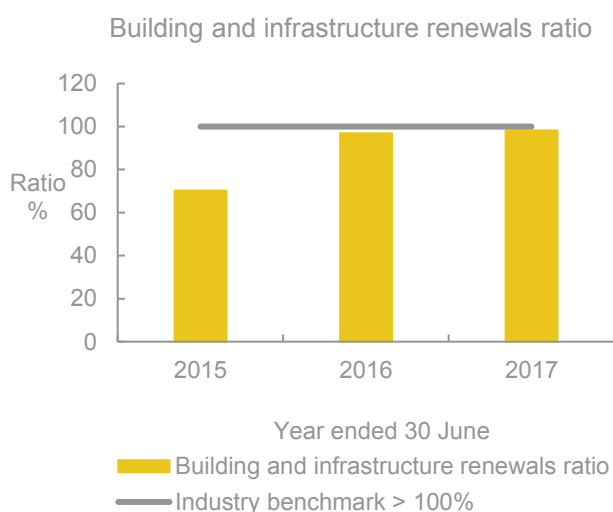


Building and infrastructure renewals ratio

- Council's building and infrastructure renewals ratio of 98.3 per cent did not meet the OLG benchmark of greater than 100 per cent.
- This reflected a reduction of capital investment in asset renewals compared with last year. In 2016-17 Council incurred \$12.1 million, compared to \$12.6 million in the 2015-16, in infrastructure assets renewals.

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

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



OTHER MATTERS

New accounting standards implemented

AASB 124 'Related Party Disclosures'

Effective for annual reporting periods beginning on or 1 July 2016

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

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

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Weini Liao
Director, Financial Audit Services

30 October 2017
SYDNEY

cc: Debra Just, General Manager
Robert Dobbie, Audit, Risk & Improvement Committee
Tim Hurst, Acting Chief Executive of the Office of Local Government



Section Four

Special Purpose Financial Statements

for the year ended 30 June 2017

Special Purpose Financial Statements

for the year ended 30 June 2017

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2. Special Purpose Financial Statements:	
Income Statement – Water Supply Business Activity	n/a
Income Statement – Sewerage Business Activity	n/a
Income Statement – Other Business Activities	144
Statement of Financial Position – Water Supply Business Activity	n/a
Statement of Financial Position – Sewerage Business Activity	n/a
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3. Notes to the Special Purpose Financial Statements	151
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Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Willoughby City Council

Special Purpose Financial Statements
for the year ended 30 June 2017

Statement by Councillors and Management
made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Statements have been prepared in accordance with:

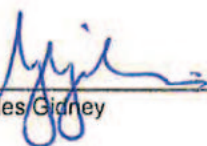
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines:

To the best of our knowledge and belief, these financial statements:


- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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

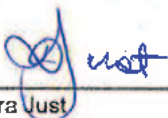
Signed in accordance with a resolution of Council made on 23 October 2017.




Gail Giles-Gidney
Mayor



Hugh Eriksson
Deputy Mayor



Debra Just
General manager



Michael Duffy
Responsible accounting officer

Income Statement of Council's Other Business Activities

for the year ended 30 June 2017

	The Concourse Precinct Category 1		Willoughby Leisure Centre Category 1	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
\$ '000				
Income from continuing operations				
Access charges	–	–	–	–
User charges	–	–	–	–
Fees	6,884	6,653	2,642	2,686
Interest	341	396	–	–
Grants and contributions provided for non-capital purposes	224	213	12	16
Profit from the sale of assets	–	–	–	–
Share of profit from equity accounted investment	–	–	–	–
Other income	6,603	6,278	782	670
Total income from continuing operations	14,052	13,540	3,436	3,372
Expenses from continuing operations				
Employee benefits and on-costs	6,228	6,089	2,460	2,445
Borrowing costs	2,249	2,326	–	–
Materials and contracts	2,246	2,233	255	497
Depreciation, amortisation and impairment	1,640	1,782	109	94
Loss on sale of assets	–	–	–	–
Calculated taxation equivalents	–	–	–	–
Debt guarantee fee (if applicable)	–	–	–	–
Other expenses	4,342	4,176	1,009	920
Total expenses from continuing operations	16,705	16,606	3,833	3,956
Surplus (deficit) from continuing operations before capital amounts	(2,653)	(3,066)	(397)	(584)
Grants and contributions provided for capital purposes	88	2,000	–	–
Surplus (deficit) from continuing operations after capital amounts	(2,565)	(1,066)	(397)	(584)
Surplus (deficit) from discontinued operations	–	–	–	–
Surplus (deficit) from all operations before tax	(2,565)	(1,066)	(397)	(584)
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–	–	–
SURPLUS (DEFICIT) AFTER TAX	(2,565)	(1,066)	(397)	(584)
Plus opening retained profits	255,271	255,562	(2,203)	(1,619)
Plus/less: prior period adjustments	–	–	–	–
Plus adjustments for amounts unpaid:				
– Taxation equivalent payments	–	775	–	36
– Debt guarantee fees	–	–	–	–
– Corporate taxation equivalent	–	–	–	–
Add:				
– Subsidy paid/contribution to operations	6,113	–	–	–
Less:				
– TER dividend paid	–	–	–	–
– Dividend paid	–	–	–	(36)
Closing retained profits	258,819	255,271	(2,600)	(2,203)
Return on capital %	-0.2%	-0.3%	-4.4%	-6.4%
Subsidy from Council	6,284	5,667	613	767

Income Statement of Council's Other Business Activities

for the year ended 30 June 2017

	Devonshire Child Care Category 2		Family Day Care Category 2	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
\$ '000				
Income from continuing operations				
Access charges	–	–	–	–
User charges	–	–	–	–
Fees	1,017	942	305	295
Interest	–	–	–	–
Grants and contributions provided for non-capital purposes	523	495	622	688
Profit from the sale of assets	–	–	–	–
Share of profit from equity accounted investment	–	–	–	–
Other income	–	–	–	4
Total income from continuing operations	1,540	1,437	927	987
Expenses from continuing operations				
Employee benefits and on-costs	1,307	1,257	292	285
Borrowing costs	–	–	–	–
Materials and contracts	94	90	5	9
Depreciation, amortisation and impairment	27	12	12	12
Loss on sale of assets	–	–	–	–
Calculated taxation equivalents	–	–	–	–
Debt guarantee fee (if applicable)	–	–	–	–
Other expenses	359	230	765	811
Total expenses from continuing operations	1,787	1,589	1,074	1,117
Surplus (deficit) from continuing operations before capital amounts	(247)	(152)	(147)	(130)
Grants and contributions provided for capital purposes	–	–	–	–
Surplus (deficit) from continuing operations after capital amounts	(247)	(152)	(147)	(130)
Surplus (deficit) from discontinued operations	–	–	–	–
Surplus (deficit) from all operations before tax	(247)	(152)	(147)	(130)
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–	–	–
SURPLUS (DEFICIT) AFTER TAX	(247)	(152)	(147)	(130)
Plus opening retained profits	(2,476)	(2,324)	(1,537)	(1,407)
Plus/less: prior period adjustments	–	–	–	–
Plus adjustments for amounts unpaid:				
– Taxation equivalent payments	–	–	–	–
– Debt guarantee fees	–	–	–	–
– Corporate taxation equivalent	–	–	–	–
Add:				
– Subsidy paid/contribution to operations	–	–	–	–
Less:				
– TER dividend paid	–	–	–	–
– Dividend paid	–	–	–	–
Closing retained profits	(2,723)	(2,476)	(1,684)	(1,537)
Return on capital %	-24.2%	-14.5%	-612.5%	-361.1%
Subsidy from Council	271	173	148	131

Income Statement of Council's Other Business Activities

for the year ended 30 June 2017

\$ '000	Before/After School Care		Dougherty Food Services	
	Category 2		Category 2	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
Income from continuing operations				
Access charges	–	–	–	–
User charges	–	–	–	–
Fees	979	949	364	281
Interest	–	–	–	–
Grants and contributions provided for non-capital purposes	374	389	12	–
Profit from the sale of assets	–	–	–	–
Share of profit from equity accounted investment	–	–	–	–
Other income	9	–	97	93
Total income from continuing operations	1,362	1,338	473	374
Expenses from continuing operations				
Employee benefits and on-costs	672	662	381	332
Borrowing costs	–	–	–	–
Materials and contracts	90	82	194	175
Depreciation, amortisation and impairment	–	–	3	3
Loss on sale of assets	–	–	–	–
Calculated taxation equivalents	–	–	–	–
Debt guarantee fee (if applicable)	–	–	–	–
Other expenses	199	200	48	36
Total expenses from continuing operations	961	944	626	546
Surplus (deficit) from continuing operations before capital amounts	401	394	(153)	(172)
Grants and contributions provided for capital purposes	–	–	–	–
Surplus (deficit) from continuing operations after capital amounts	401	394	(153)	(172)
Surplus (deficit) from discontinued operations	–	–	–	–
Surplus (deficit) from all operations before tax	401	394	(153)	(172)
Less: corporate taxation equivalent (30%) [based on result before capital]	(120)	(118)	–	–
SURPLUS (DEFICIT) AFTER TAX	281	276	(153)	(172)
Plus opening retained profits	1,051	657	(1,431)	(1,259)
Plus/less: prior period adjustments	–	–	–	–
Plus adjustments for amounts unpaid:				
– Taxation equivalent payments	–	–	–	–
– Debt guarantee fees	–	–	–	–
– Corporate taxation equivalent	120	118	–	–
Add:				
– Subsidy paid/contribution to operations	–	–	–	–
Less:				
– TER dividend paid	–	–	–	–
– Dividend paid	–	–	–	–
Closing retained profits	1,452	1,051	(1,584)	(1,431)
Return on capital %	n/a	n/a	-24.9%	-27.8%
Subsidy from Council	–	–	168	184

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2017

\$ '000	The Concourse Precinct		Willoughby Leisure Centre	
	Category 1		Category 1	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
ASSETS				
Current assets				
Cash and cash equivalents	–	–	–	–
Investments	12,785	12,109	–	–
Receivables	178	208	–	–
Inventories	–	–	549	702
Other	27	–	–	–
Non-current assets classified as held for sale	–	–	–	–
Total Current Assets	12,990	12,317	549	702
Non-current assets				
Investments	–	–	–	–
Receivables	–	–	–	–
Inventories	–	–	–	–
Infrastructure, property, plant and equipment	247,058	247,597	9,084	9,177
Investment property	41,280	39,439	–	–
Total non-current assets	288,338	287,036	9,084	9,177
TOTAL ASSETS	301,328	299,353	9,633	9,879
LIABILITIES				
Current liabilities				
Bank overdraft	–	–	–	–
Payables	312	971	3,091	2,820
Income received in advance	–	–	–	–
Borrowings	962	1,927	8,840	9,003
Provisions	850	803	151	129
Total current liabilities	2,124	3,701	12,082	11,952
Non-current liabilities				
Payables	–	–	–	–
Income received in advance	–	–	–	–
Borrowings	39,789	40,021	–	–
Provisions	18	28	151	130
Total non-current liabilities	39,807	40,049	151	130
TOTAL LIABILITIES	41,931	43,750	12,233	12,082
NET ASSETS	259,397	255,603	(2,600)	(2,203)
EQUITY				
Retained earnings	258,819	255,271	(2,600)	(2,203)
Revaluation reserves	578	332	–	–
Other reserves	–	–	–	–
Council equity interest	259,397	255,603	(2,600)	(2,203)
Non-controlling equity interest	–	–	–	–
TOTAL EQUITY	259,397	255,603	(2,600)	(2,203)

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2017

	Devonshire Child Care Category 2		Family Day Care Category 2	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
\$ '000				
ASSETS				
Current assets				
Cash and cash equivalents	113	124	698	789
Investments	–	–	–	–
Receivables	–	–	–	–
Inventories	–	–	–	–
Non-current assets classified as held for sale	–	–	–	–
Total Current Assets	113	124	698	789
Non-current assets				
Investments	–	–	–	–
Receivables	704	618	1,290	978
Inventories	–	–	–	–
Infrastructure, property, plant and equipment	1,020	1,047	24	36
Investments accounted for using equity method	–	–	–	–
Investment property	–	–	–	–
Total non-current assets	1,724	1,665	1,314	1,014
TOTAL ASSETS	1,837	1,789	2,012	1,803
LIABILITIES				
Current liabilities				
Bank overdraft	–	–	–	–
Payables	4,121	3,870	3,588	3,243
Income received in advance	–	–	–	–
Borrowings	–	–	–	–
Provisions	218	196	47	41
Total current liabilities	4,339	4,066	3,635	3,284
Non-current liabilities				
Payables	–	–	–	–
Income received in advance	–	–	–	–
Borrowings	–	–	–	–
Provisions	221	199	61	56
Total non-current liabilities	221	199	61	56
TOTAL LIABILITIES	4,560	4,265	3,696	3,340
NET ASSETS	(2,723)	(2,476)	(1,684)	(1,537)
EQUITY				
Retained earnings	(2,723)	(2,476)	(1,684)	(1,537)
Revaluation reserves	–	–	–	–
Other reserves	–	–	–	–
Council equity interest	(2,723)	(2,476)	(1,684)	(1,537)
Non-controlling equity interest	–	–	–	–
TOTAL EQUITY	(2,723)	(2,476)	(1,684)	(1,537)

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2017

\$ '000	Before/After School Care Category 2		Dougherty Food Services Category 2	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
ASSETS				
Current assets				
Cash and cash equivalents	2,011	1,471	–	–
Investments	–	–	–	–
Receivables	–	–	–	–
Inventories	–	–	–	–
Non-current assets classified as held for sale	–	–	–	–
Total Current Assets	2,011	1,471	–	–
Non-current assets				
Investments	1,777	1,777	–	–
Receivables	114	115	956	857
Inventories	–	–	–	–
Infrastructure, property, plant and equipment	–	–	615	618
Investment property	–	–	–	–
Total non-current assets	1,891	1,892	1,571	1,475
TOTAL ASSETS	3,902	3,363	1,571	1,475
LIABILITIES				
Current liabilities				
Bank overdraft	–	–	–	–
Payables	2,190	2,061	520	481
Income received in advance	–	–	–	–
Borrowings	9	–	2,565	2,354
Provisions	124	123	25	25
Total current liabilities	2,323	2,184	3,110	2,860
Non-current liabilities				
Payables	–	–	–	–
Income received in advance	–	–	–	–
Borrowings	–	–	–	–
Provisions	127	122	45	46
Other Liabilities	–	6	–	–
Total non-current liabilities	127	128	45	46
TOTAL LIABILITIES	2,450	2,312	3,155	2,906
NET ASSETS	1,452	1,051	(1,584)	(1,431)
EQUITY				
Retained earnings	1,452	1,051	(1,584)	(1,431)
Revaluation reserves	–	–	–	–
Other reserves	–	–	–	–
Council equity interest	1,452	1,051	(1,584)	(1,431)
Non-controlling equity interest	–	–	–	–
TOTAL EQUITY	1,452	1,051	(1,584)	(1,431)

Willoughby City Council

Special Purpose Financial Statements for the year ended 30 June 2017

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	67
2	Water Supply Business Best-Practice Management disclosure requirements	n/a
3	Sewerage Business Best-Practice Management disclosure requirements	n/a

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017

Note 1. Significant accounting policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

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

The pricing and costing guidelines outline the process for identifying and allocating costs to

activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

a. The Concourse Precinct

Provision of the Chatswood library service and the management of the venue, facilities, car park, retail, urban screen and the art space at the site.

b. Willoughby Leisure Centre

Provision of leisure facilities including a Gymnasium & Pool. A council owned facility previously managed by a private company.

Category 2

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

c. Devonshire Street Child Care Centre

Provision of long day child care services for up to 50 places at its premises situated at 38 Devonshire St, Chatswood, from 7.30am to 6.00pm.

d. Family Day Care

Provision of Day care services for children in need of care from ages 0-12 years at a registered carers home.

e. Before/After School Care/Vacation Care

Provision of Before & After School care for children at the following centres:

- Artarmon (BSC & ASC)
- Chatswood (BSC & ASC)
- Naremburn (ASC)

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

Before school care hours are from 7.30am to 9.00am and after school care hours are from 3.00pm to 6.00pm.

In addition, Council in conjunction with the State Government operates Vacation Care services at the following centres during school holidays:

- Artarmon Vacation Care Centre
- Bales Park Vacation Care Centre
- Chatswood Vacation Care Centre
- Beauchamp Park Vacation Care Centre

f. Artarmon Child Care Centre

The Artarmon Child Care Centre last day of business was 20th December 2015. As a result it is not included in the Special Purpose Financial Statements for 30th June 2017.

g. Dougherty Food Services

Commercial food kitchen that supplies meals on a contract basis to a number of organisations as well as catering for functions and the operation of a coffee shop.

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars.

(i) Taxation-equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first \$549,000 of combined land values attracts 0%. For the combined land values in excess of \$549,001 up to \$3,357,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$3,357,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$750,000.

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 30% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(iii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.38% at 30/6/17.

(iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Willoughby City Council

To the Councillors of the Willoughby City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Willoughby City Council's (the Council) Declared Business Activities, which comprise the statement of financial position of each Declared Business Activity as at 30 June 2017, the income statement of each Declared Business Activity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Concourse Precinct
- Willoughby Leisure Centre
- Devonshire Child Care
- Family Day Care
- Before/After School Care
- Dougherty Food Services

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2017, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report and in particular, the Emphasis of Matter referring to the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note (1) to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statement on 12 October 2016.

The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting, as it affects the Council's Declared Business Activities.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

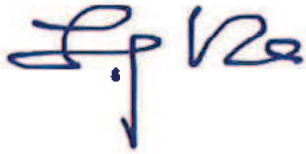
A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in blue ink, appearing to read 'Weini Liao', with a vertical line extending downwards from the end of the signature.

Weini Liao
Director, Financial Audit Services

30 October 2017
SYDNEY



Section Five

Special Schedules

for the year ended 30 June 2017

Special Schedules

for the year ended 30 June 2017

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Special Schedule 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
Special Schedule 3	Water Supply Operations – incl. Income Statement	n/a
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¹ Special Schedules are not audited (with the exception of Special Schedule 8).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	2,153	446	–	(1,707)
Administration	21,616	3,573	–	(18,043)
Public order and safety				
Fire service levy, fire protection, emergency services	1,607	8	–	(1,599)
Beach control	–	–	–	–
Enforcement of local government regulations	3,290	5,523	–	2,233
Animal control	5	16	–	11
Other	65	–	–	(65)
Total public order and safety	4,967	5,547	–	580
Health	256	205	–	(51)
Environment				
Noxious plants and insect/vermin control	–	–	–	–
Other environmental protection	3,001	–	18	(2,983)
Solid waste management	12,093	15,777	–	3,684
Street cleaning	1,699	4	–	(1,695)
Drainage	1,684	–	–	(1,684)
Stormwater management	328	388	–	60
Total environment	18,805	16,169	18	(2,618)
Community services and education				
Administration and education	2,267	865	–	(1,402)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	823	854	–	31
Children's services	3,581	3,930	–	349
Total community services and education	6,671	5,649	–	(1,022)
Housing and community amenities				
Public cemeteries	–	–	–	–
Public conveniences	–	–	–	–
Street lighting	1,151	193	–	(958)
Town planning	3,752	2,182	–	(1,570)
Other community amenities	1,179	817	344	(18)
Total housing and community amenities	6,082	3,192	344	(2,546)
Water supplies	–	–	–	–
Sewerage services	–	–	–	–

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2017

\$'000				
Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	4,469	426	–	(4,043)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	1,991	714	–	(1,277)
Performing arts venues	1,424	685	–	(739)
Other performing arts	–	–	–	–
Other cultural services	1,982	977	–	(1,005)
Sporting grounds and venues	1,778	1,115	460	(203)
Swimming pools	2,709	3,079	–	370
Parks and gardens (lakes)	6,235	65	–	(6,170)
Other sport and recreation	4,311	580	1,205	(2,526)
Total recreation and culture	24,899	7,641	1,665	(15,593)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	1,051	414	–	(637)
Other mining, manufacturing and construction	–	–	–	–
Total mining, manufacturing and const.	1,051	414	–	(637)
Transport and communication				
Urban roads (UR) – local	5,331	1,737	603	(2,991)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	–	–	–	–
Sealed rural roads (SRR) – regional	–	–	–	–
Unsealed rural roads (URR) – local	–	–	–	–
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	248	–	–	(248)
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	1,973	6,241	102	4,370
Footpaths	1,516	176	602	(738)
Aerodromes	–	–	–	–
Other transport and communication	1,636	1,722	301	387
Total transport and communication	10,704	9,876	1,608	780
Economic affairs				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	626	10,314	–	9,688
Total economic affairs	626	10,314	–	9,688
Totals – functions	97,830	63,026	3,635	(31,169)
General purpose revenues ⁽¹⁾		52,660		52,660
Share of interests – joint ventures and associates using the equity method	1	–		(1)
NET OPERATING RESULT ⁽²⁾	97,831	115,686	3,635	21,490

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

Willoughby City Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose) for the year ended 30 June 2017

Classification of debt	Principal outstanding at beginning of the year		New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)										
Commonwealth Government	-	-	-	-	-	-	-	-	-	
NSW Treasury Corporation	-	-	-	-	-	-	-	-	-	
Other State Government	-	-	-	-	-	-	-	-	-	
Public subscription	-	-	-	-	-	-	-	-	-	
Financial institutions	2,409	10,519	-	2,408	-	-	571	1,033	9,487	
Other	496	25,863	-	497	-	-	1,148	512	25,350	
Total loans	2,905	36,382	-	2,905	-	-	1,719	1,545	34,837	
Other long term debt										
Ratepayers advances	-	-	-	-	-	-	-	-	-	
Government advances	-	-	-	-	-	-	-	-	-	
Finance leases	-	-	-	-	-	-	-	-	-	
Deferred payments	75	870	-	75	-	-	-	75	795	
Total long term debt	75	870	-	75	-	-	-	75	795	
Total debt	2,980	37,252	-	2,980	-	-	1,719	1,620	35,632	
									37,252	

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.
This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
								1	2	3	4	5	
Buildings	Council offices	–	–	286	286	1,918	2,073	0%	100%	0%	0%	0%	0%
	Council Works Depot	36	36	109	109	20,369	20,865	98%	0%	1%	1%	0%	0%
	Council Halls	2	2	21	21	638	858	0%	34%	65%	1%	0%	0%
	Libraries	10	10	65	65	5,021	5,554	73%	20%	6%	1%	0%	0%
	Council Houses	25	25	105	105	12,159	14,110	73%	26%	0%	1%	0%	0%
	Commercial Buildings	79	79	384	384	64,908	68,153	47%	12%	38%	3%	0%	0%
	Childcare Centres	47	47	80	80	7,958	8,996	0%	79%	18%	3%	0%	0%
	Community Centres	21	21	1,484	1,484	165,486	171,736	0%	36%	63%	1%	0%	0%
	Amenities/Toilets	41	41	327	327	10,124	11,857	4%	32%	62%	2%	0%	0%
	Sub-total	261	261	2,861	2,861	288,581	304,202	22.1%	28.9%	47.4%	1.5%	0.0%	0.0%
Other structures	Other structures	–	–	198	198	11,002	13,193	6%	84%	10%	0%	0%	0%
	Sub-total	–	–	198	198	11,002	13,193	6.0%	84.0%	10.0%	0.0%	0.0%	0.0%
Roads	Sealed roads	2,359	2,359	1,416	1,416	116,794	174,490	6%	52%	37%	4%	1%	1%
	Bridges	330	330	–	–	9,180	10,558	79%	10%	6%	0%	5%	5%
	Footpaths	664	664	937	937	60,850	70,926	51%	25%	20%	4%	0%	0%
	Kerb and Gutter	999	999	74	74	81,884	94,586	51%	29%	16%	4%	0%	0%
	Carparks	27	27	45	45	1,682	2,480	5%	3%	85%	7%	0%	0%
	Sub-total	4,379	4,379	2,472	2,472	270,390	353,040	29.3%	38.8%	27.4%	3.9%	0.6%	0.6%

Willoughby City Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Pipes and Pits	3,582	3,582	510	510	85,740	115,756	31%	26%	30%	12%	1%
	Gross Pollutant Traps	115	115	–	–	462	958	31%	0%	0%	69%	0%
	Sub-total	3,697	3,697	510	510	86,202	116,714	31.0%	25.8%	29.8%	12.5%	1.0%
Open space/recreational assets	Swimming pools	82	82	60	60	3,207	4,216	0%	0%	88%	12%	0%
	Parks & Playgrounds	275	275	1,335	1,335	22,636	29,935	15%	18%	48%	17%	2%
	Sporting Fields	1,091	1,091	1,080	1,080	8,353	14,826	30%	16%	7%	31%	16%
	Bushland Assets	–	–	35	35	633	933	2%	75%	22%	1%	0%
	Sub-total	1,448	1,448	2,510	2,510	34,829	49,910	17.9%	17.0%	38.7%	20.4%	6.0%
Other infrastructure assets	Land Improvements Depreciable	–	–	58	58	2,349	2,608	0%	82%	18%	0%	0%
	Other – Retaining Walls	239	239	9	9	10,699	16,595	3%	66%	25%	6%	0%
	Sub-total	239	239	67	67	13,048	19,203	2.6%	68.2%	24.0%	5.2%	0.0%

\$'000

Willoughby City Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
	TOTAL – ALL ASSETS	10,024	10,024	8,618	8,618	704,052	856,262	25.4%	33.6%	35.1%	5.2%	0.7%

Notes:

a Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

1	Excellent No work required (normal maintenance)
2	Good Only minor maintenance work required
3	Average Maintenance work required
4	Poor Renewal required
5	Very poor Urgent renewal/upgrading required

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017

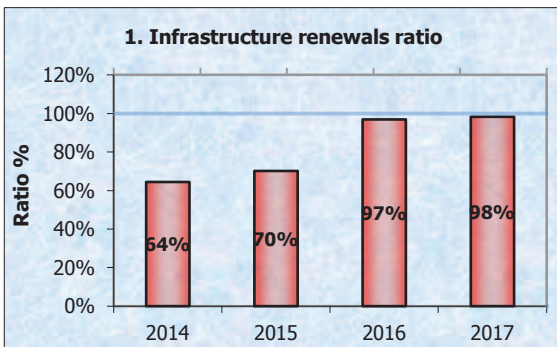
\$ '000	Amounts 2017	Indicator 2017	Benchmark	Prior periods	
				2016	2015
Infrastructure asset performance indicators * consolidated					
1. Infrastructure renewals ratio					
Asset renewals ⁽¹⁾	<u>9,303</u>	98.30%	>= 100%	96.92%	70.18%
Depreciation, amortisation and impairment	<u>9,464</u>				
2. Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	<u>10,024</u>	1.42%	< 2.00%	1.48%	1.70%
Net carrying amount of infrastructure assets	<u>704,052</u>				
3. Asset maintenance ratio					
Actual asset maintenance	<u>8,618</u>	1.00	> 1.00	1.00	0.75
Required asset maintenance	<u>8,618</u>				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	<u>10,024</u>	1.17%		1.22%	0.00%
Gross replacement cost	<u>856,262</u>				

Notes

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

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

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017



Purpose of asset renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

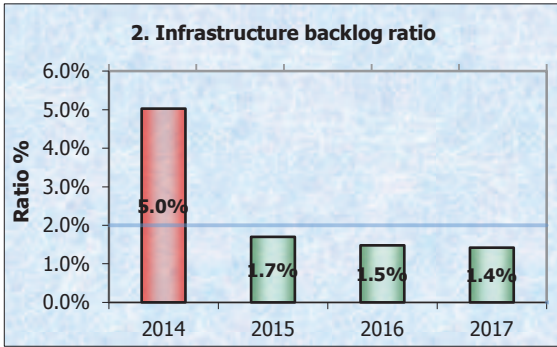
Commentary on 2016/17 result

2016/17 Ratio 98.30%

This indicator is moving positively towards the industry benchmark of 100%.

Benchmark: 100.00%
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

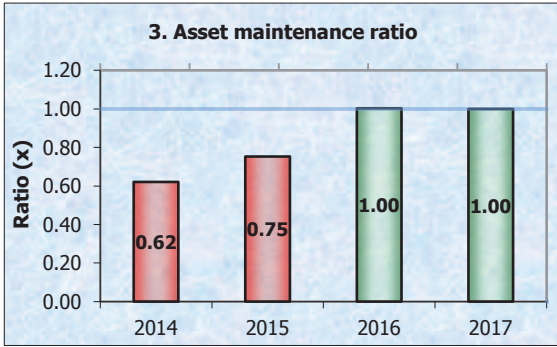
Commentary on 2016/17 result

2016/17 Ratio 1.42%

This indicator is currently being met and has slightly improved over last year.

Benchmark: 2.00%
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

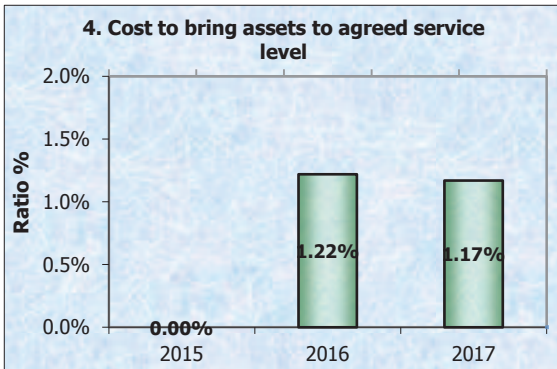
Commentary on 2016/17 result

2016/17 Ratio 1.00 x

This indicator is currently being met.

Benchmark: 1.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of agreed service level ratio

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on 2016/17 result

2016/17 Ratio 1.17%

This ratio shows a slight decrease on 2016 which was 1.22%. There is currently no benchmark assigned to this measure.

Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2018

\$'000		Calculation 2016/17	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	46,088	48,248
Plus or minus adjustments ⁽²⁾	b	92	(224)
Notional general income	c = (a + b)	46,180	48,024
Permissible income calculation			
Special variation percentage ⁽³⁾	d	4.60%	0.00%
Or rate peg percentage	e	1.80%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	2,124	–
Or plus rate peg amount	i = c x e	–	720
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	48,304	48,744
Plus (or minus) last year's carry forward total	l	(1)	(2)
Less valuation objections claimed in the previous year	m	(60)	(3)
Sub-total	n = (l + m)	(61)	(5)
Total permissible income	o = k + n	48,243	48,740
Less notional general income yield	p	48,248	49,104
Catch-up or (excess) result	q = o – p	(5)	(364)
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	3	364
Less unused catch-up ⁽⁵⁾	s	–	–
Carry forward to next year	t = q + r – s	(2)	–

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule No. 8

Willoughby City Council

To the Councillors of Willoughby City Council

Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Willoughby City Council (the Council) for the year ending 30 June 2018.

In my opinion, Special Schedule No. 8 of Willoughby City Council for 30 June 2018 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of Special Schedule No.8' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

Other Matter

Special Schedule No.8 of the Council for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on Special Schedule No. 8 on 12 October 2016.

Councillors' Responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

In preparing Special Schedule No.8, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of Special Schedule No. 8

My objectives are to:


- obtain reasonable assurance whether Special Schedule No. 8 as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on Special Schedule No.8.

A description of my responsibilities for the audit of Special Schedule No.8 is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Special Schedule No.8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No 8.



Weini Liao
Director, Financial Audit Services

30 October 2017
SYDNEY

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