



Willoughby City Council

Annual Report 2013/2014

City Of Diversity



ACKNOWLEDGMENT OF COUNTRY

We acknowledge the traditional owners of country the Guringai which we are gathered.

We walk with respect on the land that sustains the spirits and ancestors of the Guringai Nation.

We acknowledge the vital contribution that Indigenous people of Australia 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 and our communities enjoy a diversity of lifestyles.

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INTRODUCTION

Welcome to Willoughby City Council's Annual Report covering the period 1st July 2013 to 30th June 2014.

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
- Present the strategies being implemented to meet our objectives
- Give details of our financial position as at 30 June 2013
- 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
2. Local Government (General) Regulation 2005
3. Government Information (Public Access) Act 2009
4. Privacy and Personal Information Protection Act 1998
5. Environmental Planning and Assessment Act 1979

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 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 of all 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 also publishes an annual Willoughby City Guide 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 Administrative Services Branch by phone on 9777 1000.



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), with 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 70,705 people reside in 27,000 households. Our population is expected to increase to approximately 80,600 by 2031. That's an increase of 0.78% per annum. 39.2 per cent of the population was born overseas and 29.7 per cent were from a non-English speaking background. This is higher than the Sydney Statistical Division. We have a high representation of people from China, Hong Kong, Korea, and Japan. The majority of the Willoughby population is extremely 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, combined 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.
- Sometimes, because Council has a regulatory role, we may have to make decisions in line with our legal and communal obligations which may differ from an individual's specific request, or Council may be required to balance the different needs and interests of individual customers. When this is necessary, we undertake to ensure that our customers have all the facts and reasons behind such decisions and that the decision will be according to the law and in the best interests of the whole community.
- We embrace our accountability for the professional management of Council processes and assets, and we undertake to apply commercial operational principles to ensure the community benefits from our efficient and effective management. We are aware of our responsibility as individuals and officers of the Council to perform our duties safely and to maintain a safe, healthy work environment.

Willoughby City Strategy Overarching Principles

The following overarching principles of sustainability and social justice form the basis of the Willoughby City Strategy and underpin the actions that will be carried out through each of the six key strategic directions to achieve the community's goals. As overarching principles they apply to the Delivery Program and Operational Plan as well.

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 is about 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. We will build sustainability into all facets of our City, community and the Council organisation and everything we do. We also recognise the importance of ecological sustainability and the need to restore the balance and work towards protecting our local environment. Council is also committed to adaptive management and improving community resilience to extreme weather events.

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 what Council will do over the coming years to ensure the Council protects and enhances our environment.

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 and finally transport and traffic. The main aims of these are to:

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

This commitment is reflected throughout the Willoughby City Strategy with all of the strategic directions of Council having sustainability goals for the future.

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. In everything we do 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.

MAYOR AND COUNCILLORS AS AT JUNE 2014

MAYOR		
Councillor Gail GILES-GIDNEY (Mayor February 2014 - present)	3 The Scarp, CASTLECRAG 2068	9777 1001
Councillor REILLY, Pat (1 July 2013 - 20 January 2014)	280 Eastern Valley Way, WILLOUGHBY 2068	
MIDDLE HARBOUR WARD		
Councillor Wendy NORTON	43 Headland Road, CASTLE COVE 2069	9417 1984
Councillor Judith RUTHERFORD	189 Deepwater Road, CASTLE COVE 2069	9417 2585
Councillor Angelo ROZOS	PO Box 57, Chatswood NSW 2057	9958 8755
NAREMBURN WARD		
Councillor Michelle SLOANE	PO Box 788 ARTARMON 1570	0412 267 828
Councillor Stuart COPPOCK (Deputy Mayor)	59 Marlborough Road, WILLOUGHBY 2068	0428 440 629
Councillor Nic WRIGHT	PO Box 707, ARTARMON 1570	0481 033 442
SAILORS BAY WARD		
Councillor Hugh ERIKSSON	PO Box 4095, CASTLECRAG 2068	0481 033 443
Councillor John HOOPER	PO Box 685, WILLOUGHBY 2068	0418 239 195
WEST WARD		
Councillor Tony MUSTACA	23 Robinson Street, CHATSWOOD 2067	9412 2692
Councillor Lynne SAVILLE	91 Eddy Road, CHATSWOOD 2067	9412 1846
Councillor Mandy STEVENS	4 Jenkins Street ,CHATSWOOD 2067	9419 4644

RECORD OF COUNCILLOR ATTENDANCE AT COUNCIL AND STANDING COMMITTEE MEETINGS

Number of Council Meetings held between July 2013 - June 2014 **21**

Number of Standing Committee Meetings held between July 2013 - June 2014 **18**

COUNCILLOR NAME	MEETINGS ATTENDED
Councillor Reilly	Council 12 Committees 9
Councillor Coppock	Council 13 Committees 5
Councillor Eriksson	Council 20 Committees 15
Councillor Giles-Gidney	Council 21 Committees 15
Councillor Hooper	Council 16 Committees 9
Councillor Mustaca	Council 20 Committees 10
Councillor Norton	Council 21 Committees 18
Councillor Rozos	Council 20 Committees 15
Councillor Rutherford	Council 20 Committees 18
Councillor Saville	Council 21 Committees 14
Councillor Sloane	Council 20 Committees 15
Councillor Stevens	Council 6 Committees 2
Councillor Wright	Council 21 Committees 18

GENERAL MANAGER AND DIRECTORS

The General Manager together with three directors – *Environmental Services Director, Infrastructure Services Director* and *Community Services Director* – comprise the contracted senior staff of the Council.

In addition, three non-contract directors have been appointed to oversee the operations of the Corporate Services Division. These include the Financial Services Director, the Corporate Support and Performance Director and the Economic and Property Development Director.

The General Manager is generally responsible for the efficient and effective operation of the Council's organisation and for ensuring the implementation, without undue delay, of decisions of the Council in accordance with Section 335 of the Local Government Act 1993.

Council currently employs sixteen senior staff. A summary of the packages for 2013/14 is as follows:

OFFICER	PERIOD	SALARY	SALARY SACRIFICE SUPER	ALLOWANCE	MOTOR VEHICLE	TOTAL PACKAGE	FBT 1/4/13-13/3/14
General Manager	2013/2014	285,978	26,216		12,000	321,636	8,053
Senior Staff	2013/2014	2,123,381	321,847	17,696	174,728	3,003,284	77,465

The Motor Vehicle component includes the FBT cost. Willoughby Council does not pay bonus payments, performance or other payments that do not form part of the total salary.

SUMMARY OF MAJOR FUNCTIONS

Corporate Services

Financial Services

Accounting and financial statements
Budgets
Rating
Risk management
Centralised purchasing
Long-term Financial Planning

Corporate Support and Performance

Administration, Public Officer, elections and governance
Corporate support and performance evaluation
Integrated planning and reporting
Community engagement
Help and Service Centre and Customer Service
Events and festivals
Information technology, mapping and land information
Information resources, records and archive management
Public relations, media, marketing and corporate communications
Websites and online publications
Citizenship ceremonies

Economic and Property Development

Commercial property acquisition and disposal
Economic opportunities
Property management
Delivery of economic and property based projects
Management
Ongoing strategic property planning
Support and information for local business and industry

Community Services

Library Services
Community Development (includes HACC services) plus

- Youth Services
- Aged and Disability Services
- Ethnic Services
- Dougherty Community Centre

Children's Services
Arts and cultural planning and services
Administration of community facilities
Community needs; policies and planning
Performing Arts
Community Grants

Environmental Services

Development, building, subdivision and rezoning applications
Local Environmental Plans and Development Control Plans
Zoning Certificates
Section 94 and car parking contributions
Strategic planning
Heritage advice
Sustainable environment
Waste management/recycling
Immunisations
Swimming pool safety
Notices under the *Environmental Planning and Assessment Act, 1979*, *Local Government Act 1993*, *Protection of the Environment Operations Act 1997*, *Public Health Act 1991*, *Food Act 1989*, *Rural Fires Act 1997*, *Swimming Pools Act 1992*, *Liquor Act 1982*, *Companion Animals Act 1998*, *Crown Lands Act 1989*, *Impounding Act 1993*, *Roads Act 1993* and *Waste Minimisation and Management Act 1995*

Shop inspections (food hygiene)
Inspection and enforcement of building works
Compliance Unit including Ranger Services and parking control
Environmental controls – water pollution, noise pollution
Appeals to the Land and Environment Court

Infrastructure Services

Construction and maintenance of roads, footpaths, kerb and gutter and car parks
Drainage and stormwater retention matters
Traffic and transport management, traffic control devices/schemes, parking meters, road safety programmes
Street lighting
Tree planting, street tree planting programme and Tree Preservation Order
Management and maintenance of parks, gardens and reserves
Management and maintenance of bushland and walking trails
Maintenance of sporting fields, facilities and playgrounds
Conditioning of engineering works associated with development applications
Catchment management and environmental engineering programmes
Street cleaning
Maintenance and construction of Council-owned property
Willoughby Leisure Centre management and recreation planning
Strategic asset management

In addition to our main divisions, two branches report directly to the General Manager, those being;

The Concourse

Project Delivery
Venue Development

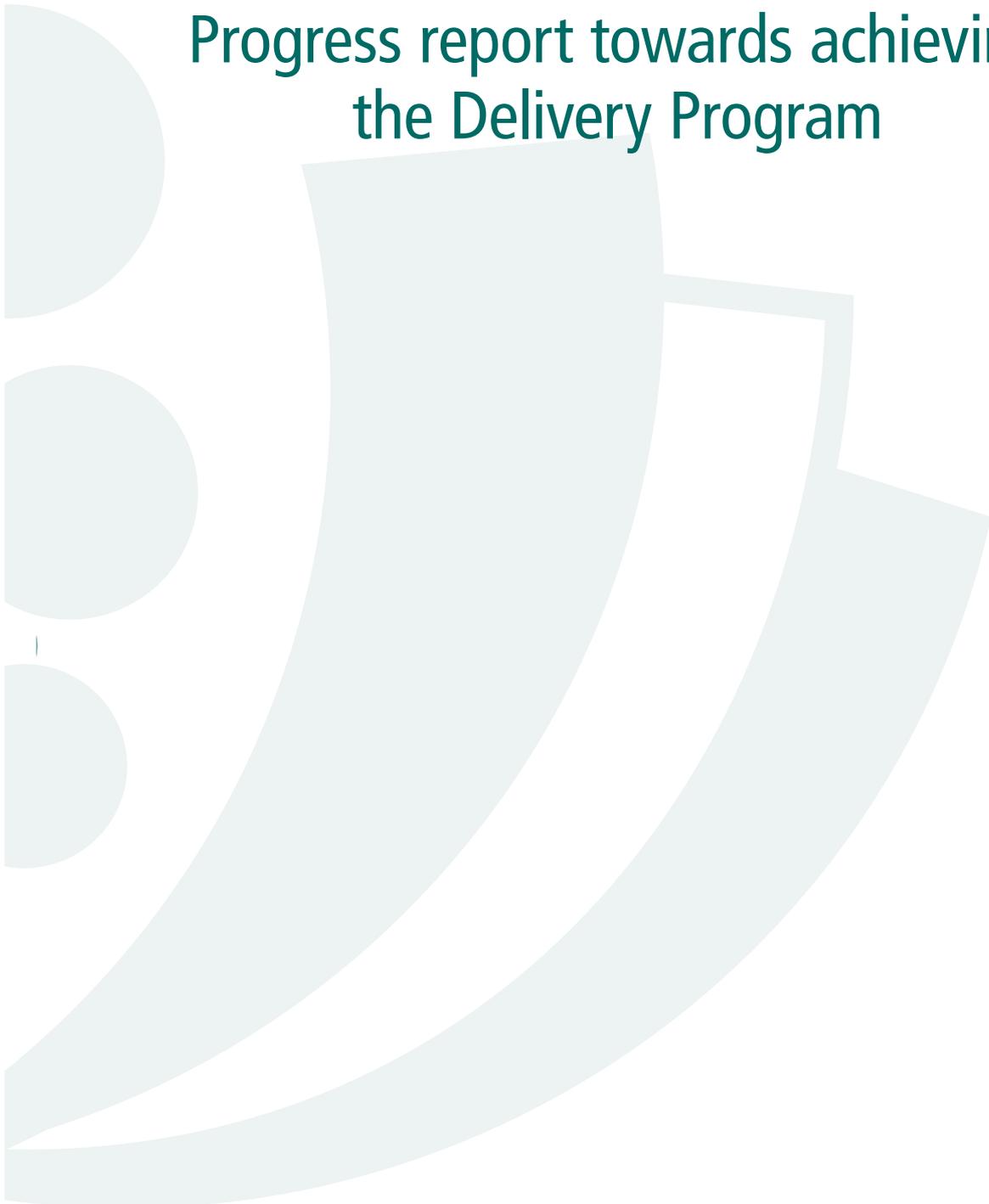
Human Resources

Recruitment and selection
Payroll
Training and Development
Occupational Health & Safety
Strategic Workforce Planning



Section One

Progress report towards achieving the Delivery Program



SECTION ONE: PROGRESS REPORT TOWARDS ACHIEVING OUR DELIVERY PROGRAM

Our Community Strategic Plan, the Willoughby City Strategy outlines a long-term vision and plan for the future of the City of Willoughby. The community outcomes and goals articulated in the strategy are directly linked to the goals and activities of both the Delivery Program and our Operational Plan. The Willoughby City Strategy and the Delivery Program are reviewed every four years to align with the new Council term.

The Willoughby City Strategy, Delivery Program and our progress reporting are structured by Key Strategic Direction. The Directions are as follows:

- 1.0 Community and Cultural Life
- 2.0 Natural Environment
- 3.0 Homes
- 4.0 Infrastructure
- 5.0 Economic Activity
- 6.0 Governance

1.0 COMMUNITY AND CULTURAL LIFE

1.1 Diversity & Spirit

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

A number of events were held to assist Council meet the goal of a participatory and inclusive community. The events team organised the popular Spring Festival which had over 80 events under its banner. Other notable events were performances on The Concourse by well-known artists from The Voice and X Factor as well as ABC's Chris Lilley. In addition, Australia Day, Chinese New Year, International Women's Day, Terrific Tuesdays, Heritage Festival, Guringai Festival and the launch of Willoughby Shorts Film Festival were all well attended. The events team received positive feedback through market research and met their objectives of enabling a greater number of community members to participate in cultural and community events. The Concourse hosted a number of cultural and performing arts activities, and brand exposure of The Concourse has continued to grow with the development of a Fine Music partnership allowing strong exposure to our key demographic. This has assisted Council to develop partnerships with media and also created greater awareness of The Concourse and Chatswood as destinations for entertainment.

The MOSAIC (Multicultural One-Stop Assistance Information Centre) Multicultural Centre celebrated its 20th Anniversary in November 2013 and in this time has provided many valuable community outcomes through its regular weekly and fortnightly activity programs in the areas of English and community language learning, social group gatherings and arts and leisure activities. A publication MOSAIC Celebrating 20 Years which outlined the history, development and its activity programs was prepared as well as a short video with a focus on volunteering at MOSAIC.

MOSAIC activities included an exhibition of works by art and craft teachers and students at the Council Foyer Exhibition Space, community capacity building projects such as the Employability Program for skilled migrants, Health Check Day for Japanese women

and information talks on after hours medical help, children's safety and asthma. The Lower North Shore Multicultural Aged Day Care maintains a weekly centre-based activity program for over 20 frail aged people from a CALD (Culturally and Linguistically Diverse) background which helps clients enjoy the company of each other, gentle exercise and stimulating games and opportunities to stay connected with the community. Funding was secured to run an eight week falls prevention course in Mandarin and school holiday programs, targeting a younger section of the CALD community have proved to be a very popular addition to the MOSAIC program. Links with TAFE English class providers were established and volunteers from these classes were recruited and continue to make a valuable contribution to community life, as well as increased their opportunities to practice their English.

The Willoughby Sculpture Prize attracted 51 exhibiting artists and 2,500 visitors, including school groups. The Prize was shown at two venues for the first time and was supported by extended online marketing. Willoughby Artists Open Studio Weekend ran at 17 venues with 50 artists and 1,200 visitors. A café opened at the Incinerator art space in January 2014 which has led to increased patronage. Council secured \$5,000 sponsorship from Mirvac towards a public art exhibition and \$10,500 for the Willoughby sculpture prize. The Private Practice of the Public Artist (POPPA) was the major Council curatorial exhibition for the year and provided an opportunity to showcase the range of public art commissions in the Chatswood CBD as well as exploring how an artist's private practice relates to public works. A public symposium, exploring how an artist's private practice relates to public works was facilitated by ABC journalist Fenalla Kernebone. Public programs organised in conjunction with the Council curated exhibitions have been very popular engaging all ages of the community in artist talks, hands on workshops and bush tucker walks. Through these cultural activities, there is a greater connection to the cultural facilities that Council provides across the city.



1.2 Services & Facilities

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

The Library successfully implemented a new Library Management System which meets the objective of utilising technology to maximise access to resources and library services for remote and in-library clients. The Zinio eMagazine resource was launched making 150 titles available to library users in an electronic format. The Library continues to develop its partnership with Open Universities Australia encouraging students to utilise library facilities and space during the semester. The Mayor officially opened the Naremburn Community and Learning Centre with Councillors and community members in attendance.

Talks@Willoughby events were well attended and featured authors Richard Glover, Steve Bisley, Amanda Muggleton, Rena Patten, Michael Robotham and William McInnes among others. The HSC Seminar program, National Simultaneous Storytime and Baby Bounce program all proved very popular. The inaugural Sydney Writers' Festival comes to Chatswood Library occurred and Scores and Scones musical appreciation workshops were launched as a new series in five parts. A National Library of Australia Community Heritage Grant enabled the Walter Burley Griffin Plans to be restored and preserved by Preservation Australia. Library staff and Chatswood High collaborated for Anzac commemorations culminating in a World War 1 display created using donated material. The Heritage Festival was celebrated with a 'Journeys' display in both the Council Foyer and in the Chatswood Library. Four new Heritage plaques to celebrate the Chatswood area were commissioned and installed in Chatswood CBD. Willoughby Park Centre continued to offer programs which meet the objective of appropriate and relevant services for all ages of the community including lifelong learning opportunities.

Council continued to provide a number of programs and celebratory events for older people and people with disability and their carers. These programs included Dance to the Nines events for adults with disability, a cooking course for young adults with an intellectual disability, All the World's a Stage theatre production for people with disability, an art exhibition to celebrate mental health month and a seniors health and internet safety presentation. Over 33 events were provided in Council's Seniors Week Program. The events included a variety concert, healthy ageing activities, social lunches, and an art exhibition.

Meals on Wheels (MOW) delivered nutritionally balanced meals to eligible service users and provided social lunches which offered both social interaction and entertainment for the service's more socially isolated clients. As part of the CALD (Culturally and Linguistically Diverse) lunch program, informative talks were given covering topics such as access to community and health services. An interpreter was provided for each talk. Willoughby Community Aid (WCA) continued to provide direct services to assist older residents and people with disabilities and their carers living in Willoughby to maintain their independence and continue to live at home. WCA provided a variety of social activities which included assessment of five new venues for social outings around the Sydney metropolitan area. WCA undertook re-assessments for the majority of clients in accordance with Home Care Standards.

Volunteers play a vital role in assisting to deliver community services to those in need, in this year offered thousands of hours of their time to deliver meals and assist at social lunches. The MOW volunteer base remains steady at 150 volunteers and volunteer rosters were continually filled again allowing the service to run in a timely and effective manner. A volunteer expo, organised by Council's volunteer co-ordinator, was held at the Dougherty Community Centre to recruit new volunteers for services across Northern Sydney. The services provided for older people help to fulfil basic needs such as food, safety in the home and fresh linen. Reducing social isolation and improving both physical and mental well-being are additional outcomes that are achieved.

Further community development objectives were met through the delivery of successful exhibitions, events and services. A successful falls prevention program was provided in partnership with the Northern Sydney and Beaches Medicare Local. There were 20 participants in Mandarin language course and 32 for the English course. The courses were a pilot and will be replicated due to the successful outcomes. In addition, new delivery models were used to meet some objectives. In a partnership between Council's Ethnic Services Unit the Aboriginal Heritage Office and Council's Arts and Cultural Unit, three guided visits were held to sites including the various public art landmarks, curated exhibitions in the 3 Council exhibition spaces and the Berry Island Reserve. These visits offered Willoughby's CALD groups a greater understanding of both Council's services and indigenous culture.

The Dougherty Community Centre celebrated its 30th birthday and hosted events open to the community, showing the Centre as an inviting place to spend time talking part in the activities on offer or socialising in the café. The Centre is at about 80 per cent capacity with 12 brand new hirers and current hirers booking more times and dates. Most hirers are local community groups. Marketing and promotion of venue hire has accompanied updating furniture, painting and upgrading audio visual equipment and lighting making the overall venue aesthetics more appealing. Dougherty Centre Food Services catered for a number of large Willoughby City Council and Dougherty Community Centre based events. Café tables and chairs were upgraded with Café patrons positive about changes. The Café presentation now appeals to a younger clientele which is helping to develop the Café business.

In February the Youth Services section of Council was realigned to become part of the Children's Services Branch. This alignment has allowed for the Branch to establish a streamlined approach to the delivery of services across an age continuum from birth to 24 years of age. Youth Services have successfully worked with numerous organisations in the development and delivery of a Parent Engagement Strategy. This strategy has identified three groups of the community who need specific engagement strategies where workshops and parent seminars can be tailored to these groups. As at end of June there are 670 children on waiting lists for access to Council services.

Council hosted the Children's Education and Care Forum Celebrating the Right of Children to Enjoy Children: the child's right to play. The forum focused on mental health issues for young children and provided valuable information to participants on how to access children's mental health service.

Children's Services established a partnership with Our Lady of Dolours Primary School to assist them establish a Before and After School Care Service on site at the school. This service is now up and running with the potential to cater for 60 children per day. In response to growing demand for care, Council increased its provision by 10 after school care places per day at the Chatswood OOSH (Out of School Hours) service. These improvements increased access to before and after school care service in an area of high demand. The provision of services to the community needs to be undertaken with a shared approach to responsibility. Recent connections and collaborative partnerships that are emerging are indicative of this approach. Future focus will remain to be on continued growth in the partnerships.

1.3 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.*

A number of objectives which encouraged healthy living and wellbeing were met. Park planning and consultation enabled the community to have a say regarding the future of parks and public facilities according to their needs and expectations. Replacement of ageing infrastructure in parks and playgrounds ensured that the community can enjoy the safety of public places and conservation of heritage structures. The provision of sport facilities in good working condition means that the community can exercise and engage in sport activity which has community health and social benefits.

There were a variety of maintenance and upgrade works which took place. At Gore Hill Park new outdoor exercise equipment replaced ageing structures. Willoughby Park Pre School playground had new climbing equipment installed to replace the existing structure. Northbridge War Memorial Clock Tower underwent restoration and cleaning of the 1948 sandstone clock tower. Beauchamp Park playground improvements to extend the district playground occurred and the Thomson Park Master Plan was adopted by Council. The Landscape Improvement Plans have been adopted by Council for Kenneth Slessor Park and Cambridge Park and community consultation for the Haven Amphitheatre was undertaken for the stage renewal. New irrigation was installed at Greville Street Oval sports field while Artarmon Reserve had new floodlights installed on the 2 sports fields. Willoughby Park cricket practice nets have been upgraded and Northbridge Park Pavilion re-instatement of change rooms in the pavilion took place.

The Willoughby Leisure Centre hosted its annual Open Day with over 1,000 visitors attending. The annual Willoughby Fun Run had over 300 participants and the inaugural 1.5 kilometre kids fun run was very well received. Preparation for the pool closure project commenced as well as a new 5.30am winter opening time from May 2014 to September 2014. Swim school membership levels peaked at 2,200 per week and a weekly average of 800 people attended Group Fitness classes. Membership sales and retention targets were not met during this period as a result of the ageing facility, more professional and fresher competitors in the area and an indication that the membership peak has been achieved and will slowly decline until significant upgrade works are undertaken.



The Willis Recreation and Sports Centre resurfaced two tennis courts and, after tender, appointed Artarmon Community Tennis as the tennis professional onsite. Cleland Park Tennis Courts completed approximately \$5,000 in maintenance works and, after tender, appointed Love'N Deuce as the tennis professional onsite. The Willis licence agreement was finalised and Love 'N Deuce and Northern Suburbs Football Association have made annual bookings for courts 14 and 15 for 5 days per week. Cleland Park Tennis Centre appointed Artarmon Community Tennis as the operator onsite with a licence agreement to Council. Northbridge Baths has undergone various

maintenance and repairs. Three onsite meetings with the users and key stakeholders were held with positive feedback received. Usage at the offsite facilities has increased through casual hirers.

Compliance officers are industry leaders in enforcement action for misuse of Mobility Parking Scheme Permits and enforcement of the state's litter laws. Rangers and Development Enforcement Officers inspect building sites proactively and in response to specific complaints. All registered food businesses are inspected at least once per annum. The rate of impoundment of companion animals and abandoned vehicles has stabilised.

2.0 NATURAL ENVIRONMENT

2.1 Ecosystems and Environmental Health

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

The Open Space and Recreation Plan 2013 was adopted and the Draft Bushland Plan of Management was placed on public exhibition. All current Reserve Action Plans were reviewed and Plans for Northbridge Park and Watergate Reserve were completed. Drafts were prepared for the Urban Tree Strategy and the Sports Facilities Plan of Management. Consultation was undertaken for Master Plans at Thomson Park, Chatswood Rotary Athletic Field, Kenneth Slessor Park and Willoughby Park Centre. The community has been involved in planning for reserves, commenting on new proposals and participating in activities which has helped achieve the objective of the community valuing the natural environment.

Sports facilities improvements included new floodlights at the Bicentennial Reserve Baseball Diamond and multi-sports court renovations at Northbridge Park. Park improvements occurred at Naremburn Park, Warrane Reserve and Marlow Street Reserve. Walking track upgrades have increased access and safety in Willoughby's bushland reserves and successful regeneration work has continued in all reserves. Bushfire hazard has been reduced in accordance with the regional plan and new volunteers are well trained and able to contribute to maintaining bushcare sites. Bushfire hazard reduction plans were completed including a major burn in the Castlecrag Northern Escarpment. Significant new fire-breaks were established and previous burns were maintained to improve bushfire safety.

A full range of community events, workshops and training sessions for volunteers were held as outlined in the Willoughby City Council Environmental Workshops and Events Calendar. Increased participation and support for environmental activities was achieved including 400 local primary school pupils contributing to the current Wildlife Story Book project and over 2000 participants in guided walks, school holiday and student activities.

2.2 Sustainable Practices

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

The full State of the Environment and Sustainability Action Plan report card can be found in Section Two of this Annual Report.



3.0 HOMES

3.1 Housing choice, quality and character

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

The Planning Assessment Commission approved a proposal for 350 dwellings at the Channel 9 site in Artarmon consistent with Council and community submissions. An appeal was lodged by Channel 9 with the Land and Environment Court in June 2014. Improved urban design and traffic outcomes were developed with the local community to ensure transparency in the planning process.

A site proposal for 126 Greville Street low density residential development for 60 dwellings was made in June 2014. New development options and guidelines with environmental protections and potential for adaptive re-use of existing buildings and development scale appropriate to the local environment and site features was supported by the local community.

Council received a great deal of community and business responses to the Woolworths Planning proposal in Smith St, East Chatswood. This followed on from public meetings and exhibitions which were supported by the Department of Planning. A Joint Regional Planning Panel review did not support the proposal.

Council conducted community consultation in conjunction with consultants on the Northbridge Plaza and Council car park. Feedback received through the consultation will be considered by Council for the future direction of the management of the Northbridge car park. The Chatswood Post Office site planning proposal, which was previously rejected by Council as overdevelopment, was referred to the Joint Regional Planning Panel for review.

A review of Council's affordable housing dwellings took place to determine the direction for the next stage in order to meet the objectives in the Willoughby City Strategy of providing housing choice and quality living amenity for residents. The Boarding House Compliance Policy was adopted by Council on 14 October 2013. The policy was prepared in response to the new laws requiring registration of boarding houses and mandatory inspections by Council, and provides for an initial inspection for assessment of fire safety matters and healthy living standards. Council's Asbestos Policy was adopted on 25 November 2013. The State Government released a model asbestos

policy as a guideline and requested that all Councils consider developing their asbestos policy in line with the model document. The asbestos register for Council properties is to be maintained by the Property Services Branch. Training in asbestos awareness has been undertaken by all relevant staff and safety equipment has been purchased.

The Heritage Festival was held in April 2014 and various community engagement activities relating to heritage were undertaken during this reporting period. Heritage protection was supported through research on existing heritage items as well as new information provided by property owners and the community.

SWIMMING POOL BARRIER INSPECTION POLICY

Council's Swimming Pool Inspection Policy is being implemented in a staged process. The initial stage required the identification of pools which have not been registered and the stage most recently completed will now allow Council to undertake random inspections of child resistant barriers around swimming pools.

Council has approximately 3900 swimming pools within its area. A comparison of Council's register of pools against the State register revealed that there were approximately 60 pools which had not been registered on the State register. These remaining pools will now be inspected as priority to determine the pools still exist and to assess their compliance.

The Swimming Pool Barrier Inspection Policy was adopted by Council on 14 October 2013. This policy requires Council to develop and adopt a program for the inspection of swimming pools in its area. Community engagement for this policy involved exhibiting the draft policy and discussion paper in the local newspaper, on Council's webpage and by circulating over 300,000 flyers with the rates notice. These consultation methods directed interested parties to the Have Your Say Willoughby website where relevant documents could be downloaded and a survey completed.



4.0 INFRASTRUCTURE

4.1 Efficient Asset Management

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

Council's Asset Management Plans were adopted in early 2014 for nine separate asset classes; road pavements, footpaths, kerb and gutter, stormwater drainage, bridges, buildings, parks, playgrounds and sportsgrounds. These plans are part of Council's Integrated Planning Reporting Framework and are updated annually.

Works programs for roads, footpaths, stormwater drainage and kerb and gutter were completed in accordance with the Asset Management Plans. Completion of all recurrent servicing as required to ensure assets were maintained and fit for use in accordance with Council's Asset Management Plans. Stormwater drainage network improvement projects under the State Government's Local Infrastructure Renewal Scheme (LIRS) were carried out and the total value of projects completed to date is \$1.0m, with the remaining \$1.0m to be spent over the next 12 months. As a result of this work, flow efficiencies are expected to improve, extending the life of the stormwater infrastructure assets.

Council's vehicle and plant replacement program was completed and the routine maintenance of vehicles and plant to keep them operational has been carried out. The street cleansing team carried out cleaning of roads, footpaths and shopping centres. Residential streets were swept on a fortnightly cycle. Expansion of the CCTV camera system in Chatswood Mall was completed which will provide improved security coverage.

Community consultation commenced for Swaines Creek and Sailors Bay Creek Flood Studies with feedback enabling Council to develop and finalise floodplain management strategies.

In the second half of 2013 a review of property in Artarmon took place with an aim to rationalising property and meeting identified needs particularly in relation to community services and affordable housing. The review incorporated specialist advice including feasibility studies,

valuations, spatial discovery, community needs analysis and preliminary funding opportunities. The Artarmon Strategic Property Plan was adopted by Council and authorises a further sequence of work to put the plan into action.

4.2 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.*

The Draft Parking Strategy was finalised and placed on public exhibition. The exhibition involved surveys, fact sheets and public meetings with community feedback being used to further develop the Draft Parking Strategy. The Infrastructure Team prepared an updated report on Chatswood CBD Traffic Study which was also placed on public exhibition. The Chatswood CBD Pedestrian Access and Mobility Plan (PAMP) was completed with study recommendations aiming to improve pedestrian safety and amenity in the CBD area. The tender was prepared for the replacement of parking meters with the estimated value of the contract approximately \$1.4 million. New meters will be EMV (Europay, Mastercard and Visa) compliant and will replace current superseded meters that are beginning to be less reliable.

As part of the Capital Roads Program works were completed to improve Council's road network. The bicycle network was extended with four on-road routes completed with bike logos and signs. Stage 1 works on the Alpha Road shared path took place and pedestrian refuge islands were constructed at Edinburgh Road near Windsor Road and Herbert Street near the St Leonards Railway Station. Council undertook footpath asset inspections following repair works to the updated asset management plan. Work commenced on the Footpath Missing Link Program to provide safe pedestrian access along a section of Victoria Avenue. A new contract for the provision of bus shelters across the city was entered into with JC Decaux during the second half of 2013. The new bus shelters have been ordered and installation will commence in mid-2014.



5.0 ECONOMIC ACTIVITY

5.1 Sustainable Business Activity

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

The Chatswood CBD Urban Design Master Plan economic feasibility study took place. Principles for CBD design and public domain development were outlined with a view to working towards maintaining and promoting an attractive Chatswood with a range of activities, services, facilities and employment opportunities.

The compulsory acquisition of land associated with the Gore Hill Freeway and Lane Cove Tunnel culminated in proceedings in the Land and Environment Court initiated by Council against the level of compensation provided. The court case was heard in November 2013. The judgement in the case was handed down in early 2014 in Council's favour, with Council awarded \$12.745 million.

Council officers provided support and guidance to the Artarmon Village project, an initiative of business and property owners in the Artarmon commercial core to re-establish a local chamber of commerce. The inaugural meeting of Artarmon Village was held in December 2013 with a very successful launch attended by many local business and property owners.

A planning proposal for shop-top housing and commercial development at the Mandarin Centre Chatswood and 666 Pacific Highway was considered by Council in May/June 2014 and referred to the Department of Planning for consideration for exhibition. The proposal could lead to potential site redevelopments with renewed commercial space, road widening and affordable housing.

6.0 GOVERNANCE

6.1 Open Government

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

Council's Operational Plan and Delivery Program were reviewed and improved and now include new performance measures to make the documents more uniform, relevant and measurable. Council's Long Term Financial Plan was updated during November 2013 and presented to the Council meeting on 9 December 2013. The reviewed Complaints Policy was adopted by Council and training sessions were provided to relevant staff. Around 340 staff attended training on the revised Code of Conduct. The GIPA Information Guide was produced

in line with statutory requirements and Council delegations to the General Manager and staff as required under the Local Government Act were reviewed and confirmed.

The final audits for the 2013-2014 Internal Audit Program have commenced. Seven internal audit reports have been referred to the Audit Committee for consideration. The Long-term Internal Audit Program has been reviewed and the 2014-2015 Internal Audit Program has been designed following consultation with stakeholders. Internal Audit planning targets were met with the acceptance of the Long-term Internal Audit program. Audit service management modelling is being used to define updated processes and procedures.



6.2 Community Engagement

Goal: *To have a participatory informed community.*

Between 1st July 2013 and 30th June 2014 the following consultations were conducted on the www.haveyoursaywilloughby.com.au website.

Artarmon Village
Cambridge Park
Child Restraint Checks
Council's Mobile Website
Draft Voluntary Planning Agreement
Gore Hill Park Exercise Equipment
Library eBooks
Library Storytime
Linden Way Reserve
Northbridge Plaza Car Park Upgrade
Parking in Willoughby
Road Safety
Special Rate Variation
Surviving the HSC
Sustainable Renovations
The Concourse Urban Screen
The Haven Amphitheatre, Castlecrag – Proposed Stage Improvements
Thomson Park Draft Master Plan
Urban Bushland
Vacation Care Survey
Willoughby City Signage
Willoughby Park Centre – Proposed Improvements

During this time the www.haveyoursaywilloughby.com.au website had 72,767 visitors, 15,800 of whom downloaded a document and 1,383 who participated in a survey or discussion forum.

Extensive communication activities were undertaken on the options for a Special Rate Variation which included the development of a Citizens' Reference Panel, online consultation, public information stalls, letters to all rate payers, social media activity and articles and advertisements in the North Shore Times. Following the passing of the Mayor in January, Council resolved not to proceed with the SRV application.

The Willoughby City Guide was updated, produced and made available to the public along with quarterly editions of the Willoughby City News. The publications provide key information to local community and feedback indicates they are a valued source of communication. A web review project commenced with the Council's current web presence a new strategy of a transactional digital service for Council's web presence being developed. This involved a tender evaluation and assessment for the provision of web services.

Market research into The Concourse brand was successfully completed with findings now being developed into future marketing strategies. Council's advertising revenue matched the projected budget. Initial marketing campaigns for the Willoughby Symphony Orchestra and Choir and Live at Lunch have been successful. A Chatswood television commercial was produced to increase long-term brand positioning and a joint marketing campaign with Westfield and Chatswood Chase under the Chatswood brand had a strong response within the target market.



6.3 Business Efficiency and Service Delivery

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

Following tender the Better Services Program commenced a review of all Council activities. The Program is focused on improved service delivery and performance throughout Council including professional development for staff. This three year program aims to increase business efficiencies across the organisation as well as reviewing the services which Council provides to the community.

A Customer Service Certification organisational snapshot was undertaken by the Customer Service Institute of Australia with a draft report to be presented to senior management for discussion and review prior to the final report being adopted. The practice of scanning and registration of documents received over the counter commenced which aids to improve the delivery of documents internally as well as reducing delays and lost documents. Customer Service also commenced the electronic delivery of Certificate applications which has improved delivery, with less delays resulting in certificate turnaround time improving and better satisfaction for customers.

An After Hours Call Centre for customer contact outside of Council business hours is now being handled by real persons instead of a number menu with a recorded message. This has led to a reduction in callouts for Council staff rostered on call, improved service levels and less confusion to customers as they now speak to an operator as opposed to an automated menu system.

The rollout of Cumulus (Image Management) software began with further training to take place later in 2014. This software assists

to organise Council's images and make them accessible across the organisation as well as reducing the space required in the corporate network drives. In addition, the Trapeze capture scanning solution was implemented which assists with streamlined document scanning, registration and workflow as well as contractor management. Processing time for the capture and registration of these documents has been reduced by approximately 20 per cent.

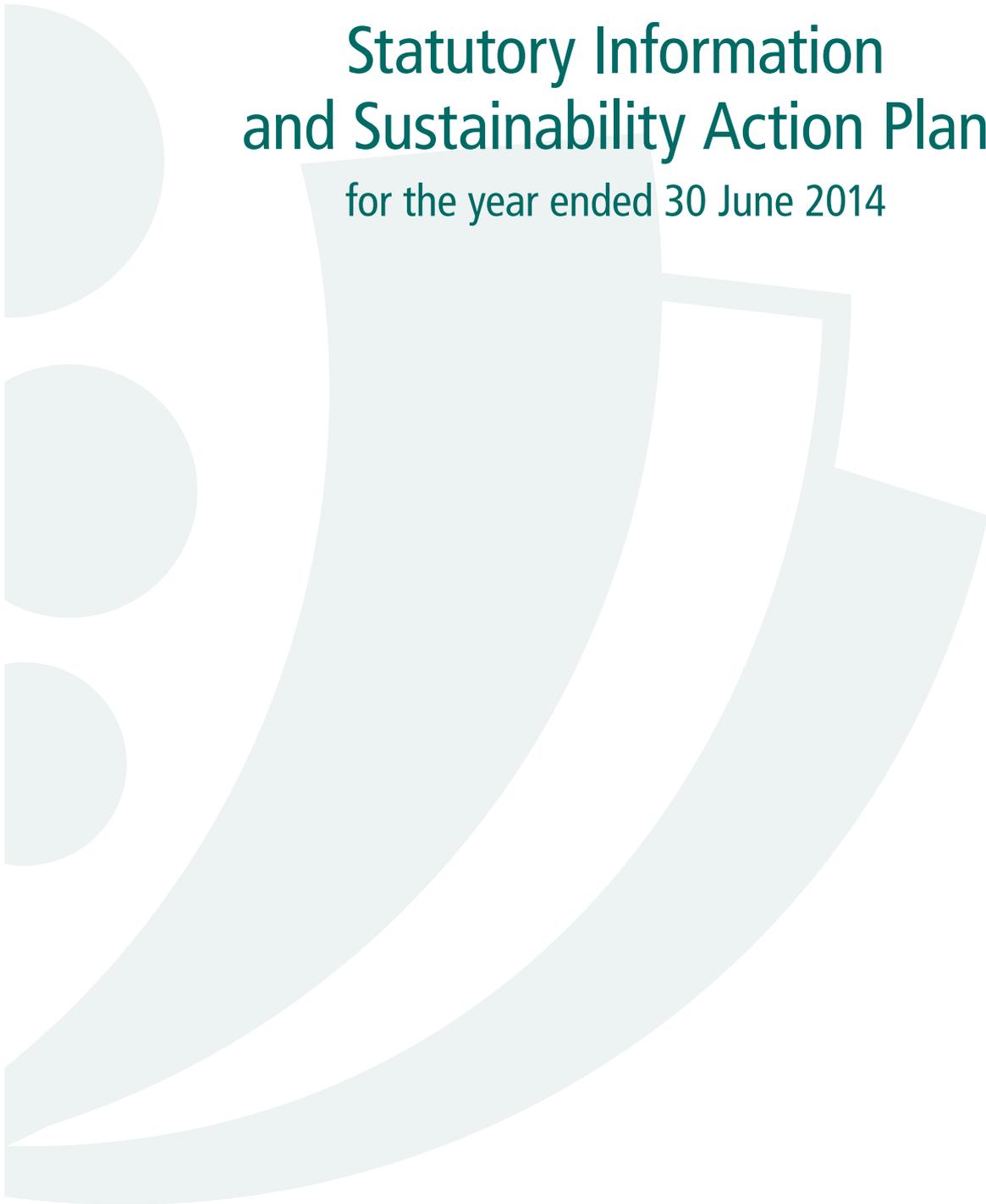
The Information Technology team has carried out a number of projects which have improved processes, allowed for a better access to information and in some cases a reduction in ongoing expenditure. Council was able to reduce its hardware footprint and energy consumption by virtualising the email server. Implementation of corporate email signature software also took place which has standardised email signatures across the organisation and enabled better marketing opportunities through advertising. Council chambers audio has been upgraded and the voting system has been implemented providing for an improved audio system in the chambers.

Council's mobile website and App has created a streamlined look and feel and allows for easier access to information by the community. A fibre link to the Youth Centre and Trumper Pavilion from Council has been established, giving these sites fast reliable access to Council's network and removing the cost of leasing data services from the telecommunications providers. Online bookings have been implemented for rooms at the Library which provides the public with a more convenient way to book these spaces. A mobile inspections project commenced which will enable compliance staff to do inspections on mobile devices in the field.

AWARDS AND CITATIONS

StateCover's WHS Excellence Awards – Second Prize

The WHS Awards recognise Councils that have implemented significant WHS initiatives that improved WHS performance in a sustainable and innovative way. Manly, Willoughby & Pittwater Councils demonstrated these capabilities through the development of a comprehensive tick management program and the three Councils have jointly won one of the two Second Prizes in this year's awards.



Section Two

Statutory Information and Sustainability Action Plan

for the year ended 30 June 2014

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)

PURPOSE	DATE	DESTINATION	OFFICERS	COST TO COUNCIL
Statewide Mutual Board Meeting	7 April - 24 April 2014	England	General Manager	Nil (cost met by General Manager)
TOTAL				\$0

2. Details of Mayoral and Councillor fees, expenses and facilities

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 has assessed Willoughby as a Category 1 – Metropolitan Centre Council for 2013/14.

Fees paid according to the Tribunal's schedule were

Mayor	\$59,100
Councillor	\$22,400

On this basis, the total fees expended for the 2013/14 year were

Mayor	\$59,100
Councillors	\$262,123
Total	\$321,253

A copy of Council's Policy for the Payment of Expenses and the Provision of Facilities to Councillors is found as Appendix A. The policy is also 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	3,660
Telephone fees & charges	3,375
Attendance of Councillors at conferences and seminars	14,446
Training of councillors and provision of skill development	900
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	4,468

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 2013/14

CONTRACTOR	DESCRIPTION OF CONTRACT	TERM	AMOUNT \$
Floodlighting Australia	Artarmon Oval Lighting Upgrade	6 Months	192,000
Floodlighting Australia	Bicentennial Reserve Baseball Fields Installation of Sport Floodlighting	6 Months	205,000
Haden Engineering Pty Ltd	Chiller Replacement and Associated Works	6 Months	568,400
Musco Lighting	Gore Hill Lighting and Upgrade	6 Months	317,900
Business Risk International	Security Patrol Services	2 Year Contract with 2 Year Option	398,697
LKS Business Excellence Pty Ltd	Service Review of Council Services	4 Years	390,000
Kone Elevators	Recurrent Service Contract Elevators and Vertical Transportation Equipment	2 Year Contract with 2 Year Option	150,700 155,788
Comaneo Traffic Management Pty Ltd Complete Linemarking Services Pty Ltd Workforce Road Services Pty Ltd	Provision of Line Marking and Pavement Marking Services	3 Years	Schedule of Rates
Crystal Production Pty Ltd	Provide Event Audio and Lighting Hire	3 Years	200,236
Mansour Paving (Aust) Pty Ltd	Castlecrag Village Public Domain Streetscaping	3 Months	325,574

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 summary on the progress of each legal proceedings and (if it has been finalised) the result.

Summary of Legal Costs involving Court matters	
(1) Total legal costs incurred	\$338,571
(2) Total legal costs incurred defending appeals	\$202,498
(3) Total legal costs for matters initiated by Council	\$136,637

Council was involved in the following legal proceedings for the period 1 July 2013 to 30 June 2014:

Land and Environment Court matters

PROPERTY	PROPOSAL	STATUS	STAFF RECOMMENDATION	COSTS PAID*	COSTS AWARDED
78 Baroona Road, Northbridge	Class 1 – deemed refusal of DA for dual occupancy	S34AA conference December 2013 proceeded to hearing. Commissioner upheld appeal subject to modification re reduce bulk and scale and visual impacts.	Refusal	\$71,508	
6 Cleg Street, Artarmon	Class 1 – brothel	Class 1 proceedings against Council's refusal of DA to continue to operate brothel. Matter concluded at s34 conference on 14 November 2013.	Approval	\$14,009	
31-35 Devonshire Street, Chatswood	Class 1 – Additional level 40 residential flat building	Appeal upheld for additional level and design changes.	Approval (Conditions)	\$31,723	
7-9 Donnelly Road, Naremburn	Class 1 – Child care centre	Class 1 appeal to modify Court approved child care centre. Section 34 agreement reached addressing Council's contentions.	Approval (Conditions)	\$5,419	\$15,000
1 Foundation Place, Northbridge	Prosecution – Pollution of Sailors Bay Creek	Investigations by Council officers on pollution events (POEO breaches, breaches of development consents). PINs issued.	N/A	\$35,905	
104 Hampden Road, Artarmon	Class 1 – Brothel Closure Order	Class 1 appeal seeking withdrawal of brothel closure order. Appeal was discontinued. Operator has changed. Council to conduct further inspection of premises.		\$11,339	
218/1 Katherine Street, Chatswood	Possible Class 4 – Unauthorised brothel	Preparing evidence in anticipation of commencing Class 4 proceedings for non-compliance with Brothel Closure Order and unauthorised internal partition walls.		\$3,519	
94 Millwood Avenue, Chatswood West	Class 1 – Unauthorised brick wall	Class 1 appeal against demolition order on unauthorised brick wall fronting driveway. S34 Agreement made.	N/A	\$15,401	
57 Minimbah Road, Northbridge	Class 1 – Unauthorised foreshore works	Class 1 appeal against Orders. Section 34 conciliation conference terminated and matter to proceed to hearing on 13 and 14 August 2014.	N/A	\$53,778	
57 Minimbah Road, Northbridge	Class 5	Council considering class 5 prosecution action.		\$18,628	
57 Minimbah Road, Northbridge	Class 4	Class 4 prospects advice to be considered following outcome of Class 1.		\$1,232	
15/47 Neridah Street, Chatswood	Class 4 – Unauthorised brothel	Justice Sheehan made orders in accordance with summons at hearing on 3 July 2014. Consider strategy to recover costs.	N/A	\$17,486	
24/47 Neridah Street, Chatswood	Class 4 – Unauthorised brothel	Class 4 proceedings commenced. Further directions hearing on Friday 11 July 2014. Finalised Court Consent orders issued.	N/A	\$25,779	

PROPERTY	PROPOSAL	STATUS	STAFF RECOMMENDATION	COSTS PAID*	COSTS AWARDED
46 Northcote Street, Naremburn	Class 4 – Non-compliance with orders	Advice provided to Council after resident refused to sign undertaking to re-submit building application. Awaiting further instructions on how to respond and whether to commence Class 4 proceedings.	N/A	\$8,682	
13 Ulm St	Class 4 – Unauthorised alterations to dwelling and outbuilding	Unauthorised works and non-compliance with orders. Development consent granted.	N/A	\$2,538	
215-221 Victoria Avenue, Chatswood	Design changes to residential flat building	Matter resolved via s34 Agreement.	Refusal	\$11,354	
10 Warrane Street, Willoughby	Privacy screen	Advice relating to neighbour dispute concerning privacy screen. Matter appears to be resolved.	N/A	\$2,270	
13 Weetawaa Road, Northbridge	Class 5 - Tree removal	Judgment in May 2013 in favour of Council: \$12,500 fine and that defendant pay Prosecutors costs. Defendant's offer of costs of \$35,000 in full and final settlement accepted..	N/A	\$2,899	\$35,000
13 Weetawaa Road, Northbridge	Class 1 – Tree removal	The appeal was upheld in part.	N/A	\$4,465	
135-145 Sailors Bay Road, Northbridge	Class 1 – Commercial change of use/ gym and strata subdivision	Costs recovered			\$5,000
Total - Land and Environment Court				\$282,934	\$55,000

* Note: Legal expenditure for 2013/14 financial year only

Local Court Matters

	COSTS PAID*	COSTS AWARDED
Advice on compliance matters	\$6,604	
Prosecution – dangerous dog	\$7,739	
Prosecution of Linfox Armaguard	\$6,031	
Use of Parking Permit in breach of conditions	\$3,000	
Prosecution – Unlawful development	\$5,709	
Prosecution – Littering offence	\$2,825	
Prosecution of Chubb Security Services Ltd	\$2,200	
Disobey No Stopping Sign – Local Court litigation	\$4,869	
Appeal against dangerous dog declaration	\$7,510	
Prosecution of Euroline Aluminium Pty Ltd	\$3,329	
District Court: appeal of Local Court prosecution. Dismissed in favour of Council	\$3,297	
Development without Development Consent	\$2,524	
Total - Local Court	\$55,637	

* Note: Legal expenditure for 2013/14 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 2013/2014 in accordance with Section 67 of the Local Government Act.

6. Grants Awarded (Section 356)

Details of grants awarded by Council during 2013/2014

Children's Services

NO	ORGANISATION	AMOUNT \$
1	Active Opportunities Incorporated Association	3,950
2	Chatswood Occasional Childcare Centre Inc	1,980
3	Koori Kids	500
4	KYDS	4,000
5	Martin & Emma Hannes Pre-School Inc	3,770
6	Taldumande Youth Services Inc	5,000
7	Willoughby Community Pre-school	3,600
8	Willoughby Kids House Association Inc	400
	Total	23,200

Older People

NO	ORGANISATION	AMOUNT \$
1	Greenwich Lane Cove Computerpals for Seniors	200
2	Ku-ring-gai & Hornsby Meals on Wheels	499
3	Willoughby Retirement Village	500
	Total	1,199

People with Disabilities

NO	ORGANISATION	AMOUNT \$
1	Lane Cove & North Side Community Services	4,000
2	Willoughby Community Special Needs Preschool	1,240
	Total	5,240

Culturally & Linguistically Diverse

NO	ORGANISATION	AMOUNT \$
1	ACLI Italian Christian Workers Association	750
2	Australian Chinese Community Association	4,000
3	Chinese Cultural Centre (NSW)	10,000
4	Darimjul Korean Culture Academy	100
	Total	14,850

Arts Assistance

NO	ORGANISATION	AMOUNT \$
1	Northern Youth Symphonic Wind Ensemble	750
2	Willoughby City Band Inc	18,000
3	Workshop Arts Centre	1,500
4	Sylva Clare Griffin (Sculpture Prize)	20,000
5	Julian C Day (Sculpture Prize)	3,000
6	Karen Farrell (Sculpture Prize)	1,000
	Total	44,250

Spring Festival & Street Fair

NO	ORGANISATION	AMOUNT \$
1	Australasian Art and Stagework Inc	750
2	Jared Mundell	866
3	Palangi Productions Pty Ltd	750
4	'The Haven Amphitheatre	1,000
5	Willoughby Public School P&C	1,000
	Total	4,366

Other Community Groups

NO	ORGANISATION	AMOUNT \$
1	Action Foundation for Mental Health	2,500
2	Castlecrag Community Library	5,000
3	Chatswood Public School	750
4	Japanese Dance Group	1,600
5	Korean Dance Group	910
6	Sophia Huang Wei-Her (Heritage Photo Competition)	500
7	Richard Blacklock (Heritage Photo Competition)	500
8	Robert Landsberry (Heritage Photo Competition)	250
9	Marianna La Grassa (Heritage Photo Competition)	250
10	Philip Morris (Heritage Photo Competition)	250
11	Charles Jagers (Heritage Photo Competition)	250
12	Amie Doan (Guringai Prize Writing Competition)	100
13	Andrew Kazzi (Guringai Prize Writing Competition)	100
14	Liam Knight Benefit	3,000
15	National Youth Science Forum	500
16	NSW Justices Association Incorporated	1,818
17	Persian Dance Group	100
18	Relationships Australia NSW (LNS Domestic Violence Committee)	2,000
19	Rotary Club of Chatswood	5,000
20	St John Ambulance Australia (NSW)	900
21	St Vincent de Paul Society	4,000
22	Streetwork Inc.	2,000
23	Sydney Cantonese Opera Inc	100
24	Tai Chi Group	100
25	Taiwanese Dance Group	3,450
26	Ukelele Group	50
27	Willoughby Friends of Ossu	3,600
	Total	39,578

Other non-cash items

NO	ORGANISATION	AMOUNT \$
1	Zenith Theatre – Australasian Art	1,313
2	Zenith Theatre – Chatswood Musical Society	11,744
3	Zenith Theatre – Cinematic Samples	200
4	Zenith Theatre – Educational Projects Concert	650
5	Zenith Theatre – Evangelical Free Church	79,790
6	Zenith Theatre – Loyal Art	550
7	Zenith Theatre – Martin Bedford Concert	700
8	Zenith Theatre – Music Teachers Association	1,080
9	Zenith Theatre – Nairi Dance	1,300
10	Zenith Theatre – Stage Artz	6,894
11	Zenith Theatre – Sydney North Ensemble	1,225
12	Zenith Theatre – Willoughby Band	27,100
13	Zenith Theatre – Willoughby Choir	2,375
14	Zenith Theatre – Willoughby Symphony Orchestra	5,275
15	Al-Anon Family Group (Chatswood)	2,067
16	ACD NSW Committee Meeting	555
17	Australian Red Cross	190
18	Better Hearing	1,520
19	Bulgarian Cultural & Social Assoc. "Rodina" Inc	3,152
20	Bread of Life Christian Church North Sydney	733
21	Buteyko Breathing Seminar	668
22	Capoeira – Kadara Capoeira	760
23	CD Team Meeting	385
24	Chatswood Anxiety Support Group – Mental Health Association NSW	274
25	Chatswood Christian Assembly	5,035
26	Chatswood East Side Progress Association	109
27	Chatswood Legacy	678
28	Chatswood Scrabble Club	4,193
29	Chatswood West Ward Progress Association	661
30	Community Workers Meeting – Catholic Community Services	244
31	Dance to the Nines	240
32	DARTS Board Meeting	170
33	DCC Knitting Group	2,143
34	Dougherty Apartments Christmas Party	396
35	Federation of Willoughby Progress Association	558
36	Finnish Society of Sydney – AGM	105
37	Friday Night Group	3,900
38	Friday Night Social Club – BCS 4. Amounts	5,796
39	FUSED - The Reach Foundation	1,900
40	GR11 Sydney -Indonesian Reformed Evangelical Fellowship	860
41	Indonesian Church – Ecclesia Mission	23,819
42	Japan Club of Sydney (Dancing)	678
43	JCS Board of Directors' Meeting	4,143

NO	ORGANISATION	AMOUNT \$
44	Jow Ga Pilates 2014	499
45	Jow Ja Kung Fu for Children	2,452
46	Joy House Productions Pty Ltd	2,000
47	Kids Mandarin Class – ATFA	729
48	Leap into Literacy	790
49	Legacy	2,725
50	Lindfield Ladies Probus Club Inc	462
51	LNS Community and Interagency Forum	285
52	Mahasiddha Kadampa Meditation Centre	2,700
53	Mandarin Stars	14,226
54	Meditation & Relaxation Sessions – CanSupport	1,501
55	Meeting – Baha'is of Willoughby	3,142
56	Meeting – Chatswood Early Risers Toastmasters Club	1,797
57	Members' Meeting – A.I.R.	690
58	Ming Shi Dementia Respite Care Centre – ACCA	6,267
59	Monday Art Group – Respite Art Programme	1,104
60	NASSA Metro North Network Meeting	43
61	New Horizons	752
62	North Shore Orchid Society Meeting	2,340
63	Northern Suburbs Philatelic Society	1,371
64	Northern Sydney NSW Justices Association	684
65	Northside Community	481
66	OA Intergroup	84
67	OCD Support Group – Mental Health Association NSW	275
68	Older Woman's Network NSW Inc	5,901
69	Parkinson's NSW Lower North Shore Support Group	904
70	Poetry Night – Iranian Cultural and Art Society of NSW	3,446
71	Saturday Music Group	4,971
72	Singing Made Easy	787
73	Social Circle	1,994
74	Social Dance Class – Chinese/Australian Health Association Inc.	1,145
75	Spanish Classes – SiSpanish	1,033
76	Sunday Worship – Great Light Church	2,160
77	Sunnyfield Annual General Meeting	322
78	Sydney Church of Christ	282
79	Sydney New Life Church	14,649
80	Sydney Revival Fellowship	2,326
81	Sydney U3A Choir	3,281
82	Sydney Video Makers	1,730
83	TAFE NSW	45

NO	ORGANISATION	AMOUNT \$
84	Tai Chi Society	1,704
85	The Humour Foundation	280
86	The Wilderness Society	2,000
87	Traditional Bulgarian Dancing	3,152
88	Trivia Night Annual Fundraiser – Royal institute for deaf and blind	400
89	U3A	15,501
90	Volunteers Appreciation Day	3,400
91	WCA Meeting	56
92	Willoughby Senior Citizens Club	14,208
93	Yoga – Janet Statham	540
94	Youth Justice Conference – Juvenile Justice	164
	Total	339,900

	Total	472,583
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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

The following external bodies carried out functions delegated by Council during 2013/14:

BODY	FUNCTION
Castlecrag Community Centre Committee	Management of the Castlecrag Community Centre
Willoughby Symphony Orchestra and Choir Committee	Management of Willoughby Symphony Orchestra and Choir
Dougherty Apartments Board of Management	Management of the Dougherty Apartments in conjunction with the Uniting Church and Department of Housing
Haven Amphitheatre Castlecrag Committee	Management of the Amphitheatre Castlecrag
Music Rehearsal Room Management Committee	Management of the Music Rehearsal Room
Willoughby Community Aid Service Committee	Provides assistance and advice to residents in need
Global Friendship Committee	Promoting Council's Friendly City Agreements and relationships with overseas Councils.

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:

- **Dougherty Apartments Retirement Housing Project**

Is a joint venture between Council, the Uniting Church of Australia and the NSW Department of Housing. The Apartments, which are situated at No 1 Victor Street, Chatswood, provide varying types of accommodation, e.g.:

- (i) rental housing for clients of the Department of Housing
- (ii) self-funding retirement housing, and
- (iii) a 40 bed hostel where rooms are serviced for the occupants.

- **Shorelink**

Is a joint venture between five councils, viz: North Sydney, Mosman, Lane Cove, Manly and Willoughby which links the library resources of the member councils giving borrowers access to a huge range of books, audio and other library materials.

- **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.

- **NSROC Supply Management Group**

A joint venture comprising active councils in the Northern Sydney Regional Organisation of councils, which is committed to reducing expenditure by utilising bulk purchasing power for common products.

- **Willoughby / Lane Cove Family Day Care Scheme**

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 State Emergency Services Committee**

A joint service to respond to damage from storms, flooding or similar emergencies in the Willoughby and Lane Cove Council areas.

- **Willoughby / Lane Cove Local Emergency Management Committee**

A joint committee responsible for formulating procedures and contingency plans should the Willoughby/ Lane Cove Council areas be affected by a large scale disaster which requires a co-ordinated local response. As Council's representative on this Committee is the Chairperson, he is automatically a member of the North West Sydney District Emergency Management Committee.

- **Joint venture with other councils (North Sydney, Warringah, Lane Cove and Manly) and the Department of Education & Training**

To manage and preserve Aboriginal heritage sites throughout the participating Local Government areas.

10. Statement of activities undertaken to implement Council's EEO management plan

Equal Employment Opportunity Management Plan

Equal Employment Opportunity continues to be the centrepiece of Council's employee activities and is an area monitored by Human Resources staff. The strategies included in the EEO Management Plan are included in Council's Workforce Plan which is now the major driver of HR strategy development and implementation.

Equal Employment Opportunity – Activities

Relevant policies and procedures are continually reviewed to ensure compliance with, and application of, Equal Employment Opportunity principles.

Equal Employment Opportunity – Training

The principles of Equal Employment Opportunity are incorporated throughout the organisation via internal training programs.

Council incorporates EEO into its internal courses as follows:

Induction training for all new staff which includes:

- Anti-discrimination
- EEO & Grievance Handling Procedure
- Bullying, Harassment and Workplace Violence Prevention
- Code of Conduct
- Induction Policy and Procedures for Supervisors
- Performance Planning and Review System
- Recruitment and Selection Procedures
- Managing Unsatisfactory Performance/Conduct

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

In addition Council's Workforce Plan addresses EEO and includes key actions relating to equity and diversity which will assist Council in ensuring the employment of a diverse workforce representative of the community in which it operates.

11. Statement of other human resource activities

Policy and Procedures

Council continued to review and refine its Human Resources Policy and Procedures Manual.

The following policies were reviewed and amended:

- Working from Home
- Harassment Bullying and Workplace Violence Prevention
- Use of Council's Computer Services
- Social Media Policy
- Casual Employment

Workplace

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

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

Council's formal induction process includes Code of Conduct, EEO, Work Health and Safety and Risk Management, Harassment Bullying and Workplace Violence Prevention, Driver Safety and Sustainability training and is mandatory for all new staff.

Staff Training and Development continues to be an important function and is informed by data relating to training needs identified in the Performance Planning and Review System.

The Human Resources Branch continues to co-ordinate all staff recruitments (84 for the year) and provides an advisory service to employees, supervisors and managers to assist them in meeting their responsibilities and to ensure compliance with all relevant legislation.

The Human Resources Branch continues to implement the strategies outlined in the Workforce Plan.

The electronic Performance Planning and Review and e.Recruitment systems continue to operate effectively thereby continuing to reduce paper and printer usage.

Work Health and Safety

Work Health and Safety (WHS) continues to have high priority and importance within Council's activities and this is supported by the Safety Management Coordinator and the Risk Management/Worker's Compensation Co-ordinator. Programs for immunisation, influenza vaccinations and skin cancer identification are continuing.

The Work Health and Safety Management System was updated and amended as required and Work Health and Safety objectives and targets have been set for 2014. The new Contractor Management System was successfully rolled out to the Infrastructure Services Division. The focus has been on assisting managers in meeting their WHS objectives and targets, particularly those relating to undertaking risk assessments and compiling Safe Work Method Statements.

Health and Wellbeing

Staff sport and healthy lifestyle initiatives continue to be supported and there is an increased focus on wellness initiatives including and included lunch time yoga, pilates, corporate gym memberships along with other initiatives.

Council's Employee Assistance Program remains in place for the support of staff and family members. A Travel Assistance Policy is also available to staff.

Training and Development

Council's staff training and development program is co-ordinated by a dedicated Training and Development Specialist and is supported financially and by appropriate Human Resources policies and procedures.

Staff training is provided on both an internal and external basis and, in addition, Council also participates in regional training initiatives.

Council's staff training program acts in conjunction with, and draws data from, the annual Performance Planning and Review System.

Council has continued to employ actions which assist with cost effective development of skills and Council has maintained partnerships with Registered Training Organisations in order to access Federal Government funding for the provision of training programs. This initiative allows further development of skills that are aligned with the future requirements of the organisation in the most cost effective manner.

Of particular significance was the roll out of the leadership development program for the Executive Leadership Team (ELT), Branch Managers and key specialist staff. 'Social Media' training and the 'Managing Health and Safety Risks' training program for managers and supervisors took place which will allow them to undertake more effective Risk Assessments and to develop appropriate Safe Work Method Statements.



12. General Manager and Senior Staff

The General Manager together with three directors – *Environmental Services Director, Infrastructure Services Director* and *Community Services Director* – comprise the contracted senior staff of the Council.

In addition, three non-contract directors, have been appointed to oversee the operations of the Corporate Services Division. These include the Financial Services Director, the Corporate Support and Performance Director and the Economic and Property Development Director.

The General Manager is generally responsible for the efficient and effective operation of the Council's organisation and for ensuring the implementation, without undue delay, of decisions of the Council in accordance with Section 335 of the Local Government Act 1993.

Council currently employs sixteen senior staff. A summary of the packages for 2013/14 are as follows:

OFFICER	PERIOD	SALARY	SALARY SACRIFICE SUPER	ALLOWANCE	MOTOR VEHICLE	TOTAL PACKAGE	FBT 1/4/13-13/3/14
General Manager	2013/2014	285,978	\$26,216		12,000	321,636	8,053
Senior Staff	2013/2014	2,489,013	\$321,847	17,696	174,728	3,003,284	77,465

The Motor Vehicle component includes the FBT cost. Willoughby Council does not pay bonus payments, performance or other payments that do not form part of the total salary

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 sq m for business related properties

In 2013/14 Council implemented a number of stormwater drainage works programmes funded from various sources, including the stormwater management levy. These consisted of:

- Dalmeny Road – Installation of drainage system to reduce risk of flooding
- No. 43 Robert St – Upgrade pits to reduce localised flooding
- Fullers Road near Greville Street – Increasing the drainage capacity at the bus stop
- Peel Ave – Upgrade pit to increase inlet capacity
- Cleaning of stormwater pipeline to clear blockages.
- Flood Studies for Sailors Bay Creek, Swaines Creek and Blue Gum Creek.
- CCTV of stormwater conduit as part of Council's drainage network condition auditing program.
- Local Infrastructure Renewal Scheme (LIRS) Work at Ross Lane, Reserve Rd/Barton Rd, Sunnyside Cres, High St/Cevu Ave, Spearman St/William St, Mowbray Rd/Ward St, Northcote St/Moonbria St, Mowbray Rd /Marlborough Rd, No. 4 Kameruka Rd, Ashley St/ Macquarie St, Narooma Rd, Johnson St/Bertram St, Kameruka Rd/ Narooma Rd, Nicholson St/Darling St, Strathmore Parade, Cameron St and Barooka Rd.

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 Principal 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.

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 the Sydney Dog and Cat Home at Carlton.

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 eight 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.

Un-owned 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 unowned 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's Rangers visit schools to give talks on being a responsible pet owner and other issues relating to companion animals such as identification and registration and their pets' impact on the environment.

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.

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Companion Animals Registration Fees

During the 2013/14 year Council remitted a total of \$28,817 in registration fees to the Division of Local Government. An amount of \$24,802 was received back from the Division.

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 the Sydney Dog & Cat Home, Council's designated animal pound.

Lodgement of Companion Animal Returns

Council has complied with the requirements of the Department 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 Department in accordance with statutory requirements.

16 dog attack incidents were reported to the Division of Local Government during the year.

According to the Companion Animals Register, as at 30 June 2014:

- There are 3 current dangerous dog orders in force in Willoughby. 1 Dog was declared dangerous (with modifications by a Court appeal).
- 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 2 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 turn-over 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:

Artarmon Child Care Centre

This Centre provides long day child care services for up to 30 places at its premises situated at 3 Abbott Road Artarmon, 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".

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".

Constant Companion

A 24 hour, seven days a week emergency response service for the older, frail and disabled residents of the City.

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".

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.

Council's "Complaints Handling Policy" which also deals with Competitive Neutrality Complaints can be obtained by contacting Council's Help & Service Centre during normal office hours.

The policy details the procedures that Council will follow when dealing with a competitive neutrality complaint.

Enquiries and complaints in respect of Competitive Neutrality should be directed to Council's Financial Services Director.

Council has not received any complaints in respect of competitive neutrality during the 2013/14 financial year.

16. Special Rate Variation

In 2007-2008 the Minister for Local Government approved a Special Rate Variation of 1.75% to partly fund the repayment of a \$30 million loan for The Concourse project.

The income received from the variation has been:

2007/2008	\$524,980
2008/2009	\$541,779
2009/2010	\$560,741
2010/2011	\$576,346
2011/2012	\$585,960
2012/2013	\$607,055
2013/2014	\$627,695

All income raised from the special variation is being utilised to meet The Concourse Loan repayments. The investment income generated from investment of the loan funds is being placed in a sinking fund (reserve) to assist in meeting future loan commitments.

The Concourse Reserve at June 2014 is \$9.3m.

17. Rates and Charges Regulation 1993 Rates and Charges written off 2013/2014

Rates and charges in respect of pensioners, revaluations, postponed rates and non-rateable properties	\$4,281.94
Pension rebates in accordance with Division 1 Part 8 Chapter 15 of the Local Government Act 1993	\$528,913.49
Total	\$533,195.43

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 and disclosure of (and access to) personal information.

Council revised its Privacy Management Plan in May 2013, basing it on the new Model Privacy Management Plan issued by the Division of Local Government. A copy of this document is available on Council's website.

The Council has undertaken the following measures to ensure compliance with the legislation:

- Nominated a Privacy Officer (the Public Officer) to review its procedures;
- Provided internal training for Council officers dealing with privacy issues.

Ongoing training is provided to Customer Services Staff as part of their on-the-job training.

There have been no Internal Reviews (under Sec 43) 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 (GIPA), Council publishes a wide range of information on its website to facilitate the public's 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, 641 informal access requests were processed.



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	1	0	0	0	0	0	0	0
Members of parliament	0	0	0	0	0	0	0	0
Private sector business	1	1	0	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)	2	0	0	0	0	0	0	0
Members of the public (other)	2	0	1	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	1	0	1	0	0	0	0	0
Access applications (other than personal information applications)	5	1	0	0	0	0	0	0
Access applications that are partly personal	0	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	0
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	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	1
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	0

Table F – Timeliness

	NUMBER OF APPLICATIONS
Decided within the statutory timeframe (20 days plus any extensions)	8
Decided after 30 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	0

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	0	1	1
Review by Information Commissioner*	0	1	1
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	0	0	0

* Note: in a decision dated 30 October 2014 the Information and Privacy Commission advised Council that the Information Commissioner did not make any recommendations against Council's decisions.

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

	NUMBER OF APPLICATIONS FOR REVIEW
Applications by access applicants *	1
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

* Note: in a decision dated 30 October 2014 the Information and Privacy Commission advised Council that the Information Commissioner did not make any recommendations against Council's decisions.

20. Public Interest Disclosure Report

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

No complaints were received by Council in the reporting period viz, 1 January – 30 June 2014.

21. Planning Agreements

A Planning Agreement is in force for the Gore Hill (former ABC site) Development located at the Pacific Highway, Artarmon. This agreement is between Willoughby City Council and Lindsay Bennelong Developments Pty Ltd.

The effect of the Planning Agreement is that the Developer must provide:

1. a Shuttle Bus Service, and
2. a Recreation/Community Facility; in lieu of s.94 and s 94A contributions.

The Agreement sets out how and when the facilities are to be provided.

22. Assets Reporting

Report on the condition of the public works (including public buildings, public roads and water, sewerage and drainage works) under the control of the council as at the end of the year, together with:

- i) an estimate (at current values) of the amount of money required to bring the works up to a satisfactory standard; and
- ii) an estimate (at current values) of the annual expense of maintaining the works at that standard; and
- iii) the 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 30/6/2014 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.

A prioritised works program (subject to current funding arrangements), as well as any funding gaps to meet acceptable standards in the future, are documented in Council's asset management plans. Plans were adopted in early 2014 for nine separate asset classes; road pavements, footpaths, kerb and gutter, stormwater drainage, bridges, buildings, parks, playgrounds and sportsgrounds. These plans are available on Council's website and are updated annually.

23. e.Restore

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

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



SUSTAINABLE ACTION PLAN REPORT CARD 2013/14

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 City. This commitment is reflected in our Willoughby City Strategy which is underpinned by the principles of sustainability and the Sustainability Action Plan (SAP) which guides the work undertaken with e.restore funding.

This report card provides an overview of progress against the targets and Key Performance Indicators listed in the SAP.

Council has continued to make significant progress in the sustainable provision of community services, infrastructure, festivals and events, the environment, economic development, governance and strategic planning. Key achievements for 2013/14 include:

- Electricity consumption has dropped by over 25% across Council operations;
- Gas and fuel consumption has dropped by over 23%;
- Energy produced by Council has increased 23% (from the co-generation plant and solar power installations);
- Total renewable energy proportion of Councils electricity consumption is now 4.41% which is an excellent start to our 20% renewable energy by 2020 Target;
- The solar farm produced 231,723kWh which is the equivalent of supplying 100% solar power to 28 Willoughby homes for a whole year. It also saved around 250 tonnes of greenhouse gas emissions and close to a saving of \$60,000 in electricity costs;
- Residential electricity consumption has exceeded the 15% target coming in at a massive 18.6% reduction since 2007;
- Non-residential (small and large businesses) consumption is also exhibiting good reductions, dropping by 9.8% since 2006/07;
- The Willoughby Bike Plan is making good progress with bike route improvements undertaken on High Street and new sections of bike route added linking Willoughby to the Northbridge Peninsula;
- There has been a 14% improvement on waste diversion from the red lid bins with the amount of waste to landfill per person per year now down to historical low level of 152kgs/person/year;
- The Bushland Team hosted 5 major events with more than 3,400 participants, conducted 40 bushwalks for over 580 people and presented 5 workshops with around 130 participants;
- 50 Bush care groups with 287 volunteers provided over 4,580 hours of assistance to Council;
- Over 1,600 people engaged in 44 sustainability workshops/events covering a variety of topics this year. Of these 8 were specifically for the early childhood sector, 12 for schools (including one university) and 5 for the culturally and linguistically diverse community and 2 for staff.
- Numerous sustainable works projects on Council buildings assisted in an electricity consumption reduction saving Council over \$30,000;
- The Council Administration building was awarded a NABERS rating of 4 stars, up from an unofficial 2.5 stars in 2010;
- A further 112 Willoughby businesses joined the Better Business Program and in May 2014 BBP secured a further \$246,000 in grant funding.

Actions for Climate Change and Energy Efficiency

Target: for Council

- 20% renewable energy by 2020

Target: For Community

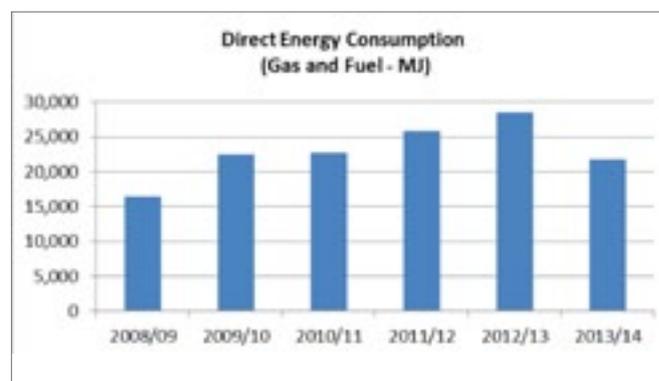
- Reduce Willoughby City's carbon footprint by 15% by 2015 based on electricity consumption from 2007 levels

Willoughby City Council has been working hard to reduce its impact on Climate Change through pronounced reductions in energy use and the associated greenhouse gas reductions. Council operations throughout 2013/2014 have seen a 27% reduction in greenhouse gas emissions when compared with the previous financial year.

Direct Energy

Direct energy consumption in Council mostly relates to fuel for fleet and plant equipment and gas for hot water. Councils consumption of direct energy has dropped by over 23% in this financial year when compared with the previous year. This can be partially attributed to a continued reduction in fleet vehicle size and the take up of hybrid vehicles through the Sustainable Fleet Program. Councils greenhouse gases from fuel consumption is being reduced each year with a fantastic 24% reduction since the reporting baseline of 2008/09. In the 2013/2014 financial year fuel consumption emissions reduced by 4.5% when compared to the previous year.

Consumption of natural gas throughout Council reduced by 16% in 2013/2014 when compared to the previous year. This is largely due to this year's consumption being compared with unusually large spikes in natural gas use occurring in 2012/2013. These spikes were most probably due to issues associated with The Concourse base building solar/gas hot water system which have now been rectified and resulting in significant savings this financial year.

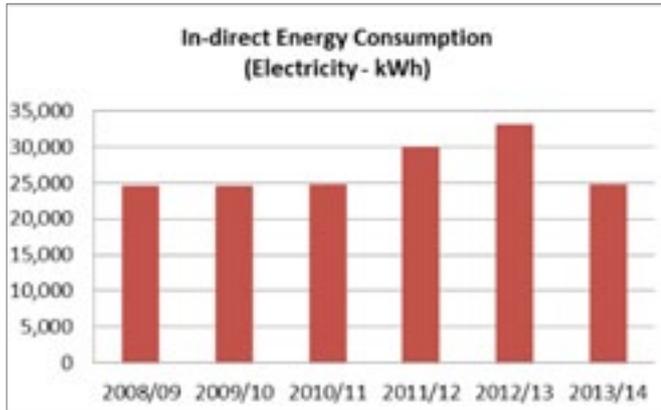


In-direct Energy

Indirect energy relates to electricity use and is largely sourced from coal fired power stations. Indirect energy consumption has dropped by over 25% in this financial year compared to the previous year and has declined to levels not seen since 2008/09 regardless of Councils biggest electricity consumer, The Concourse, coming on line in 2011.

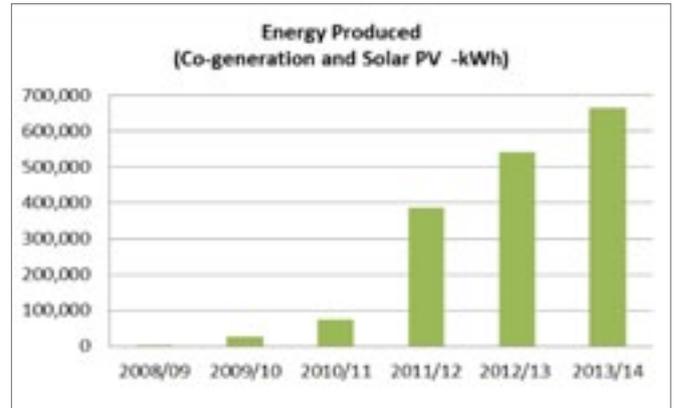
The reductions in electricity use have been due to additional solar photovoltaic arrays, extensive lighting retrofits and a roll out of submeters and building management systems throughout properties that allow for more proactive management of energy use.

One of Council's greatest opportunities for energy efficiency lies with street lighting. Effective lobbying through the Street Light Improvement Program has resulted in Ausgrid using more efficient technologies as standard replacements, including LED lighting on residential roads. Willoughby City Council is currently negotiating with Ausgrid to accelerate a rollout of efficient street lighting throughout the LGA. Street lighting takes up approximately 20% of Council's energy consumption. Independent modelling demonstrates this roll out will have a simple pay back of less than 4 years and a greenhouse gas reduction of more than 50%.



Energy produced

Energy produced by Council has increased 23% in this financial year when compared with the previous year. The total renewable energy proportion of Council's electricity consumption is now 4.41% which is an excellent start to our 20% renewable energy by 2020 Target.



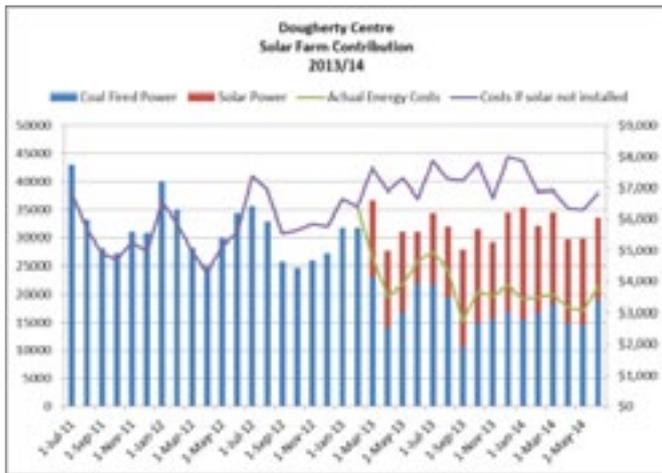
The Chatswood Solar Farm now has 166kW installed and provides clean electricity to both the Devonshire Street Childcare Centre and the Dougherty Community Centre. This financial year the solar farm produced 231,723kWh which is the equivalent of supplying 100% solar power to 28 Willoughby homes for a whole year. It also saved around 250 tonnes of greenhouse gas emissions and close to a saving of \$60,000 in electricity costs.



The average solar production for the Devonshire street childcare centre is current 50% of total electricity requirements which has saved 47 tonnes of Greenhouse Gas emissions and \$17,030 in electricity costs this financial year alone.



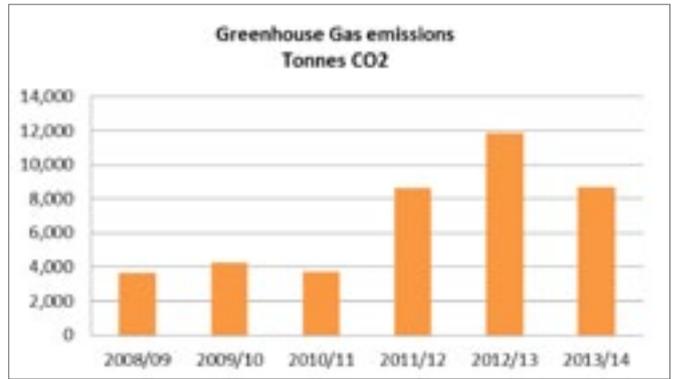
The average solar production for the Dougherty Centre is current 47% of total electricity requirements which has saved 199 tonnes of Greenhouse Gas emissions and \$42,031 in electricity costs.



Greenhouse Gas Emissions

Greenhouse gas emissions have been reduced by 27% from last financial year. Greenpower and offset purchases in 2008-2010 kept emissions low during this time however in 2010 Council resolved to no longer purchase offsets so the decline in 2013/14 is an excellent outcome and can be attributed mainly to:

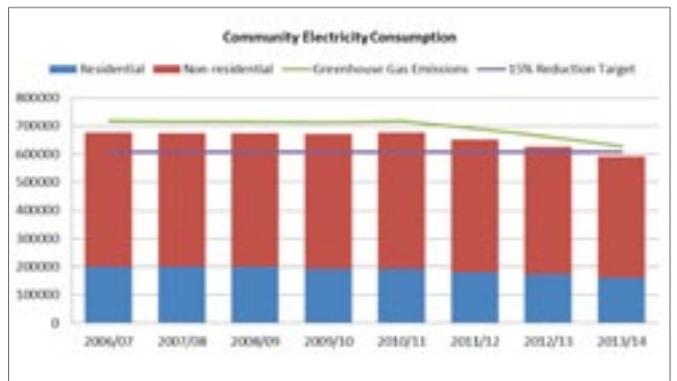
- reducing coal fired power consumption at the Willoughby Leisure Centre by generating electricity from gas (co-generation);
- increasing clean energy production by extending Councils solar photovoltaic arrays;
- major lighting retrofits that substantially reduce the demand on electricity; and
- an uptake of hybrid vehicles in the fleet due to the Sustainable Fleet Program.



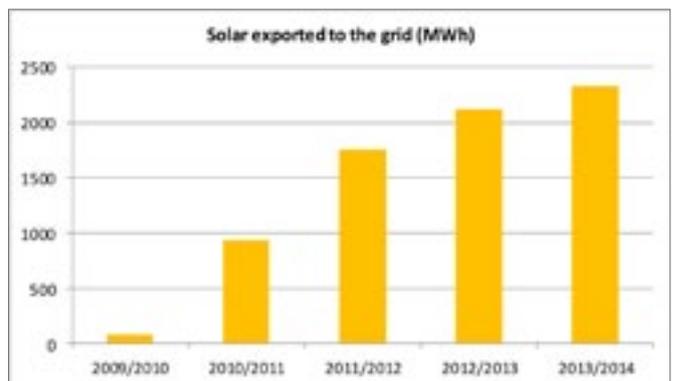
Community Electricity Consumption

The Willoughby LGA is well on its way to meeting the 15% greenhouse gas reduction by 2015 from electricity consumption. In fact the residential component has already exceeded the target coming in at a massive 18.6% reduction since 2007. It is also pleasing to note that demand per person per day has decreased by 15.9% since 2006/07 from 19.5kWh to 15.1kWh per customer per day.

Non-residential (small and large businesses) consumption is also exhibiting good reductions, dropping by 9.8% since 2006/07.



In addition to this rooftop solar generation exported to the grid has increased to 2,335 MWh. This is an increase of 10% on the previous year.



KEY PERFORMANCE INDICATORS (KPI)	RESULTS	PROGRESS
Direct energy consumption by primary source in giga-joules	Total direct energy consumption (GJ): 2008/09 – 6,447 2009/10 – 22,443 2010/11 – 22,794 2011/12 – 25,823 2012/13 – 28,563 2013/14 – 21,786	●
In-direct energy consumption by primary source in giga-joules	Total indirect energy consumption (GJ): 2008/09 – 24,573 2009/10 – 24,664 2010/11 – 24,827 2011/12 – 29,890 2012/13 – 33,149 2013/14 – 24,751	●
Energy saved due to conservation and efficiency improvements in joules	Energy produced by Council (kWh): 08/09 – 2,348 09/10 – 27,644 10/11 – 72,859 11/12 – 386,931 12/13 – 540,576 13/14 – 665,586	●
Total greenhouse gas emissions and reductions achieved	Total greenhouse gas emissions (Tonnes CO ₂): 2008/09 – 3,656 2009/10 – 4,282 2010/11 – 3,705 2011/12 – 8,658 2012/13 – 11,882 2013/14 – 8,711	●
Total carbon emissions from Councils fleet	Total greenhouse gas emissions (Tonnes CO₂): 2008/09 – 1120 2009/10 – 1049 2010/11 – 1018 2011/12 – 926 2012/13 – 887 2013/14 – 847	●
Total annual greenhouse gas emissions (t CO ₂ -e) associated with electricity consumption within the WCC Local Government Area.	Residential Electricity Use (MWh) 06/07 - 198,580 09/10 – 192,528 10/11 – 193,257 11/12 – 181,118 12/13 – 172,791 13/14 – 161,718	●
	Non-Residential Electricity Use (MWh) 06/07 - 477,509 09/10 – 480,109 10/11 – 482,952 11/12 – 470,656 12/13 – 451,867 13/14 – 430,763	●
	Total Greenhouse Gas Emissions (Tonnes CO₂) 06/07 – 716,654 09/10 – 712,995 10/11 – 716,783 11/12 – 690,880 12/13 – 662,137 13/14 – 628,030	●

KEY PERFORMANCE INDICATORS (KPI)	RESULTS	PROGRESS
<p>Number of people utilising council transport services and sustainable transport activities</p>	<p>The Artarmon Loop: 2011/12: 245,537 2012/13: 235,320 2013/14: 182,373</p> <p>The limited Loop service: 2011/12: 7,382 2012/13: 11,642 2013/14: 15,530</p> <p>Council Cab: 2011/12: 3600 2012/13: 3633 2013/14: 3778</p> <p>Cycling skills and bike maintenance workshops: 2011/12: 120 2012/13: 100 2013/14: 159</p> <p>Ride to Work Day: 2011/12: 200 2012/13: 200-250 2013/14: 0 (event cancelled due to weather)</p>	<p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p>
<p>Qualitative assessment of awareness level and satisfaction with local sustainable transport infrastructure and education projects.</p>	<p>Customer survey conducted in November 2012 to Review customer satisfaction. The results show that 83% were more than satisfied with the service.</p>	<p>●</p>

Water Quality and Conservation

Target:

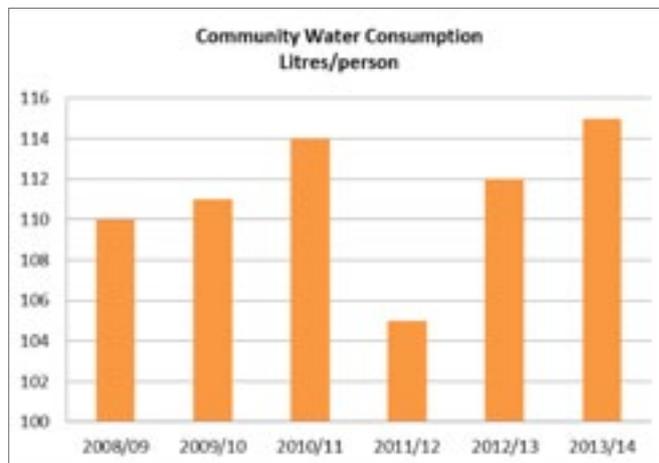
- To reduce the consumption of potable water by the community and Council;
- To improve and monitor water quality in local waterways.

Water consumption by Council for this financial year was 130,802kL which is a decrease of 15% from the previous year but is still substantially higher than previous years. The decrease can be attributed to leak at the Willoughby Leisure Centre in the previous year being identified and fixed. The overall increase from previous years can be attributed to The Concourse tenancies being connected to Council's water meter. Individual sub-meters have now been installed for The Concourse tenants which will result in further water reductions as Council will no longer be accounting for water consumption by these tenancies.

Other water reduction projects continue. Council has now finalised the detailed design for a stormwater harvesting system at Artarmon Oval. Ovals are the main consumer of potable water for WCC and in 2012 stormwater reuse projects were identified as being a priority for water savings projects. Artarmon Oval has been identified as a good first stormwater harvesting project for Council because it is one of the highest water use ovals, it has a nearby stormwater drain with consistent base flow along with reasonable water quality that can supply the entire oval demand without effecting environmental flows. Based on 2013/2014 demand the system will save 5ML of water and \$14,000. Tendering for the construction of the system will commence in 2015.

Community water consumption data for 2013/2014 was 8,431,895 which is a 4.5% increase from the previous year. In 2012/2013 the average water consumption for a household and units in the Willoughby LGA was 240kL and 169kL respectively. In comparison an average house and unit in Sydney consumed 230kL and 162kL respectively in the same year.

Consumption per person has increased by 4% since the baseline year of 2008/09 and 9% increase since the best recorded year of 2011/12.



Willoughby City Council continues its commitment to monitoring water quality in the local creeks and waterways throughout the LGA. The quarterly water quality monitoring project has now been running for 6 years and this continuity has allowed Council to gather data on seasonal trends which enables a more appropriate response to issues. Sampling results are compared to the Australian and New Zealand Environment Conservation Council (ANZECC) guidelines and show that the creeks monitored are impacted by typical urban stormwater pollution. Heavy rainfall continues to be a contributing factor to higher than normal bacteria and nutrient levels at all sites.

Most recent results however indicate that overall water quality has improved or remained stable with only 3 sites recording a slight decrease in water quality. Sampling also provides Council with information on pollution levels and where major pollution had occurred (discovered as a direct result of Council's water quality monitoring program) and enables orders to be issued direct to polluters to rectify the problems. Stormwater outlet management, maintenance and remediation was carried out and foreshore regeneration also continued with 30 foreshore sites regularly worked and sites inspected.

KEY PERFORMANCE INDICATORS (KPI)	RESULTS	PROGRESS
Total water withdrawn by source (by Council)	08/09 – 80,750 kL 09/10 – 86,637 kL 10/11 – 87,443 kL 11/12 – 85,953 kL 12/13 – 154,392 kL 13/14 – 130,802 kL	●
Total water withdrawn by source in ML (Community)	08/09 – 7,585,529 litres 09/10 – 7,746,263 litres 10/11 – 7,946,497 litres 11/12 – 7,553,777 litres 12/13 – 8,064,212 litres 13/14 – 8,431,895 litres	●
Total water withdrawn by source in KL per head of population	08/09: 110 litres / person 09/10: 111 litres / person 10/11: 114 litres / person 11/12: 105 litres / person 12/13: 112 litres / person 13/14: 115 litres / person	●
Total number of sites meeting ANZECC guidelines	Water quality monitoring is undertaken at 10 sites on a quarterly basis with the results compared to ANZECC guidelines. The total percentage of parameters that meet ANZECC guidelines at each site are: 1. Scotts Creek Upper – 46% 2. Scotts Creek Middle – 65% 3. Scotts Creek Lower – 56% 4. Sugarloaf Creek Upper – 60% 5. Sugarloaf Creek Lower – 60% 6. Sailors Bay Creek – 77% 7. Flat Rock Creek Upper – 71% 8. Flat Rock Creek Middle – 71% 9. Swains Creek – 73% 10. Blue Gum Creek – 83%	●
Total number of significant spills	There were no significant spills from Council operations.	●

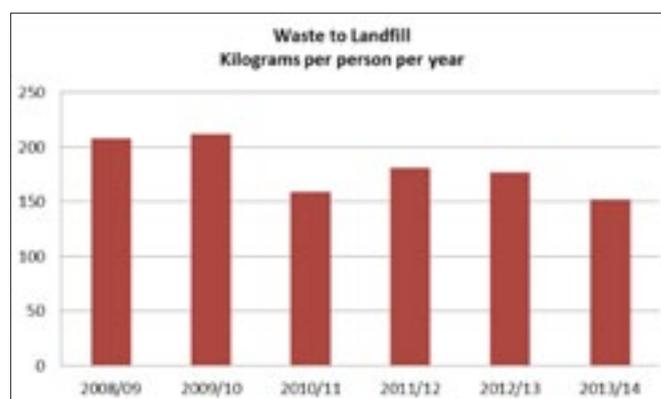
Resource Recovery and Waste Avoidance

Target:

- Reduce domestic waste to landfill to 66%
- Increase recycling participation rates to 80%
- To reduce the number of dumped rubbish and litter within the Willoughby Local Government Area
- Minimise waste generated by Council by avoidance, reuse and recycling.

WCC is well on its way to meeting its 66% waste diversion target. This is being achieved through increased education along with sending collected red bin waste to an alternative waste technology (AWT) facility at Eastern Creek. In 2013/14, Willoughby Council sent 61% of the domestic garbage stream to the AWT for processing instead of it going directly to landfill. This is the highest rates of diversion to a processing facility that Willoughby has achieved. When this tonnage of diverted waste is combined with the amount of recyclables collected in the yellow lid bin and the garden organics collected in the green lid bin, the net diversion result of all waste produced is 63%.

The amount of waste sent to landfill per person has decreased from 177kg/person in 2012/13 to 152kg/person in 2013/14 (14% reduction). This significant decrease is attributed to the increase in processing at AWT. The amount of Garden Organics (green lid bin) and Recycling (yellow lid bin) has remained relatively stable over the period.



The recycling participation rate, which is a measure of how many households present a recycling bin each week, has increased from 70% of households in 2011/12, to 75% of households in 2013/14. This increase can be attributed to the ongoing waste education program delivered by Council and commitment to recycling from residents. The program aims to increase knowledge and to influence behaviour change of residents which enables them to recycle more and produce less waste.

In July 2013, WCC signed a 7 year contract with JJ Richards and Sons, to provide waste collection services. The new waste collection vehicles employ the latest communications systems that allow us to monitor the location of our trucks, when they serviced each bin, if the bin was

contaminated as well as any presentation issues such as obstruction or non-presentation of the bin. The system also takes digital photos of the bins and major contaminants. This allows us to provide targeted education in an efficient manner.

Waste education related workshops held during the financial year include: Composting workshops; bus tours to Chullora Materials Recycling Facility and Kimbriki Resource Recovery Centre; Backyard Chooks workshop; Food Waste Workshop; Lunchbox Inspirations; Ethical Bites; a food waste event with Ed Halmagyi and two Re-fashion workshops. In total about 320 people have attended these workshops in 2013/14. The most popular workshops are the Re-Fashion and Composting sessions.

Disappointingly however illegal dumping incidences are increasing. This is despite offering more clean up collection services and a more flexible booking arrangement for the on-call collections. To combat illegal dumping, Council has successfully applied for an Environment Trust grant through the EPA to employ an Education Officer to specifically target dumping. The role of the officer will be to increase

community understanding and knowledge of Councils services through the development of education programs for residents in Multi-Unit Dwellings. The position will also develop stronger relationships with stakeholders such as Executive Committees, Strata Managers, Real Estate Agents, tenants and other property managers, to engender more awareness and understanding of the issues regarding illegal dumping and the services offered by Council.

Council generates significant quantities of construction and demolition waste through its operations. This waste is being processed and recovered for re-use. In the last 12 months, the quantity recycled has more than doubled, from 687 tonnes to 1422 tonnes. This is great example of Council looking for innovative ways to recycle and recover resources.

KEY PERFORMANCE INDICATORS (KPI)	RESULTS	PROGRESS
Amount of waste diverted from landfill per year (percentage)	Percentage Waste diverted from landfill 09/10 – 49.5% 10/11 – 62.0% 11/12 – 61.9% 12/13 – 62% 13/14 – 63%	
Amount of domestic waste per person per year (average for all residents in kgs/person/year)	Waste in Tonnes, population in brackets: 08/09 – 14,579 (69,886) = 208kgs/person/year 09/10 – 14,709 (69,199) = 212kgs /person/year 10/11 – 11,302 (70,705) = 159kgs/person/year 11/12 – 12,917 (71,139) = 181kgs/person/year 12/13 – 12,788 (71,933) = 177kgs/person/year 13/14 – 11,125 (73,155) = 152kgs/person/year	
Recycling participation rate (% of population presenting recycling bins for collection)	Recycling participation rate: 2011/12 – 70% 2012/13 – audit not undertaken in this period 2013/14 – 75%	
Number of dumping incidences reported to Council.	Dumping incidence data is only available for the last two years being: 10/11 – 729 incidences 11/12 – 725 incidences 12/13 – 786 incidences 13/14 – 850 incidences	
Minimise waste generated by Council. Total weight of waste by type and disposal method.	Construction waste recycled: 11/12 – 1243 tonnes 12/13 – 687 tonnes 13/14 – 1422 tonnes Garbage to Landfill: 2009/10 – 1124 tonnes 2010/11 – 1063 tonnes 2011/12 – 1007 tonnes 2012/13 – 1032 tonnes 2013/14 – 1025 tonnes	 

Natural Environment

Target: *To treasure and conserve the natural ecosystem for its intrinsic ecological, spiritual, educational, scientific, recreational and community value.*

Willoughby has continued to preserve remnant bushland and protect the character of local neighbourhoods while simultaneously accounting for population growth. Extensive community education programs have been conducted to educate residents of the measures they can take in their own home to protect Willoughby's bushland. The Willoughby Local Environmental Plan 2012 (WLEP2012) protects public bushland areas in the City with "E2 Environmental Protection" and "Environmental Living" zoning applied to sensitive residential areas (around the foreshore, waterways and open space).

Between 2008 and 2014 Council's Open Space and Bushland services continued with major works carried out in addition to completing their scheduled program. The Bushland team has continued to help conserve biodiversity and maintain natural ecosystems through their on-going program of activities including but not limited to:

- the protection of creeks and waterways;
- the improvement of foreshores;
- watercourses and bays;
- managing a range of e.restore activities;
- implementing community education programs; and
- encouraging volunteer involvement.

There have also been numerous bushwalks, school activities and exhibitions. The Bushcare News was published quarterly updating community and Council on all major ongoing activities and initiatives. In 2013/14 the Bushland Team hosted 5 major events with more than 3,400 participants, conducted 40 bushwalks for over 580 people and presented 5 workshops with around 130 participants.

In addition, 50 Bush care groups with 287 volunteers provided over 4,580 hours of assistance to Council bush regeneration programs which in turn helps provide habitat for at least 15 mammal species, over 180 species of birds and many species of frogs, lizards and bats. Each group was supervised on site and Council provided regular training for its volunteer network and community workshops. Over 4,000 hours were worked by community members last year. Willoughby Council is extremely grateful for the generosity provided by our many volunteers.



KEY PERFORMANCE INDICATORS (KPI)	RESULTS	PROGRESS
Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas	335 hectares distributed in numerous reserves (33 itemised for planning purposes) in Middle Harbour and Lane Cove River catchments. All reserves have ongoing management, guided by Reserve Action Plans and the generic Urban Bushland Plan of Management.	●
Number of Reserve Actions Plans reviewed (updated)	3 Reserve Action Plans completed and 2 drafts in progress. Ongoing work and site inspections as scheduled with Natural Heritage and Bushland Advisory Committee.	●
Number of scheduled burns prepared, completed and maintained	3 major areas completed as scheduled. All burn sites maintained. Clive Park, Castlecrag Northern Escarpment, H Reid Reserve. Ongoing implementation as proposed in regional fire plan.	●
Number of events and workshops and number of participants involved	5 major events with, 3459 participants (excluding Spring Fair). 40 bushwalks with 581 participants. 5 workshops with 132 participants.	●
Number of volunteers	287 volunteers in 2013/14. Training and recruitment ongoing.	●
Number of volunteer hours	4580 hours in 2013/14. Volunteer input stable and training ongoing.	●

Sustainability Education

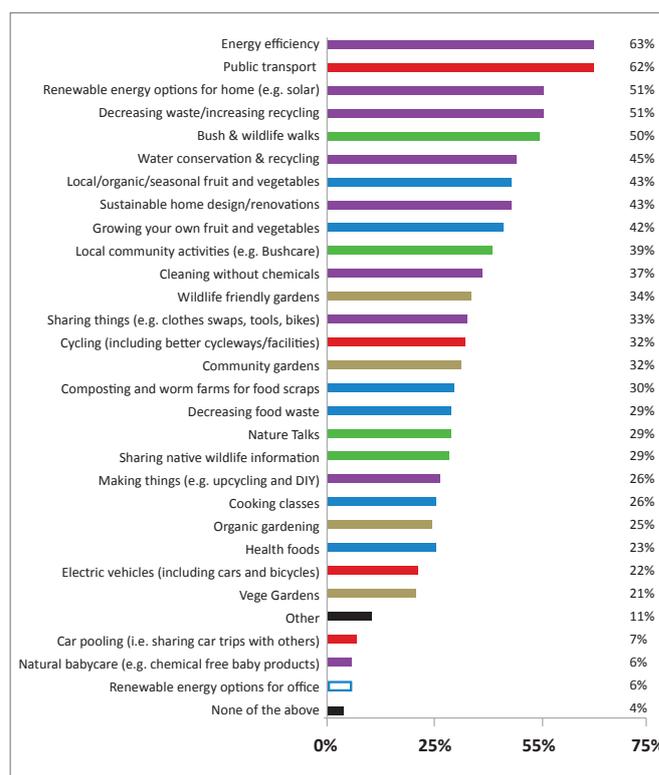
Target: *To work in partnership with the community to increase their capacity to make behavioural changes towards sustainability.*

Climate Clever has been Willoughby City Council's sustainability campaign for the past 6 years closely linked to community's the greenhouse gas reduction target. Ausgrid data shows that residents have reduced their electricity consumption by 18.6% across the LGA.

This year WCC commenced redesigning of the sustainability education campaign in order to:

- reinvigorate the program;
- better encompass water, waste, home design, food and other sustainability issues;
- extend into previously disengaged areas of the community; and
- provide a consistent look between the sustainability, bushland and transport teams activities.

The review commenced with market research which showed that the vast majority of topics covered by current Council sustainability programs were interesting to the community. The figure below shows the sustainability topics residents are interested in taken from a survey over just over 200 residents.



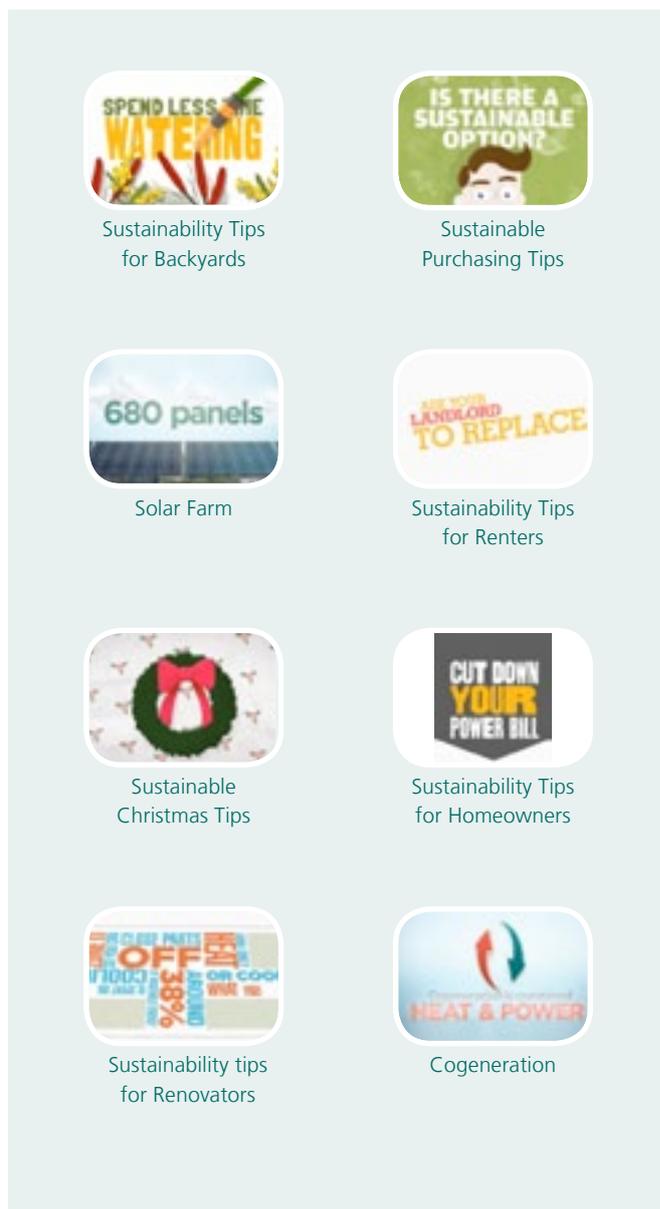
There was interest in sustainability being made 'easy' and 'interesting'. Online options and workshops were the most preferred methods of delivery. In terms of workshops, people preferred hands-on activities that had a social outcome. It is expected the new campaign will launch in 2015.

Over 1,600 people engaged in 44 sustainability workshops/events covering a variety of topics this year. Of these 8 were specifically for the early childhood sector, 12 for schools (including one university) and 5 for the CALD community and 2 for staff. There was a strong focus on food and food waste workshops this year with 18 sessions being held. Other workshops included Fix it, Beat the heat and Smart pools. Larger events included Street Fair, World Environment Day, Fauna Fair and our Renovations Expo on Sustainable House Day.

The ClimateClever Shop, a web-based service run by Willoughby in conjunction with five other North Shore councils continues to provide residents information on, and access to reputable suppliers of solar PV, rainwater tanks, solar and heat pump hot water systems. This year it received 2,919 web hits and 39 quote requests. The Climate Clever Shop is also under review.

This year Council also coordinated the inaugural Sydney Sustainable Living Festival. The aim was to give Sydneysiders the chance to participate in a fun-filled week of activities, each with its own call to action. Partnering across LGA boundaries would result in larger participation rates through enhanced marketing, larger catchment area, pooling of resources to attain, for example, high profile speakers and thus greater outcomes. This first attempt was quite successful with 23 organisations (mainly Councils) hosting more than 50 events for over 5,000 people in the week leading up to Earth Hour.

A series of animated sustainability education "infographic videos" have been completed and can now be viewed on YouTube. To date the videos have had more than 1,000 online views as well as being played on the Urban Screen at The Concourse and Council's Customer Service area.



KEY PERFORMANCE INDICATORS (KPI)	RESULTS	PROGRESS
Evaluation of education strategy (ClimateClever) and individual projects.	<ul style="list-style-type: none"> • 44 workshops and events • Over 1600 people were engaged at workshops and events. • Complete set of infographics finalised with over 1000 online views. • ClimateClever Shop: 2919 web hits and 39 quote requests. 	

Air and Noise

Target: *To undertake actions that will reduce both air and noise pollution.*

Willoughby City Council hosts the only air quality monitoring station operated and maintained by local government in Sydney. In 2013/14 the monitoring station recorded levels of Particulate Matter (PM10 & PM2.5) which exceeded the National Air Quality Standards on two days in early November 2013. The higher than normal levels were due to Sydney being covered in smoke caused by bushfires mainly to the west and north of the city which triggered air pollution levels to rise.

The monitoring station was originally installed in 2006 to address potential air quality issues linked to the Lane Cove Tunnel ventilation stacks, allowing for analysis of pre and post tunnel operation. The

monitoring station has provided data that indicates compliance with air quality standards over a period of 8 years. As part of a report to Council on 24 February 2014 it was resolved that the monitoring station be decommissioned and that further investigations be made into relocating the monitoring equipment. The equipment was decommissioned in June 2014 however future air quality monitoring is planned for the Artarmon area in 2014/15.

The number of noise complaints received this year were consistent with previous years with only a slight decrease. The complaints mainly relate to noise from out of hours building work and from activities at commercial premises. All complaints received by Compliance were investigated and suitably resolved. Potential future noise is also controlled by addressing likely noise impacts from proposed developments at the development approval stage.

KEY PERFORMANCE INDICATORS (KPI)	RESULTS	PROGRESS
Number of days that the National Air Quality Standards for Sydney are met	The air quality monitoring station at Lane Cove monitors air quality for PM2.5 and PM10. National Air Quality Standards were met for 363 days.	
Number of noise complaints received.	The number of noise complaints received have remained steady with a total of 333 complaints. All complaints were investigated by the Compliance team and all were satisfactorily resolved.	

Sustainable Building

Target: *Sustainable design and best practice environmental measures are incorporated in the planning, construction, operation and post operational phases of development.*

Moving towards more sustainable buildings for both Council and the community is a key directive to ensure that we use fewer materials, create healthier spaces and reduce our ongoing impact on the environment. In 2013/14 WCC undertook a number of projects identified through the Energy Saving Action Plan, the Lighting Strategy and discussions throughout the various branches of Council:

- Extensive LED lighting upgrades on level 4, 5 and 6 of the Administration building;
- Upgrades of T8 to T5 lighting on levels 4, 5 and 6 of the Administration building;
- LEDs installed in Administration building car park emergency lights;
- Installation of LED lighting in the Willoughby Leisure Centre sports hall and external sites;
- Extensive electrical sub metering of the Administration building;
- Building Management System upgrade at the Depot; and
- Water sub metering at The Concourse.

These projects assisted in an electricity consumption reduction by 18% when compared with the previous financial year, saving Council over \$30,000. This has also resulted in the Administration building being awarded a NABERS rating of 4 stars, up from an unofficial 2.5 stars in 2010. Extensive sub metering of the Administration building, the Depot and The Concourse has resulted in more effective management and long term electricity, gas and water savings.

This year Council became a provider of the national Smart Blocks program. This program and a comprehensive interactive online toolkit was developed in partnership between Strata Community Australia, City of Sydney, City of Melbourne, Owners Corporation Network of Australia and Green Strata to help apartment owners and their managers to improve the energy efficiency in apartment buildings and save money. Twelve apartment blocks in this LGA have signed up to the program.

Council programs including the Sustainable Home Advice Service and the Smart Pool workshop provided detailed advice to residents. Seven property owners took advantage of Council's Sustainable Home Advice Service and received advice from a qualified architect on sustainable design features for their new home or retrofit. While 16 people attended a workshop to assist reduce energy and water consumption from pools.

The Willoughby Renovations Expo was held during Sustainable House Week in September 2013. Around 130 people attend the Expo to enjoy presentations, demonstrations, Hub tours, speed date sustainable architects and learn from stall holders providing information on sustainable home renovation products and materials.



Council also provided support to local building managers through the Office of Environment's Aged Care specific Energy Saver Training. This training involved 10 local aged care facilities.

Council programs including the Sustainable Home Advice Service and the Smart Pool workshop provided detailed advice to residents. Seven property owners took advantage of Council's Sustainable Home Advice Service and received advice from a qualified architect on sustainable design features for their new home or retrofit. While 16 people attended a workshop to assist reduce energy and water consumption from pools.

KEY PERFORMANCE INDICATORS (KPI)	RESULTS	PROGRESS
Number of Council sites that have had a sustainable retrofit	<p>11/12:</p> <ul style="list-style-type: none"> Willis (insulation, natural air, natural light), Admin, (lighting), Zenith (lighting), Leisure Centre (UV maintenance, H/W pump VSD), Artarmon Library (lighting), Dougherty (HVAC), Devonshire St Day Care (lighting) <p>12/13:</p> <ul style="list-style-type: none"> Dougherty Community Centre (Lighting, Solar Power connection) The Concourse (Art Space lighting, metering and Energy Management Systems installations) Administration Building (HVAC upgrade, Lighting) Trumper Pavilion (Lighting) Frank Channon Walkway (Lighting) Gibbes Street Depot (Solar Power) Devonshire street (reflective paint on #34 Solar Power on # 32 Extension of garden to #30) <p>2013/14:</p> <ul style="list-style-type: none"> Admin Building: additional LED (incl car park emergency) Major LED lighting upgrade to Leisure Centre – internal/ external Sub metering installed in the Administration building and the Concourse Building Management System (BMS) upgrades in the Depot 	●
Number of Council buildings with a NABERS rating or GreenStar rating	<p>1</p> <p>Main Admin building now has official rating of 4 stars. Up from a non-official rating in 2009/10 of 2.5 stars.</p>	●

Sustainable Business

Target: Assist local business and industry to implement sustainable practices

Council has several initiatives that work with the local business community to assist them to strive towards success through sustainability.

Better Business Partnership

Better Business Partnership (BBP) is a joint Council Program project between Willoughby City Council, Lane Cove, Ku-ring-gai Council and North Sydney Council that works with local businesses to improve their efficiency by assisting them to reduce their energy water and waste. In addition the program provides recognition to businesses doing the right thing, for example reducing their impact on the environment and/or supporting their staff and the community.

During 2013/14, BBP continued to experience strong growth with a further 112 businesses joining the program.

In May 2014 BBP secured a further \$246,000 in grant funding through a competitive process from the NSW Government to enhance its Waste Saver Service and provide resources to roll-out this service to 250 local businesses during 2014/15.

The 2013 Better Business Awards

The 2013 BBP Business Award dinner was staged at Luna Park Sydney and was a night of celebration to recognise the achievements of businesses through the program. The event attracted 250 attendees and was hosted by ABC radio identity Richard Glover.





The Better Business Talks

BBP continued to roll out its Better Business Talks, a series of networking and workshop events which empower local business operators and helps them to connect with their neighbouring businesses. During 2013/14 seven (7) talks were staged and attracted over 400 attendees from across the North Shore. The Better Business Talks provide a valuable way local business can learn and network with each other.

CitySwitch Green Office

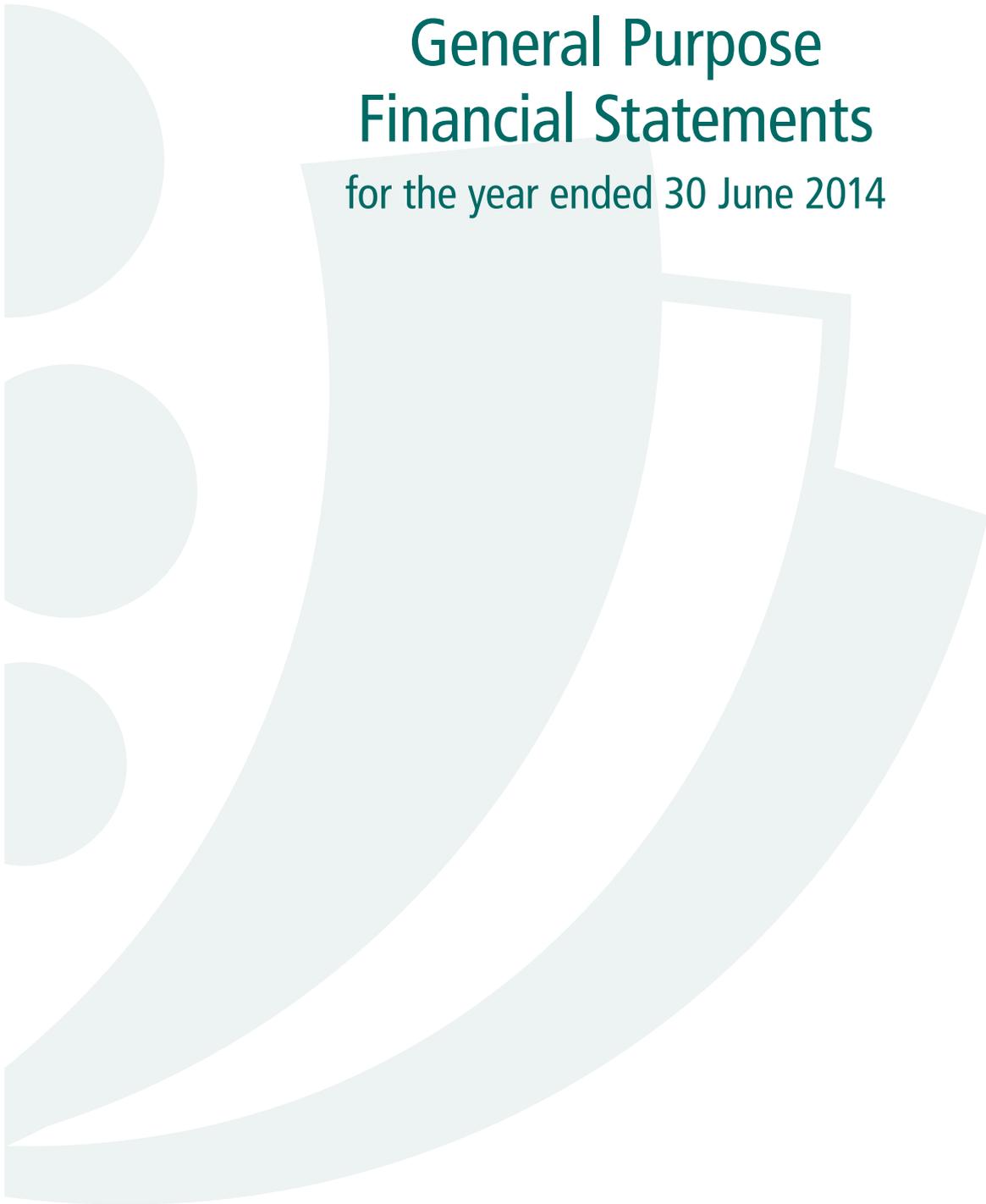
CitySwitch Green Office is a national commercial office program, free to join, highly regarded in the industry with over 640 tenancies totalling over 2 million m² of office space. The program helps tenants identify ways to reduce energy costs and to improve their energy efficiency in so doing they can qualify for awards, receive free promotion and can attend networking functions.

ClimateClever Office

Willoughby City Council's ClimateClever Office program was established offering the assistance of a council-preferred energy consultant to conduct NABERS (National Australian Built Environment Energy Rating Scheme) Energy assessments for both office buildings and tenants at a 50 per cent subsidy. The program was made available to all building owners, managers and tenants in the local Willoughby area. This program is under review due to the lack of take up of this year.



KEY PERFORMANCE INDICATORS (KPI)	RESULTS	PROGRESS
Number of businesses supported	<p>Better Business Partnership:</p> <p>2011/12: 93 2012/13: 84 2013/14: 112 new members</p> <p>CitySwitch:</p> <p>2011/12: 8 2012/13: 13 2013/14: 17</p> <p>Sustainability Advantage:</p> <p>2011/12: 4 2012/13: 4 2013/14: 4</p> <p>Climate Clever Office:</p> <p>2011/12: 2 (Buildings 1, Tenants 1) 2012/13: 2 (Tenants 2) 2013/14: 0</p>	<p>●</p> <p>●</p> <p>●</p> <p>●</p>



Section Three

General Purpose Financial Statements

for the year ended 30 June 2014

Willoughby City Council

General Purpose Financial Statements for the financial year ended 30 June 2014

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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 (LGA) 1993 of NSW.

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

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

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 14 October 2014. Council has the power to amend and reissue these financial statements.

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2014.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting & 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 & ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income & 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 values of Council's Infrastructure, Property, Plant & Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "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 5 primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

Who uses the Financial Statements ?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 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 13/14 financial year (& the 4 previous years) can be found at Note 28 of the financial statements.

Willoughby City Council

General Purpose Financial Statements
for the financial year ended 30 June 2014

Statement by Councillors and Management
made pursuant to Section 413.2X(c) of the Local Government Act 1993 (as amended)

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

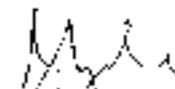
- The Local Government Act 1993 (as amended) and the Regulations made thereunder
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting

To the best of our knowledge and belief, these Financial Statements:

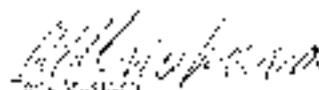
- present fairly the Council's operating result and financial position for the year, and
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 13 October 2014.



Paul Gansford
MAYOR



Tony Gault
DEPUTY MAYOR



Nick Tetap
GENERAL MANAGER



Tony Gault
RESPONSIBLE ACCOUNTING OFFICER

Willoughby City Council

Income Statement

for the financial year ended 30 June 2014

Budget ¹ 2014	\$ '000	Notes	Actual 2014	Actual 2013
Income from Continuing Operations				
<i>Revenue:</i>				
54,623	Rates & Annual Charges	3a	54,439	52,209
18,984	User Charges & Fees	3b	17,429	18,221
2,018	Interest & Investment Revenue	3c	2,505	3,238
13,021	Other Revenues	3d	31,383	18,994
6,077	Grants & Contributions provided for Operating Purposes	3e,f	5,641 ²	6,404
4,000	Grants & Contributions provided for Capital Purposes	3e,f	16,962	11,199
<i>Other Income:</i>				
171	Net gains from the disposal of assets	5	189	181
98,894	Total Income from Continuing Operations		128,548	110,446
Expenses from Continuing Operations				
41,865	Employee Benefits & On-Costs	4a	39,129	38,340
2,356	Borrowing Costs	4b	3,113	3,258
30,583	Materials & Contracts	4c	28,971	29,555
12,311	Depreciation & Amortisation	4d	11,895	11,753
-	Impairment	4d	-	-
12,886	Other Expenses	4e	13,300	12,465
5	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	3	8
100,006	Total Expenses from Continuing Operations		96,411	95,379
(1,112)	Operating Result from Continuing Operations		32,137	15,067
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(1,112)	Net Operating Result for the Year		32,137	15,067
(1,112)	Net Operating Result attributable to Council		32,137	15,067
-	Net Operating Result attributable to Non-controlling Interests		-	-
(5,112)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		15,175	3,868

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 are lower, reflecting a timing difference due to a change in how the grant is paid - refer Note 3 (e)

Willoughby City Council

Statement of Comprehensive Income
for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
Net Operating Result for the year (as per Income statement)		32,137	15,067
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	12,676	79,396
Adjustment to correct prior period errors		3,376	-
Total Items which will not be reclassified subsequently to the Operating Result		16,052	79,396
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		16,052	79,396
Total Comprehensive Income for the Year		48,189	94,463
Total Comprehensive Income attributable to Council		48,189	94,463
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Willoughby City Council

Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	6,688	22,619
Investments	6b	61,732	28,240
Receivables	7	4,710	6,744
Inventories	8	28	26
Other	8	391	445
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		73,549	58,074
Non-Current Assets			
Investments	6b	3,016	4,365
Receivables	7	41	42
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	2,754,522	2,726,548
Investments accounted for using the equity method	19	61	64
Investment Property	14	64,903	61,940
Intangible Assets	25	-	-
Total Non-Current Assets		2,822,543	2,792,959
TOTAL ASSETS		2,896,092	2,851,033
LIABILITIES			
Current Liabilities			
Payables	10	13,494	13,390
Borrowings	10	3,695	3,610
Provisions	10	10,868	11,170
Total Current Liabilities		28,057	28,170
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	48,876	51,848
Provisions	10	388	433
Total Non-Current Liabilities		49,264	52,281
TOTAL LIABILITIES		77,321	80,451
Net Assets		2,818,771	2,770,582
EQUITY			
Retained Earnings	20	2,438,511	2,402,998
Revaluation Reserves	20	380,260	367,584
Council Equity Interest		2,818,771	2,770,582
Non-controlling Interests		-	-
Total Equity		2,818,771	2,770,582

Willoughby City Council

Statement of Changes in Equity
for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		2,402,998	367,584	2,770,582	-	2,770,582
a. Correction of Prior Period Errors	20 (c)	3,376	-	3,376	-	3,376
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		2,406,374	367,584	2,773,958	-	2,773,958
c. Net Operating Result for the Year		32,137	-	32,137	-	32,137
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	12,676	12,676	-	12,676
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	12,676	12,676	-	12,676
Total Comprehensive Income (c&d)		32,137	12,676	44,813	-	44,813
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		2,438,511	380,260	2,818,771	-	2,818,771

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		2,387,931	288,188	2,676,119	-	2,676,119
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		2,387,931	288,188	2,676,119	-	2,676,119
c. Net Operating Result for the Year		15,067	-	15,067	-	15,067
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	79,396	79,396	-	79,396
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	79,396	79,396	-	79,396
Total Comprehensive Income (c&d)		15,067	79,396	94,463	-	94,463
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		2,402,998	367,584	2,770,582	-	2,770,582

Willoughby City Council

Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
Cash Flows from Operating Activities				
Receipts:				
54,574	Rates & Annual Charges		54,737	52,532
19,780	User Charges & Fees		21,887	18,771
2,018	Investment & Interest Revenue Received		2,153	2,951
10,077	Grants & Contributions		8,194	18,216
-	Bonds, Deposits & Retention amounts received		1,285	2,493
13,021	Other		31,827	18,910
Payments:				
(40,923)	Employee Benefits & On-Costs		(39,494)	(37,796)
(27,191)	Materials & Contracts		(31,999)	(31,978)
(2,356)	Borrowing Costs		(2,402)	(2,702)
-	Bonds, Deposits & Retention amounts refunded		(913)	(1,512)
(12,886)	Other		(15,881)	(14,106)
16,114	Net Cash provided (or used in) Operating Activities	11b	29,394	25,779
Cash Flows from Investing Activities				
Receipts:				
57,000	Sale of Investment Securities		25,602	62,000
259	Sale of Infrastructure, Property, Plant & Equipment		296	325
Payments:				
(58,472)	Purchase of Investment Securities		(57,623)	(57,740)
-	Purchase of Investment Property		(181)	(410)
(9,825)	Purchase of Infrastructure, Property, Plant & Equipment		(9,809)	(11,986)
(11,038)	Net Cash provided (or used in) Investing Activities		(41,715)	(7,811)
Cash Flows from Financing Activities				
Receipts:				
-	Proceeds from Borrowings & Advances		-	2,000
Payments:				
(3,455)	Repayment of Borrowings & Advances		(3,610)	(6,382)
(3,455)	Net Cash Flow provided (used in) Financing Activities		(3,610)	(4,382)
1,621	Net Increase/(Decrease) in Cash & Cash Equivalents		(15,931)	13,586
22,619	plus: Cash & Cash Equivalents - beginning of year	11a	22,619	9,033
24,240	Cash & Cash Equivalents - end of the year	11a	6,688	22,619
Additional Information:				
	plus: Investments on hand - end of year	6b	64,748	32,605
Total Cash, Cash Equivalents & Investments			71,436	55,224

Please refer to Note 11 for additional cash flow information

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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n/a - not applicable

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

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

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

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

(iii) New and amended standards adopted by Council

During the current year, the following relevant standards became mandatory for Council and have been adopted:

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

(vi) Changes in Accounting Policies

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

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

(vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this 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 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 are set out below:

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

Critical judgements in applying Council's accounting policies

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(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 it and specific criteria have been met for each of the Council's activities as described below.

Council bases any 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:

Rates, Annual Charges, Grants and Contributions

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

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

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

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2014) and (ii) all the related operating results (for the financial year ended the 30th June 2014).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(i) The Consolidated Fund

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

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- *General Purpose Operations*

(ii) The Trust Fund

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

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

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

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) Joint Ventures

Jointly Controlled Assets & Operations

The proportionate interests in the assets, liabilities and expenses of a Joint Venture Activity have been incorporated throughout the financial statements under the appropriate headings.

Jointly Controlled Entities

Any interests in Joint Venture Entities & Partnerships are accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained earnings & reserves is recognised in the balance sheet.

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

(d) Leases

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

Finance Leases

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

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

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

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

The interest element of the finance charge is costed to the income statement over the lease period so as

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

Operating Leases

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

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) 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 balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

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

- **financial assets at fair value through profit or loss,**

- **loans and receivables,**
- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

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

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no

reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Impairment

Council assesses at each balance date 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.

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. 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 group may measure impairment on the basis of an instrument's fair value using an observable market price.

(iii) Types of Investments

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

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation

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 balance sheet 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 balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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.

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(h) Receivables

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

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

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

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

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

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

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all 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 the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

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.

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

Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

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

- **Investment Properties** – refer Note 1(p),
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**
(Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (External Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Open Space/Recreational Assets**
(External & Internal Valuation)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

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

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

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

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

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset Revaluations (including Indexation)

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

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, 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 revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

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

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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	20-30% Capitalised
Other	20-30% Capitalised

Transport Assets

Road construction & reconstruction	20-30% Capitalised
Reseal/Re-sheet & major repairs:	20-30% Capitalised
Bridge construction & reconstruction	20-30% Capitalised
Footpath construction & reconstruction	20-30% Capitalised
K&G construction & reconstruction	20-30% Capitalised

Depreciation

Depreciation on Council's Infrastructure and Buildings is based on the consumption of the asset over its useful life. Plant and Equipment, Office Equipment and Furniture and Fittings is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 years
- Computer Equipment	5 years
- Vehicles & plant	5 years

Other Equipment

- Playground equipment	5 to 15 years
- Park furniture & equipment	10 to 20 years

Buildings

- Envelope	60 to 150 years
- Roof	15 to 65 years
- Floors	40 to 150 years

Buildings (continued)

- Floor coverings	15 to 80 years
- Internal fit-out	20 to 45 years
- Mechanical	25 to 35 years
- Transportation	15 years
- Fire protection	40 years

Stormwater Drainage

- Drains	140 years
- Culverts	140 years

Transportation Assets

- Sealed Roads: Surface	15-20 years
- Sealed Roads: Pavement	60 years
- Major Bridges	15-100 years
- Major Culverts	20 to 50 years
- Minor Structures	10-60 years
- Kerb & Gutter Concrete	70 years
- Footpaths Concrete	40 years
- Footpaths Bitumen	20 years

Land Improvements

5 to 50 years

Other Structures

10 to 100 years

Open Space/Recreational Assets 5 to 100 years

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

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

Disposal and De-recognition

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

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

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

However should Council recognise any intangible assets these assets would be amortised on a straight line basis over periods generally ranging from 3 to 5 years.

(n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(o) Rural Fire Service assets

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

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

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

(p) Investment property

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

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

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

Full revaluations are carried out every year.

The last full revaluation for Council's Investment Properties was dated 30/06/2014.

(q) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

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

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

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

A Discontinued Operation is a component of Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

(r) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(s) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(t) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(u) Borrowing costs

Borrowing costs are expensed.

(v) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

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

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(w) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

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

All other short-term employee benefit obligations are presented as payables.

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

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

(ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(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 balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

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

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

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20 February 2013 and covers the period ended 30 June 2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 the prior period deficit still exists.

Effective from 1 July 2009, employers have been 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 at Note 4(a) for the year ending 30 June 2014 was \$ 877,864.

The amount of additional contributions included in the total employer contribution advised above is \$382,045.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$1,528,180 as at 30 June 2014.

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.

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

the future payment of certain Leave Liabilities accrued as at 30/6/14.

(x) Self insurance

Council does not self insure.

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

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

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

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

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

(z) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(aa) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

Applicable to Local Government but no implications for Council;

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

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

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective for 30 June 2015 Financial Statements for not-for-profit entities)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

Not applicable to Local Government per se;

None

There are no other standards that are "not yet effective" and expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

(ab) Rounding of amounts

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

(ac) 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.

(ad) 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 financial year ended 30 June 2014

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 & Non-current)	
	Original Budget 2014	Actual 2014	Actual 2013	Original Budget 2014	Actual 2014	Actual 2013	Original Budget 2014	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Governance	34	398	279	1,338	1,630	1,645	(1,304)	(1,232)	(1,366)	-	17	-	-
Administration	3,361	31,591	6,673	22,031	20,184	20,185	(18,670)	11,407	(13,512)	147	191	229,352	212,388
Public Order & Safety	4,674	4,912	4,806	2,890	4,453	4,278	1,784	459	528	-	-	1,935	1,901
Health	926	821	842	997	808	702	(71)	13	140	-	704	1,688	1,840
Environment	18,534	14,378	13,212	20,103	17,593	18,049	(1,569)	(3,215)	(4,837)	194	81	80,907	78,665
Community Services & Education	5,628	5,939	5,885	7,908	7,518	7,292	(2,280)	(1,579)	(1,407)	2,367	1,937	11,711	11,796
Housing & Community Amenities	2,084	2,445	2,879	6,036	5,910	6,162	(3,952)	(3,465)	(3,283)	464	-	32,909	32,579
Recreation & Culture	7,397	12,276	15,007	21,470	24,299	22,222	(14,073)	(12,023)	(7,215)	279	453	2,006,748	1,980,863
Mining, Manufacturing & Construction	372	385	337	1,365	1,283	1,279	(993)	(898)	(942)	-	-	-	-
Transport & Communication	8,593	6,984	12,403	14,682	11,387	12,179	(6,089)	(4,403)	224	22	-	399,882	400,954
Economic Affairs	6,888	4,005	3,253	1,181	1,343	1,378	5,707	2,662	1,875	-	-	130,899	129,983
Total Functions & Activities	58,491	84,134	65,576	100,001	96,408	95,371	(41,510)	(12,274)	(29,795)	3,473	3,383	2,896,031	2,850,969
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	5	3	8	(5)	(3)	(8)	-	-	61	64
General Purpose Income ¹	40,403	44,414	44,870	-	-	-	40,403	44,414	44,870	1,249	2,134	-	-
Operating Result from Continuing Operations	98,894	128,548	110,446	100,006	96,411	95,379	(1,112)	32,137	15,067	4,722	5,517	2,896,092	2,851,033

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

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

ADMINISTRATION

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

PUBLIC ORDER & SAFETY

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

HEALTH

Inspection, immunisations, food control, health centres, other, administration.

ENVIRONMENT

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

COMMUNITY SERVICES & EDUCATION

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

HOUSING & COMMUNITY AMENITIES

Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences,

RECREATION & CULTURE

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RMS works, other.

ECONOMIC AFFAIRS

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, other business undertakings.

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		23,141	22,296
Business		17,716	17,427
Total Ordinary Rates		40,857	39,723
Special Rates			
Stormwater Management Levy		671	676
Total Special Rates		671	676
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		12,911	11,810
Total Annual Charges		12,911	11,810
TOTAL RATES & ANNUAL CHARGES		54,439	52,209
Council has used 2009 year valuations provided by the NSW Valuer General in calculating its rates.			
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Waste Management Services (non-domestic)		286	162
Total User Charges		286	162
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		1,909	1,635
Section 611 Charges		60	59
Total Fees & Charges - Statutory/Regulatory		1,969	1,694
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Building Related		1,356	1,085
Child Care		2,381	2,372
Community Services		1,951	1,924
Leisure Centre		3,070	3,007
Parking Fees		4,269	4,038
Restoration Charges		1,344	3,239
Other		803	700
Total Fees & Charges - Other		15,174	16,365
TOTAL USER CHARGES & FEES		17,429	18,221

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		48	103
- Interest earned on Investments (interest & coupon payment income)		2,335	2,197
- Receipt of Investment Principal previously written off		-	500
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		122	438
TOTAL INTEREST & INVESTMENT REVENUE		2,505	3,238
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		48	103
General Council Cash & Investments		2,022	1,862
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		197	225
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		238	1,048
Total Interest & Investment Revenue Recognised		2,505	3,238
(d) Other Revenues			
Fair Value Adjustments - Investment Properties	14	2,782	3,414
Rental Income - Investment Properties	14	3,627	4,770
Rental Income - Other Council Properties		7,529	3,525
Fines		4,590	4,587
Legal Fees Recovery - Rates & Charges (Extra Charges)		57	38
Legal Fees Recovery - Other		70	36
Arts & Culture		6	11
Commissions & Agency Fees		5	5
Community Development		50	18
Cost Recovery - Lease 88 Archer Street		-	1,132
Council Property		238	90
General Administration		125	4
Insurance Claim Recoveries		298	196
Library Services		36	38
Melody Markets		566	490
Merchant Fee Recovery		81	77
Orchestra & Choir		8	98
Sale of Abandoned Vehicles		10	12
Sales - General		45	40
Services Recovery		69	89
Sponsorship		85	47
Street Fair		37	34
Compensation for Land Acquisition		10,829	-
Other		240	243
TOTAL OTHER REVENUE		31,383	18,994

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	772	1,399	-	-
Financial Assistance - Local Roads Component	285	537	-	-
Pensioners' Rates Subsidies - General Component	192	198	-	-
Total General Purpose	1,249	2,134	-	-
¹ The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.				
Specific Purpose				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	97	97	-	-
Community Care	2,367	1,937	-	-
Environment	115	-	79	81
Housing and Community Amenities	273	512	-	-
Recreation & Culture	244	426	35	28
Street Lighting	191	191	-	-
Traffic Route Subsidy	22	17	-	-
Other	50	94	-	-
Total Specific Purpose	3,359	3,274	114	109
Total Grants	4,608	5,408	114	109
Grant Revenue is attributable to:				
- Commonwealth Funding	2,385	2,013	79	-
- State Funding	2,178	3,353	25	109
- Other Funding	45	42	10	-
	4,608	5,408	114	109

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 93F - Contributions using Planning Agreements	-	-	110	-
S 94 - Contributions towards amenities/services	-	-	2,503	9,977
Total Developer Contributions	17	-	2,613	9,977
Other Contributions:				
Community Services	19	28	-	233
Land Dedications	-	-	14,115	-
Housing and Community Amenities	59	13	-	700
Other Councils - Joint Works/Services	45	29	-	-
Recreation & Culture	12	42	120	180
RMS Contributions (Regional Roads, Block Grant)	510	417	-	-
Environment	388	357	-	-
Transport	-	110	-	-
Total Other Contributions	1,033	996	14,235	1,113
Total Contributions	1,033	996	16,848	11,090
TOTAL GRANTS & CONTRIBUTIONS	5,641	6,404	16,962	11,199

\$ '000	Actual 2014	Actual 2013
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(g) Restrictions relating to Grants and Contributions

Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:

Unexpended at the Close of the Previous Reporting Period	16,588	14,151
add: Grants & contributions recognised in the current period but not yet spent:	3,486	11,868
less: Grants & contributions recognised in a previous reporting period now spent:	(6,528)	(9,431)
Net Increase (Decrease) in Restricted Assets during the Period	(3,042)	2,437
Unexpended and held as Restricted Assets	13,546	16,588
Comprising:		
- Specific Purpose Unexpended Grants	691	1,773
- Developer Contributions	12,855	14,815
	13,546	16,588

Willoughby City Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Employee Benefits & On-Costs			
Salaries and Wages		30,210	29,492
Travelling		84	80
Employee Leave Entitlements (ELE)		3,890	4,625
Superannuation		3,577	3,393
Workers' Compensation Insurance		1,046	1,100
Fringe Benefit Tax (FBT)		385	381
Training Costs (other than Salaries & Wages)		468	370
Other		54	77
Total Employee Costs		39,714	39,518
less: Capitalised Costs		(585)	(1,178)
TOTAL EMPLOYEE COSTS EXPENSED		39,129	38,340
Number of "Equivalent Full Time" Employees at year end		406	416
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		2,390	2,527
Total Interest Bearing Liability Costs Expensed		2,390	2,527
(ii) Other Borrowing Costs			
Fair Value Adjustment on Loans (to Council)		723	731
Total Other Borrowing Costs		723	731
TOTAL BORROWING COSTS EXPENSED		3,113	3,258

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Materials & Contracts			
Raw Materials & Consumables		3,007	2,716
Contractor & Consultancy Costs		24,421	24,699
Auditors Remuneration ⁽¹⁾		92	52
Audit Committee Fees		4	4
Legal Expenses:			
- Legal Expenses: Planning & Development		300	537
- Legal Expenses: Other		245	642
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		480	484
Other		422	421
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>28,971</u>	<u>29,555</u>
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		54	52
Remuneration for audit and other assurance services		<u>54</u>	<u>52</u>
(ii) Taxation Services			
- Tax compliance services		38	-
Remuneration for taxation services		<u>38</u>	<u>-</u>
Total Auditor Remuneration		<u>92</u>	<u>52</u>
2. Operating Lease Payments are attributable to:			
Computers		384	374
Other		96	110
		<u>480</u>	<u>484</u>

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	841	999
Office Equipment		-	-	248	245
Furniture & Fittings		-	-	79	86
Land Improvements (depreciable)		-	-	102	94
Buildings - Non Specialised		-	-	53	53
Buildings - Specialised		-	-	1,284	1,284
Other Structures		-	-	302	245
Infrastructure:					
- Roads		-	-	4,095	4,067
- Bridges		-	-	264	254
- Footpaths		-	-	1,296	1,229
- Stormwater Drainage		-	-	1,519	1,429
- Swimming Pools		-	-	47	40
- Other Open Space/Recreational Assets		-	-	751	702
Other Assets					
- Library Books		-	-	546	548
- Other		-	-	468	478
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		-	-	11,895	11,753

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		495	459
Bad & Doubtful Debts		98	85
Bank Charges		254	221
Child Care Assistance Fee Relief		527	416
Commissions and Agency Fees		606	613
Computer Operating Expenses		780	829
Concourse Venue Management		630	626
Contributions/Levies to Other Levels of Government			
- EPA Levy		216	211
- NSW Fire Brigade Levy		1,420	1,382
- Parking Space Levy		330	182
Councillor Expenses - Mayoral Fee		59	58
Councillor Expenses - Councillors' Fees		262	270
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		19	25
Donations, Contributions & Assistance to other organisations (Section 356)		321	266
Election Expenses		296	301
Electricity & Heating		2,065	1,747
Events & Community Projects		84	102
Insurance		1,686	1,692
Orchestra Costs		83	89
Street Lighting		828	932
Subscriptions & Publications		149	135
Telephone & Communications		528	508
Valuation Fees		119	115
Vehicle Registrations		120	122
Water Rates & Other Services		468	382
Other		857	697
<u>TOTAL OTHER EXPENSES</u>		<u>13,300</u>	<u>12,465</u>

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2014	Actual 2013
Property (excl. Investment Property)			
Proceeds from Disposal - Property		-	-
less: Carrying Amount of Property Assets Sold / Written Off		(73)	-
Net Gain/(Loss) on Disposal		(73)	-
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		296	325
less: Carrying Amount of P&E Assets Sold / Written Off		(34)	(144)
Net Gain/(Loss) on Disposal		262	181
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		25,602	52,000
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(25,602)	(52,000)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		189	181

Willoughby City Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2014	2014	2013	2013
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		786	-	843	-
Cash-Equivalent Assets ¹					
- Deposits at Call		5,902	-	4,776	-
- Short Term Deposits		-	-	17,000	-
Total Cash & Cash Equivalents		6,688	-	22,619	-
Investments (Note 6b)					
- Long Term Deposits		59,261	-	28,240	-
- Equity Linked Notes		991	-	-	957
- NCD's, FRN's (with Maturities > 3 months)		499	3,016	-	2,491
- CDO's		981	-	-	917
Total Investments		61,732	3,016	28,240	4,365
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		68,420	3,016	50,859	4,365

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		6,688	-	22,619	-
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Investments

a. "At Fair Value through the Profit & Loss"					
- "Designated at Fair Value on Initial Recognition"	6(b-i)	2,471	3,016	-	4,365
b. "Held to Maturity"	6(b-ii)	59,261	-	28,240	-
Investments		61,732	3,016	28,240	4,365

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6b. Investments (continued)

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	-	4,365	5,437	3,990
Revaluations (through the Income Statement)	-	122	-	438
Additions	-	1,000	-	2,500
Disposals (sales & redemptions)	-	-	-	(8,000)
Transfers between Current/Non Current	2,471	(2,471)	(5,437)	5,437
Balance at End of Year	2,471	3,016	-	4,365
Comprising:				
- Equity Linked Notes	991	-	-	957
- NCD's, FRN's (with Maturities > 3 months)	499	3,016	-	2,491
- CDO's	981	-	-	917
Total	2,471	3,016	-	4,365
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	28,240	-	27,000	-
Additions	56,623	-	55,240	-
Disposals (sales & redemptions)	(25,602)	-	(54,000)	-
Balance at End of Year	59,261	-	28,240	-
Comprising:				
- Long Term Deposits	59,261	-	28,240	-
Total	59,261	-	28,240	-
Note 6(b-iii)				
Reconciliation of Investments classified as "Loans & Receivables"				
Nil				
Note 6(b-iv)				
Reconciliation of Investments classified as "Available for Sale"				
Nil				

Willoughby City Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	68,420	3,016	50,859	4,365
attributable to:				
External Restrictions (refer below)	17,900	3,016	14,305	4,365
Internal Restrictions (refer below)	39,618	-	28,543	-
Unrestricted	10,902	-	8,011	-
	68,420	3,016	50,859	4,365

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	1,889	-	(747)	1,142
External Restrictions - Included in Liabilities	1,889	-	(747)	1,142

External Restrictions - Other

Developer Contributions - General (D)	14,815	2,810	(4,770)	12,855
Specific Purpose Unexpended Grants (F)	1,773	562	(1,644)	691
Domestic Waste Management (G)	193	932	(305)	820
Site 1 - Cy Pres Scheme	-	4,680	-	4,680
Site 2 - Cy Pres Scheme	-	728	-	728
External Restrictions - Other	16,781	9,712	(6,719)	19,774
Total External Restrictions	18,670	9,712	(7,466)	20,916

A Loan moneys which must be applied for the purposes for which the loans were raised.

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	578	589	-	1,167
Employees Leave Entitlement	2,260	-	(49)	2,211
Affordable Housing	1,491	40	(92)	1,439
Artarmon Redevelopment	62	-	-	62
Asset Improvement	1,888	250	(761)	1,377
Community Facilities	20	-	-	20
Constant Companion	137	-	(19)	118
Depot	2,816	560	-	3,376
Employee Overheads	432	384	(75)	741
Environmental Development Plan	637	430	(138)	929
Information Technology	962	398	(416)	944
Insurance Claims	179	-	-	179
Paid Parking	1,685	200	(146)	1,739
Property Plan	1,974	3,652	(877)	4,749
Regency Leisure Centre Trust	1,316	-	(1,316)	-
Regency Leisure Centre	2,940	-	(645)	2,295
Repair to Damage-Road and Footway	187	250	-	437
Stormwater Management	159	103	-	262
The Concourse	7,541	7,759	(5,982)	9,318
Innovation	513	67	-	580
CBD Event Activities	50	53	-	103
Sustainability Initiative	716	604	-	1,320
CBD Property	-	750	-	750
Open Space	-	5,452	-	5,452
Election	-	50	-	50
Total Internal Restrictions	28,543	21,591	(10,516)	39,618
TOTAL RESTRICTIONS	47,213	31,303	(17,982)	60,534

Willoughby City Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		756	41	1,053	42
User Charges & Fees		1,272	-	4,153	-
Accrued Revenues					
- Interest on Investments		573	-	343	-
- Other Income Accruals		665	-	501	-
Government Grants & Subsidies		562	-	85	-
Amounts due from Other Councils		106	-	-	-
Net GST Receivable		683	-	511	-
Other Debtors		299	-	206	-
Total		4,916	41	6,852	42
less: Provision for Impairment					
User Charges & Fees		(206)	-	(108)	-
Total Provision for Impairment - Receivables		(206)	-	(108)	-
TOTAL NET RECEIVABLES		4,710	41	6,744	42
Externally Restricted Receivables					
Domestic Waste Management		182	-	224	-
Total External Restrictions		182	-	224	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		4,528	41	6,520	42
TOTAL NET RECEIVABLES		4,710	41	6,744	42

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Willoughby City Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 8. Inventories & Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		28	-	26	-
Total Inventories		28	-	26	-
Other Assets					
Prepayments		391	-	445	-
Total Other Assets		391	-	445	-
TOTAL INVENTORIES / OTHER ASSETS		419	-	471	-

Externally Restricted Assets

There are no restrictions applicable to the above assets.

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2013					Asset Movements during the Reporting Period						as at 30/6/2014				
	At	At	Accumulated	Carrying	Asset	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments (refer 20c)	Revaluation Increments to Equity (ARR)	At	At	Accumulated	Carrying		
	Cost	Fair Value	Dep'n	Impairment							Value	Cost	Fair Value	Dep'n	Impairment	Value
\$ '000																
Capital Work in Progress	476	-	-	-	476	155	-	-	(178)	-	-	453	-	-	453	
Plant & Equipment	-	7,026	4,940	-	2,086	800	(34)	(841)	-	-	-	-	6,903	4,892	2,011	
Office Equipment	-	2,764	1,829	-	935	142	-	(248)	-	-	-	-	1,960	1,131	829	
Furniture & Fittings	-	3,464	2,827	-	637	39	-	(79)	-	-	-	-	1,011	414	597	
Land:																
- Operational Land	-	366,074	-	-	366,074	450	(70)	-	-	-	-	-	366,454	-	366,454	
- Community Land	-	1,709,163	-	-	1,709,163	13,665	(3)	-	-	-	-	-	1,722,825	-	1,722,825	
Land Improvements - depreciable	-	2,044	455	-	1,589	115	-	(102)	-	-	-	-	2,159	557	1,602	
Buildings - Non Specialised	-	6,881	1,669	-	5,212	79	-	(53)	158	-	-	-	7,118	1,722	5,396	
Buildings - Specialised	-	282,981	7,886	-	275,095	1,618	-	(1,284)	13	-	-	-	284,612	9,170	275,442	
Other Structures	-	9,732	1,512	-	8,220	424	-	(302)	-	-	-	-	10,156	1,814	8,342	
Infrastructure:																
- Roads	-	245,595	65,607	-	179,988	2,334	-	(4,095)	-	1,595	-	-	245,818	65,996	179,822	
- Bridges	-	9,626	2,393	-	7,233	51	-	(264)	-	358	-	-	9,799	2,421	7,378	
- Footpaths	-	61,260	9,199	-	52,061	1,067	-	(1,296)	-	288	-	-	61,394	9,274	52,120	
- Bulk Earthworks (non-depreciable)	-	20,750	-	-	20,750	-	-	-	-	-	-	-	20,750	-	20,750	
- Stormwater Drainage	-	112,861	34,283	-	78,578	1,031	-	(1,519)	-	2,777	-	-	113,191	32,324	80,867	
- Swimming Pools	-	3,828	811	-	3,017	14	-	(47)	-	40	-	-	3,892	868	3,024	
- Other Open Space/Recreational Assets	-	14,044	4,701	-	9,343	1,231	-	(751)	7	3,376	7,618	-	30,591	9,767	20,824	
Other Assets:																
- Library Books	-	6,910	5,275	-	1,635	434	-	(546)	-	-	-	-	7,344	5,821	1,523	
- Other	-	6,386	1,930	-	4,456	275	-	(468)	-	-	-	-	6,636	2,373	4,263	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	476	2,871,389	145,317	-	2,726,548	23,924	(107)	(11,895)	-	3,376	12,676	453	2,902,613	148,544	-	

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$6,195) and New Assets (\$1,230). 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 & Equipment.

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

\$ '000

Council has no Externally Restricted Infrastructure, Property, Plant & Equipment.

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

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

Willoughby City Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		5,543	-	6,152	-
Payments Received In Advance		626	-	107	-
Accrued Expenses:					
- Borrowings		177	-	189	-
- Other Expenditure Accruals		341	-	476	-
Security Bonds, Deposits & Retentions		6,565	-	6,193	-
Other		242	-	273	-
Total Payables		13,494	-	13,390	-
Borrowings					
Loans - Secured ¹		3,620	47,860	3,535	50,756
Deferred Payment Liabilities		75	1,016	75	1,092
Total Borrowings		3,695	48,876	3,610	51,848
Provisions					
Employee Benefits;					
Annual Leave		3,000	-	3,035	-
Long Service Leave		6,967	215	7,116	257
Gratuities		-	106	-	125
ELE On-Costs		807	14	815	21
Sub Total - Aggregate Employee Benefits		10,774	335	10,966	403
Public Liability Claims		94	53	204	30
Total Provisions		10,868	388	11,170	433
Total Payables, Borrowings & Provisions		28,057	49,264	28,170	52,281
(i) Liabilities relating to Restricted Assets					
		2014		2013	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Domestic Waste Management		103	-	103	-
Other		2,000	-	2,156	-
Liabilities relating to externally restricted assets		2,103	-	2,259	-
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		2,103	-	2,259	-
Total Liabilities relating to Unrestricted Assets		25,954	49,264	25,911	52,281
TOTAL PAYABLES, BORROWINGS & PROVISIONS		28,057	49,264	28,170	52,281

¹: Loans are secured over the General Rating Income of Council
Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Actual 2014	Actual 2013
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	8,419	8,393
Payables - Security Bonds, Deposits & Retentions	5,296	4,901
	13,715	13,294

Note 10b. Description of and movements in Provisions

Class of Provision	2013		2014			
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/14
Annual Leave	3,035	1,965	(2,000)	-	-	3,000
Long Service Leave	7,373	163	(354)	-	-	7,182
ELE On-Costs	836	(15)	-	-	-	821
Gratuities	125	(19)	-	-	-	106
Other	234	(87)	-	-	-	147
TOTAL	11,603	2,007	(2,354)	-	-	11,256

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2014	Actual 2013
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	6,688	22,619
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		6,688	22,619
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		32,137	15,067
Adjust for non cash items:			
Depreciation & Amortisation		11,895	11,753
Net Losses/(Gains) on Disposal of Assets		(189)	(181)
Non Cash Capital Grants and Contributions		(14,115)	-
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(122)	(438)
- Investment Properties		(2,782)	(3,414)
- Fair Valuation Adjustment (re-measurement) of existing Loans to Council		723	731
Share of Net (Profits) or Losses of Associates/Joint Ventures		3	8
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		1,937	1,861
Increase/(Decrease) in Provision for Doubtful Debts		98	(1,931)
Decrease/(Increase) in Inventories		(2)	1
Decrease/(Increase) in Other Assets		54	1,712
Increase/(Decrease) in Payables		(609)	(2)
Increase/(Decrease) in accrued Interest Payable		(12)	(175)
Increase/(Decrease) in other accrued Expenses Payable		(135)	(858)
Increase/(Decrease) in Other Liabilities		860	1,036
Increase/(Decrease) in Employee Leave Entitlements		(260)	654
Increase/(Decrease) in Other Provisions		(87)	(45)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		29,394	25,779
(c) Non-Cash Investing & Financing Activities			
Land Dedications		14,115	-
Total Non-Cash Investing & Financing Activities		14,115	-
(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 & Other Payables are disclosed in Note 15.

Willoughby City Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2014	Actual 2013
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		2,435	2,642
Other Structures		739	674
Other Assets		1,100	2,004
Carparks		-	114
Roads		121	534
Drainage		99	19
Bridges		183	-
Swimming Pools		134	-
Open Space		966	-
Investment Property			
- Buildings		410	-
Total Commitments		6,187	5,987
These expenditures are payable as follows:			
Within the next year		6,187	5,987
Total Payable		6,187	5,987
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		567	969
Sect 64 & 94 Funds/Reserves		839	947
Unexpended Grants		10	301
Other Reserves		4,771	3,055
Other Revenues		-	715
Total Sources of Funding		6,187	5,987

(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	364	391
Later than one year and not later than 5 years	447	435
Total Non Cancellable Operating Lease Commitments	811	826

b. Non Cancellable Operating Leases include the following assets:

Computer & Other Plant & 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.

Willoughby City Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2014	Indicator 2014	Prior Periods	
			2013	2012
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. Capital Grants & Contributions) - Operating Expenses	12,808			
Total continuing operating revenue ⁽¹⁾	108,493	11.81%	0.60%	-7.94%
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
(less ALL Grants & Contributions)	102,852			
Total continuing operating revenue ⁽¹⁾	125,455	81.98%	83.46%	86.57%
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	55,467			
Current Liabilities less Specific Purpose Liabilities ^(3,4)	12,239	4.53 : 1	3.45	3.04
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	27,816			
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	6,000	4.64	1.75	1.06
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	797			
Rates, Annual and Extra Charges Collectible	55,639	1.43%	2.04%	2.77%
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits	65,949			
Payments from cash flow of operating and financing activities	7,858	8.39	6.46	4.34

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any Real Estate & 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 & provisions not expected to be paid in the next 12 months (incl. ELE).

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Purpose of Operating Performance Ratio

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

Commentary on 2013/14 Result

2013/14 Ratio 11.81%

The positive result for 2013/2014 is heavily resultant on a \$10.829M compensation payment awarded to the Council for the compulsory acquisition of land.

— Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



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 & contributions.

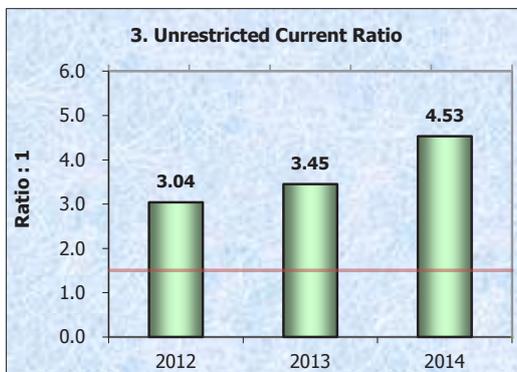
Commentary on 2013/14 Result

2013/14 Ratio 81.98%

The Ratio compares adequately to the Benchmark of 60%.

— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



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 2013/14 Result

2013/14 Ratio 4.53 : 1

The positive result is heavily influenced by an increase on 12/13 in Cash/Equivalents and Investments of \$17.561M. It compares positively to the Industry Benchmark of 1.5:1

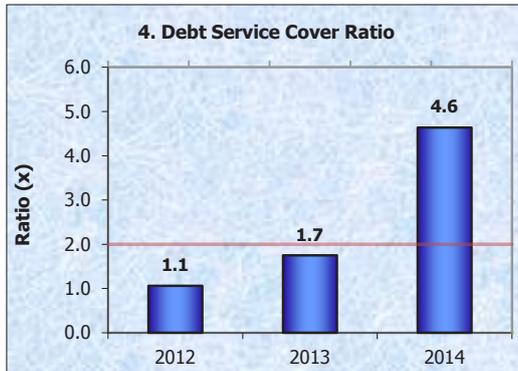
— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



— Minimum 2.00

Source for Benchmark: NSW Treasury Corporation

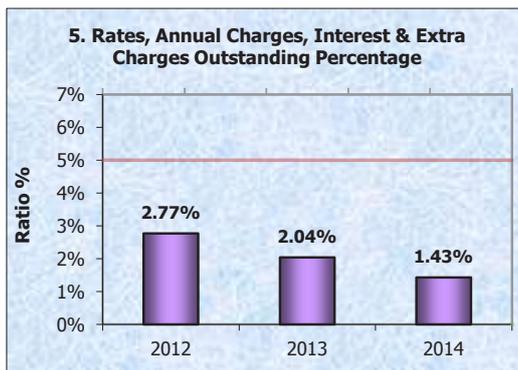
Purpose of Debt Service Cover Ratio

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

Commentary on 2013/14 Result

2013/14 Ratio 4.64

The improved indicator suggests that Council's defined annual Operating Result maintains the capacity to meet its annual debt requirements. The 13/14 result exceeds the Benchmark of 2.0.



— Maximum 5.00%

Source for Benchmark: Office of Local Govt - Comparative Information (10/11)

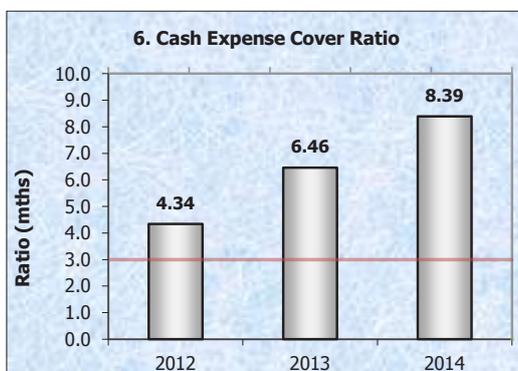
Purpose of Rates & Annual Charges Outstanding Ratio

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

Commentary on 2013/14 Result

2013/14 Ratio 1.43%

The continued improvement within this indicator can be linked to both capacity to pay and internal policy. It compares very favourably to the Benchmark of 5%.



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

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 Result

2013/14 Ratio 8.39

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

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 14. Investment Properties

\$ '000	Notes	Actual 2014	Actual 2013
(a) Investment Properties at Fair value			
Investment Properties on Hand		64,903	61,940
Reconciliation of Annual Movement:			
Opening Balance		61,940	41,960
- Capitalised Expenditure - this year		181	410
- Net Gain/(Loss) from Fair Value Adjustments		2,782	3,414
- Transfers from/(to) Owner Occupied (Note 9)		-	16,156
CLOSING BALANCE - INVESTMENT PROPERTIES		64,903	61,940
(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 2014 revaluations were based on Independent Assessments made by: Daniel Atherton - Registered Valuer B Bus (RE & Dev) GAPI - APV Valuers and Asset Management			
(c) Leasing Arrangements			
Details of leased Investment Properties are as follows;			
Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are receivable as follows:			
Within 1 year		4,884	4,578
Later than 1 year but less than 5 years		16,551	16,017
Later than 5 years		14,760	15,454
Total Minimum Lease Payments Receivable		36,195	36,049
(d) Investment Property Income & Expenditure - summary			
Rental Income from Investment Properties:			
- Minimum Lease Payments		3,627	4,770
Direct Operating Expenses on Investment Properties:			
- that generated rental income		(491)	(534)
Net Revenue Contribution from Investment Properties		3,136	4,236
plus:			
Fair Value Movement for year		2,782	3,414
Total Income attributable to Investment Properties		5,918	7,650

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

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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 & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2014	2013	2014	2013
Financial Assets				
Cash and Cash Equivalents	6,688	22,619	6,688	22,619
Investments				
- "Designated At Fair Value on Initial Recognition"	5,487	4,365	5,487	4,365
- "Held to Maturity"	59,261	28,240	59,261	28,240
Receivables	4,751	6,786	4,751	6,786
Total Financial Assets	76,187	62,010	76,187	62,010
Financial Liabilities				
Payables	12,868	13,283	12,868	13,283
Loans / Advances	52,571	55,458	52,571	55,458
Total Financial Liabilities	65,439	68,741	65,439	68,741

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "**at fair value through profit & 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 & liabilities

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

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

Council's Finance area manages the Cash & Investments portfolio.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and its 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.

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
2014				
Possible impact of a 10% movement in Market Values	549	549	(549)	(549)
Possible impact of a 1% movement in Interest Rates	660	660	(660)	(660)
2013				
Possible impact of a 10% movement in Market Values	437	437	(437)	(437)
Possible impact of a 1% movement in Interest Rates	509	509	(509)	(509)

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

Council's major receivables comprise **(i) Rates & Annual charges** and **(ii) User Charges & Fees**.

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

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

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

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.

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:

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	0%	71%	0%	2%
Overdue	100%	29%	100%	98%
	100%	100%	100%	100%
(ii) Ageing of Receivables - value				
Current (not yet overdue)	-	2,957	-	130
Past due by up to 30 days	-	112	-	1,062
Past due between 31 and 60 days	358	215	476	-
Past due between 61 and 90 days	-	28	-	-
Past due by more than 90 days	439	848	619	4,607
	797	4,160	1,095	5,799
(iii) Movement in Provision for Impairment of Receivables			2014	2013
Balance at the beginning of the year			108	2,039
+ new provisions recognised during the year			149	104
- amounts already provided for & written off this year			(33)	(1,122)
- amounts provided for but recovered during the year			(18)	(913)
Balance at the end of the year			206	108

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & 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		
2014									
Trade/Other Payables	6,565	6,303	-	-	-	-	-	12,868	12,868
Loans & Advances	-	5,972	11,924	4,071	4,619	2,582	76,186	105,354	52,571
Total Financial Liabilities	6,565	12,275	11,924	4,071	4,619	2,582	76,186	118,222	65,439
2013									
Trade/Other Payables	6,193	7,090	-	-	-	-	-	13,283	13,283
Loans & Advances	-	6,037	3,989	12,022	6,168	4,625	78,781	111,622	55,458
Total Financial Liabilities	6,193	13,127	3,989	12,022	6,168	4,625	78,781	124,905	68,741

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

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

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Loans & Advances - Fixed Interest Rate	15,479	6.2%	16,637	6.2%
Loans & Advances - Variable Interest Rate	37,092	3.8%	38,821	3.8%
	<u>52,571</u>		<u>55,458</u>	

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 13 May 2013.

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

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

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	2014 Budget	2014 Actual	2014 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	54,623	54,439	(184)	(0%)	U
User Charges & Fees	18,984	17,429	(1,555)	(8%)	U
Interest & Investment Revenue	2,018	2,505	487	24%	F
The positive variance can be attributed to an unbudgeted fair value increment on Investments which realised \$121K and the actual annual return on investments exceeding original expectations.					
Other Revenues	13,021	31,383	18,362	141%	F
The positive variance can in the main be attributed to an unbudgeted fair value increment on Investment Properties of \$2.782M together with an unbudgeted compensation payment relating to a Compulsory Land acquisition of \$10.829M.					
Operating Grants & Contributions	6,077	5,641	(436)	(7%)	U
Capital Grants & Contributions	4,000	16,962	12,962	324%	F
The positive variance can be attributed to budgeted S94 contributions received being under budget by \$1.3M which was offset by a non cash dedication of land valued at \$14.115M					
Net Gains from Disposal of Assets	171	189	18	11%	F
The positive variance is resultant from a number of vehicles being were sold during the year that had been fully depreciated which resulted in a greater gain on disposal than was anticipated.					

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	41,865	39,129	2,736	7%	F
Borrowing Costs	2,356	3,113	(757)	(32%)	U
The negative variance can be attributed to an unbudgeted fair valuation of Council's CPI Linked Loan					
Materials & Contracts	30,583	28,971	1,612	5%	F
Depreciation & Amortisation	12,311	11,895	416	3%	F
Other Expenses	12,886	13,300	(414)	(3%)	U
Share of Net Losses - Joint Ventures & Associates	5	3	2	40%	F
The actual was lower than what was budgeted for and is a positive result					

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

Cash Flows from Operating Activities	16,114	29,394	13,280	82.4%	F
--------------------------------------	--------	--------	--------	-------	---

The positive variance can be linked to the unbudgeted flow of funds from the compensation payment detailed above of \$10.829M together with savings in budgeted employee costs of \$1.4M.

Cash Flows from Investing Activities	(11,038)	(41,715)	(30,677)	277.9%	U
--------------------------------------	----------	----------	----------	--------	---

The variance is based on the lower than anticipated requirement to sell investments during the year.

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	5	-	-	-	(61)	56	-	51	(64)	(13)	(56)
Roads	1,972	-	-	29	(138)	-	1,863	-	(422)	1,441	-
Traffic Facilities	3,575	47	-	44	(735)	-	2,931	15,881	(23,296)	(4,484)	-
Parking	1,203	-	-	10	(534)	-	679	2,600	(1,881)	1,398	-
Open Space/Community Facilities	917	210	-	(19)	(2,402)	1,294	-	11,908	(9,888)	2,020	(1,294)
Child Care	5,695	21	-	89	-	(1,350)	4,455	1,018	(5,835)	(362)	1,350
(R/A) Inc Non CBD	833	1,399	-	27	(400)	-	1,859	-	(1,859)	-	-
(R/A) Inc CBD	591	826	-	16	(500)	-	933	-	(933)	-	-
S94 Contributions - under a Plan	14,791	2,503	-	196	(4,770)	-	12,720	31,458	(44,178)	-	-
Total S94 Revenue Under Plans	14,791	2,503	-	196	(4,770)	-	12,720				-
S94 not under Plans	24	-	-	1	-	-	25	-	(25)	-	-
S93F Planning Agreements	-	110	-	-	-	-	110				-
Total Contributions	14,815	2,613	-	197	(4,770)	-	12,855	31,458	(44,203)	-	-

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	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	5	-	-	-	(61)	56	-	51	(64)	(13)	(56)
Roads	1,972	-	-	29	(138)	-	1,863	-	(422)	1,441	-
Traffic Facilities	3,575	47	-	44	(735)	-	2,931	15,881	(23,296)	(4,484)	-
Parking	1,203	-	-	10	(534)	-	679	2,600	(1,881)	1,398	-
Open Space/Community Facilities	917	210	-	(19)	(2,402)	1,294	-	11,908	(9,888)	2,020	(1,294)
Child Care	5,695	21	-	89	-	(1,350)	4,455	1,018	(5,835)	(362)	1,350
(R/A) Inc Non CBD	833	1,399	-	27	(400)	-	1,859	-	(1,859)	-	-
(R/A) Inc CBD	591	826	-	16	(500)	-	933	-	(933)	-	-
Total	14,791	2,503	-	196	(4,770)	-	12,720	31,458	(44,178)	-	-

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	22	-	-	1	-	-	23	-	(23)	-	-
Parking	2	-	-	-	-	-	2	-	(2)	-	-
Total	24	-	-	1	-	-	25	-	(25)	-	-

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 18. Contingencies & 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 & 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 it's 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.

(iv) Other Guarantees

Council has provided no other Guarantees other than those listed above.

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 18. Contingencies & 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.

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council (continued)

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

(iv) Legal Expenses

Council is the planning consent authority for its area under the Environmental Planning & Assessment Act (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal to the Land and Environment Court. It is the Court's normal practice that parties bear their own costs.

At the date of these reports, Council had notice of 4 appeals against planning decisions made prior to the reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

ASSETS NOT RECOGNISED:

(i) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at 30 June 2014, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

ASSETS NOT RECOGNISED:

(ii) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30 June 2008.

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

Council's objectives can and in some cases are best met through the use of separate entities & 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 Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Associated Entities & Joint Venture Entities

Note 19(a) (i)&(ii)

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under Associated Entities, Council significantly influences the operations (but does not control them, whilst for JV Entities, Council Jointly Controls the Operations with other parties.

Accounting Recognition:

(i) Subsidiaries disclosed under Note 19(a), and Joint Venture 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) Associated Entities and Joint Venture Entities as per Notes 19(b)(i) & (ii) 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 2014	Actual 2013	Actual 2014	Actual 2013
Associated Entities	-	-	-	-
Joint Venture Entities	(3)	(8)	61	64
Total	(3)	(8)	61	64

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

(a) Associated Entities & Joint Venture Entities

(i) ASSOCIATED ENTITIES

Council has no interest in any Associated Entities.

(ii) JOINT VENTURE ENTITIES

(a) Carrying Amounts

Name of Entity	Principal Activity	2014	2013
Shorelink Library Network	Public Library Services	61	64
Total Carrying Amounts - Joint Venture Entities		61	64

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2014	2013	2014	2013	2014	2013
Shorelink Library Network	33%	29%	24%	24%		

(c) Movement in Carrying Amounts

	Shorelink Library Network	
	2014	2013
Opening Balance	64	72
Share in Operating Result	(3)	(8)
Council's Equity Share in the Joint Venture Entity	61	64

(d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2014					
Shorelink Library Network	73	6	18	-	61
Totals	73	6	18	-	61
2013					
Shorelink Library Network	70	12	18	-	64
Totals	70	12	18	-	64

(e) Share of Joint Ventures Revenues, Expenses & Results

	2014			2013		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Shorelink Library Network	190	193	(3)	174	182	(8)
Totals	190	193	(3)	174	182	(8)

Willoughby City Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2014	Actual 2013
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		2,402,998	2,387,931
a. Correction of Prior Period Errors	20 (c)	3,376	-
b. Net Operating Result for the Year		32,137	15,067
Balance at End of the Reporting Period		<u>2,438,511</u>	<u>2,402,998</u>
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		380,260	367,584
Total		<u>380,260</u>	<u>367,584</u>
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		367,584	288,188
- Revaluations for the year	9(a)	12,676	79,396
- Balance at End of Year		<u>380,260</u>	<u>367,584</u>
TOTAL VALUE OF RESERVES		<u>380,260</u>	<u>367,584</u>
(iii) Nature & Purpose of Reserves			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.			
(c) Correction of Error/s relating to a Previous Reporting Period			
Correction of errors disclosed in this year's financial statements:			
- First time recognition of Assets relating to Parks, Playgrounds and Sporting Fields		3,376	-
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Closing Equity - 30/6/13 (relating to adjustments for the 30/6/13 year end)		3,376	-
Total Prior Period Adjustments - Prior Period Errors		<u>3,376</u>	<u>-</u>
(d) Voluntary Changes in Accounting Policies			
Council made no voluntary changes in any accounting policies during the year.			

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 21. Financial Result & Financial Position by Fund

\$ '000

Council utilises only a General Fund for its operations.

Note 22. "Held for Sale" Non Current Assets & 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 (ending 30 June 2014) 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 14/10/14.

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 2014.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

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

Note 24. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 25. Intangible Assets

\$ '000

Intangible Assets represent identifiable non-monetary asset 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.

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Willoughby City Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Investment Property
- Financial Assets & Liabilities

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 & recognised at fair values:

2014	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					
Financial Assets					
Investments					
At Fair Value through profit or loss	30/06/14	-	-	5,487	5,487
Total Financial Assets		-	-	5,487	5,487
Financial Liabilities					
Loans	30/06/14	-	-	32,092	32,092
Total Financial Liabilities		-	-	32,092	-
Investment Properties					
Retail & Commercial Premises	30/06/14	-	-	64,903	64,903
Total Investment Properties		-	-	64,903	64,903
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/14	-	-	2,011	2,011
Office Equipment	30/06/14	-	-	829	829
Furniture & Fittings	30/06/14	-	-	597	597
Operational Land	30/06/14	-	-	366,454	366,454
Community Land	30/06/14	-	-	1,722,825	1,722,825
Land Improvements Depreciable	30/06/14	-	-	1,602	1,602
Buildings-Non Specialised	30/06/14	-	-	5,396	5,396
Buildings-Specialised	30/06/14	-	-	275,442	275,442
Other Structures	30/06/14	-	-	8,342	8,342
Roads	30/06/14	-	-	179,822	179,822
Bridges	30/06/14	-	-	7,378	7,378
Footpaths	30/06/14	-	-	52,120	52,120
Bulk Earthworks	30/06/14	-	-	20,750	20,750
Stormwater Drainage	30/06/14	-	-	80,867	80,867
Swimming Pools	30/06/14	-	-	3,024	3,024
Other Open Space/Recreational	30/06/14	-	-	20,824	20,824
Library Books	30/06/14	-	-	1,523	1,523
Other	30/06/14	-	-	4,263	4,263
Total Infrastructure, Property, Plant & Equipment		-	-	2,754,069	2,754,069

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

(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:

Financial Assets

Investments - At fair value through profit or loss are represented by:

- a) Capital Protected Notes (Equity Basket Linked S29)
- b) CDO - Starts (HSBC)
- c) FRN's – Greater Building Society, Bendigo & Adelaide Bank, Credit Union Australia, Select Access

Council obtains valuations from its Investment Advisor on a monthly basis and at the end of each reporting period to ensure the financial statements reflect the most up to date valuation. Council was advised that the valuations have been provided by a number of market based sources. In most instances the arranging bank provides monthly valuations and also provides liquidity to investors who want to exit their holdings. FRN holdings are generally priced by a number of market participants and the pricing is therefore quite transparent. The Capital Protected Note has converted to a term deposit exposure with the underlying Capital Protection Provider. There has been no change in the valuation process during the reporting period.

Financial Liabilities

Loans – Fair Value is calculated as the difference between what is paid under the CPI indexed structure and what would have been paid under a conventional credit foncier loan. The cumulative difference increases the fair value over the first part of the loan period. As the repayment is also indexed, it grows faster than the balance and eventually brings down the loan balance and fair value. There has been no change in the valuation process during the reporting period.

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 2014. 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.

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

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

Plant and Equipment, Office Equipment and Furniture and Fittings

Plant and Equipment, Office Equipment and Furniture and Fittings are valued at cost but are disclosed as fair value

In the notes. The carrying value of these assets is assumed to approximate fair value due to their very nature.

Examples of assets within these classes are as follows:

- a) Plant and Equipment – Trucks, Buses and Motor Vehicles
- b) Office Equipment – Computer Equipment
- c) Furniture and Fittings – Desks, Chairs and Bookshelves

There has been no changes in the valuation process during the reporting period.

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

Valuations of all of Council's Community Land and Council Managed Land are based on deprival land Values. The last valuation was undertaken on 30 June 2013 by APV Valuers and Asset Management.

Land Improvements - Depreciable

This asset class comprises land improvements such as walking tracks. These assets may be located on parks, reserves and also within road reserves. These assets are valued at cost but are disclosed at fair value in the accounts. The carrying value of these assets is assumed to approximate fair value due to their very nature.

There has been no change in the valuation process during the reporting period.

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

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 has been no changes in the valuation process during the reporting period.

Other Structures

This asset class comprises assets such as The Chatswood Solar Farm, Public Art structures and The Water Treatment Tank at The Concourse. These assets are valued at cost but are disclosed at fair value in the Accounts. The carrying value of these assets is assumed to approximate fair value due to their very nature.

There has been no change 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. 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.

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

Willoughby City Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

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 and Sporting Fields. This class of asset has historically been valued at cost but disclosed at fair value in the accounts, however effective 30 June 2014 has now been 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.

Library Books

This class of asset is valued at cost but disclosed as fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to their very nature.

Council reviews the value of these assets against quoted prices for the gross replacement cost of similar assets and by taking account of the pattern of consumption, estimated useful life and the residual value and been valued using Level 3 inputs.

There has been no change in the valuation process during the reporting period.

Other Assets

This class of asset includes pay and display parking machines and CCTV devices. These assets are valued at cost but are disclosed at fair value in the Accounts. The carrying value of these assets is assumed to approximate fair value due to their very nature.

There has been no change in the valuation process during the reporting period.

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

(4). Fair value measurements using significant unobservable inputs (Level 3)

(a) Changes in Level 3 Fair Value Asset Classes during the year are disclosed in the following notes:

Investment Properties - See Note 14

All other asset classes shown under Infrastructure, Property, Plant and Equipment – See Note 9(a)

(b) Information relating to the transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above) includes:

No transfers were made in or out of the Level 3 Fair Valuation hierarchy during the year.

(c) 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.

(d) 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).

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

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
- 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 financial year ended 30 June 2014

Note 28. Financial Review

\$ '000

Key Financial Figures of Council over the past 5 years (consolidated)

Financial Performance Figures	2014	2013	2012	2011	2010
Inflows:					
Rates & Annual Charges Revenue	54,439	52,209	49,605	47,379	45,849
User Charges Revenue	17,429	18,221	17,002	15,781	14,910
Interest & Investment Revenue (Losses)	2,505	3,238	3,046	3,893	5,541
Grants Income - Operating & Capital	4,722	5,517	6,786	7,882	7,273
Total Income from Continuing Operations	128,548	110,446	103,452	108,893	90,162
Sale Proceeds from I,PP&E	296	325	26,744	2,978	501
New Loan Borrowings & Advances	-	2,000	-	25,000	3,300
Outflows:					
Employee Benefits & On-cost Expenses	39,129	38,340	37,173	36,305	34,268
Borrowing Costs	3,113	3,258	3,682	3,472	1,938
Materials & Contracts Expenses	28,971	29,555	29,581	26,811	24,771
Total Expenses from Continuing Operations	96,411	95,379	96,521	87,840	79,806
Total Cash purchases of I,PP&E	9,809	11,986	20,492	62,219	82,449
Total Loan Repayments (incl. Finance Leases)	3,610	6,382	4,306	1,189	756
Operating Surplus/(Deficit) (excl. Capital Income)	15,175	3,868	471	13,995	4,472
Financial Position Figures	2014	2013	2012	2011	2010
Current Assets	73,549	58,074	50,328	55,161	54,870
Current Liabilities	28,057	28,170	25,149	25,465	29,692
Net Current Assets	45,492	29,904	25,179	29,696	25,178
Available Working Capital (Unrestricted Net Current Assets)	4,364	3,667	430	18,980	2,906
Cash & Investments - Unrestricted	10,902	8,011	5,277	2,499	7,614
Cash & Investments - Internal Restrictions	39,618	28,543	25,861	16,264	39,833
Cash & Investments - Total	71,436	55,224	45,460	35,472	56,659
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	52,571	55,458	59,109	62,689	38,135
Total Value of I,PP&E (excl. Land & Earthworks)	793,037	775,878	753,666	749,807	730,872
Total Accumulated Depreciation	148,544	145,317	147,107	150,908	152,755
Indicative Remaining Useful Life (as a % of GBV)	81%	81%	80%	80%	79%

Source: Published audited financial statements of Council (current year & prior year)

Willoughby City Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 29. Council Information & 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

Nick Tobin

RESPONSIBLE ACCOUNTING OFFICER

Tony Pizzuto

PUBLIC OFFICER

Jeff Knight

AUDITORS

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 1171

Elected Members

MAYOR

Gail Giles-Gidney

COUNCILLORS

Wendy Norton
Judith Rutherford
Nic Wright
Angelo Rozos
John Hooper
Rachel Hill
Stuart Coppock
Michelle Sloane
Tony Mustaca
Lynne Saville
Hugh Eriksson
Mandy Stevens

Other Information

ABN: 47 974 826 099



Willoughby City Council

Independent auditor's report to the Council – s417(2) Report on the general purpose financial statements

Report on the financial statements

We have audited the accompany financial statements of Willoughby City Council, which comprise the statement of financial position as at 30 June 2014 and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, accompanying notes to the financial statements and the Statement by Councillors and Management in the approved form as required by Section 413(2) of the Local Government Act 1993.

Councillors' responsibility for the financial statements

The Councillors of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Councillors, as well as evaluating the overall presentation of the financial statements.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial statements.

Our audit responsibility does not extend to the Original Budget Figures included in the Income Statement, Statement of Cash Flows and the Original Budget disclosures in notes 2(a) and 16 and the Projections disclosed in note 17 to the financial statements, nor the attached Special Schedules, and accordingly, we express no opinion on them.

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

Auditor's opinion:

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2 (the Division); and
- (b) the financial statements:
 - (i) have been presented, in all material respects, in accordance with the requirements of this Division
 - (ii) are consistent with the Council's accounting records
 - (iii) present fairly, in all material respects, the Council's financial position as of 30 June 2014 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.

A handwritten signature in blue ink, appearing to read 'Peter Buchholz', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Peter Buchholz', written in a cursive style.

Peter Buchholz
Partner

Sydney
14 October 2014



The Mayor
Councillor Gail Giles-Gidney
Willoughby City Council
31 Victor Street
Chatswood NSW 2067

Dear Councillor Giles-Gidney

Report on the conduct of the Audit for year ended 30 June 2014 – Section 417(3)

We have completed our audit of the financial reports of the Willoughby Council for the year ended 30 June 2014, in accordance with Section 415 of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial reports are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial reports are presented fairly in accordance with Australian Accounting Standards as well as statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

This report should be read in conjunction with our audit opinion on the general purpose financial statements provided under Section 417(2) of the Local Government Act 1993.

Flowing from our audit, there are a number of comments we wish to raise concerning the trends in Council's finances. These are set out below.

Operating Result

Council's operating surplus improved from \$15 million to \$32 million during the period under review. The result before capital items was a surplus of \$15.2 million up from \$3.9million in the previous year.

Compensation for the compulsory acquisition of land by the RMS (\$10.8 million) and dedications of land to Council (\$14.1 million) contributed to this improvement.

Cash Position

Council's overall cash position increased from \$55 million to \$72 million during the period under review. The following table highlights the composition of cash.

	June 2013	June 2014
	\$m	\$m
Externally restricted	18	21
Internally restricted	29	40
Unrestricted	8	11
Total	55	72

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Working Capital

Council’s net current assets increased from \$30 million to \$45 million during the period under review.

The value of net current assets needs to be adjusted in order to establish Council’s available working capital.

	June 2013	June 2014
	\$m	\$m
Net current assets	30	45
Less:		
External restrictions	14	18
Internal restrictions	29	40
	<u>(13)</u>	<u>(13)</u>
Add:		
Current Liabilities not expected to be settled in next 12 months	15	16
Available Working Capital	<u>2</u>	<u>3</u>

The effective unrestricted or available working capital upon which Council could build its 2014/15 budget upon was \$3 million.

Performance Indicators

The financial reports disclose a number of indicators in Note 13 and these are detailed below:

	June 2013	June 2014
	%	%
Operating Performance Ratio	1	12
Own Source Operating Revenue Ratio	83	82
Unrestricted Current Ratio	345	453
Debit Service Cover Ratio	1.7	4.5
Rates Outstanding Ratio	2.0	1.4
Cash Expense Cover Ratio	6	8

The Operating Performance Ratio improved and was well above the industry benchmark of 0%.

The Own Source Operating Revenue Ratio declined but remained well above the industry benchmark of 60%.

The Unrestricted Current Ratio improved and remained well above the industry benchmark of 150%.

The Debt Service Cover Ratio improved to be above the industry benchmark of 2.

The Rates Outstanding Ratio improved and remained better than the industry benchmark of 5%.

The Cash Expense Cover Ratio improved and was also better than the industry benchmark of 3 months.

Council is considered to be in a sound and stable financial position. All indicators are better than accepted industry benchmarks.



General

The books of accounts and records inspected by us have been kept in an accurate and conscientious manner.

We thank the General Manager and his staff for the co-operation and courtesy extended to us during the course of our audit.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'P L Buchholz', written in a cursive style.

P L Buchholz
Partner
Sydney

Sydney
14 October 2014

Willoughby City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

Contents	Page
1. Statement by Councillors & Management	2
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	3
Statement of Financial Position - Water Supply Business Activity	n/a
Statement of Financial Position - Sewerage Business Activity	n/a
Statement of Financial Position - Other Business Activities	7
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Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

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

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial 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 & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

Willoughby City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

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 & Costing for Council Businesses - A Guide to Competitive Neutrality
- The Local Government Code of Accounting Practice and Financial Reporting
- The NSW Office of Water, Department of Environment, Climate Change and Water Guidelines - Best Practice Management of Water and Sewerage

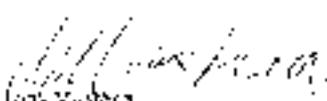
To the best of our knowledge and belief, these Financial Statements:

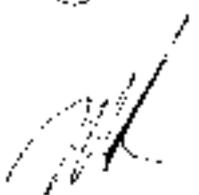
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records

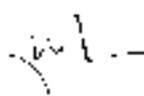
We are not aware of any matter that would render these Statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 13 October 2014.


 Cathie
 MAYOR


 Tony Traversa
 COUNCILLOR


 Nick Tonia
 GENERAL MANAGER


 Tony Pizzuti
 RESPONSIBLE ACCOUNTING OFFICER

Willoughby City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2014

\$ '000	Willoughby Leisure Centre	
	Category 1	
	Actual 2014	Actual 2013
Income from continuing operations		
Access charges	-	-
User charges	-	-
Fees	2,589	2,516
Interest	-	-
Grants and contributions provided for non capital purposes	11	11
Profit from the sale of assets	-	-
Other income	816	846
Total income from continuing operations	3,416	3,373
Expenses from continuing operations		
Employee benefits and on-costs	2,227	2,124
Borrowing costs	-	-
Materials and contracts	509	474
Depreciation and impairment	114	117
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	877	720
Total expenses from continuing operations	3,727	3,435
Surplus (deficit) from Continuing Operations before capital amounts	(311)	(62)
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(311)	(62)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(311)	(62)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(311)	(62)
plus Opening Retained Profits	(788)	(726)
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	(1,099)	(788)
Return on Capital %	-3.4%	-0.7%
Subsidy from Council	638	412

Willoughby City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2014

\$ '000	Devonshire Child Care		Family Day Care	
	Category 2		Category 2	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Income from continuing operations				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	919	943	218	211
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	370	309	735	650
Profit from the sale of assets	-	-	-	-
Other income	6	4	2	5
Total income from continuing operations	1,295	1,256	955	866
Expenses from continuing operations				
Employee benefits and on-costs	1,119	1,041	346	346
Borrowing costs	-	-	-	-
Materials and contracts	100	98	11	12
Depreciation and impairment	9	8	12	14
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	324	356	676	568
Total expenses from continuing operations	1,552	1,503	1,045	940
Surplus (deficit) from Continuing Operations before capital amounts	(257)	(247)	(90)	(74)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(257)	(247)	(90)	(74)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	(257)	(247)	(90)	(74)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-	-
SURPLUS (DEFICIT) AFTER TAX	(257)	(247)	(90)	(74)
plus Opening Retained Profits	(1,817)	(1,570)	(1,217)	(1,143)
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	(2,074)	(1,817)	(1,307)	(1,217)
Return on Capital %	-24.1%	-23.0%	-147.5%	-101.4%
Subsidy from Council	295	288	92	77

Willoughby City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2014

\$ '000	Before/After School Care Category 2		Artarmon Child Care Category 2	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Income from continuing operations				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	981	908	423	461
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	302	263	203	143
Profit from the sale of assets	-	-	-	-
Other income	-	-	-	-
Total income from continuing operations	1,283	1,171	626	604
Expenses from continuing operations				
Employee benefits and on-costs	717	658	525	517
Borrowing costs	-	-	-	-
Materials and contracts	70	61	45	44
Depreciation and impairment	-	-	6	8
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	169	166	166	150
Total expenses from continuing operations	956	885	742	719
Surplus (deficit) from Continuing Operations before capital amounts	327	286	(116)	(115)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	327	286	(116)	(115)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	327	286	(116)	(115)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(98)	(86)	-	-
SURPLUS (DEFICIT) AFTER TAX	229	200	(116)	(115)
plus Opening Retained Profits	(1)	(287)	(1,263)	(1,148)
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	98	86	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	326	(1)	(1,379)	(1,263)
Return on Capital %	n/a	n/a	-46.4%	-45.1%
Subsidy from Council	-	-	125	125

Willoughby City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2014

\$ '000	Dougherty Food Services Category 2		Constant Companion Category 2	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Income from continuing operations				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	148	150	322	326
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	134	131
Profit from the sale of assets	-	-	-	-
Other income	85	104	10	13
Total income from continuing operations	233	254	466	470
Expenses from continuing operations				
Employee benefits and on-costs	216	199	301	296
Borrowing costs	-	-	-	-
Materials and contracts	90	92	140	118
Depreciation and impairment	3	3	-	3
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	34	39	85	152
Total expenses from continuing operations	343	333	526	569
Surplus (deficit) from Continuing Operations before capital amounts	(110)	(79)	(60)	(99)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(110)	(79)	(60)	(99)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	(110)	(79)	(60)	(99)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-	-
SURPLUS (DEFICIT) AFTER TAX	(110)	(79)	(60)	(99)
plus Opening Retained Profits	(1,029)	(950)	(580)	(481)
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	(1,139)	(1,029)	(640)	(580)
Return on Capital %	-17.7%	-12.6%	-1500.0%	-2475.0%
Subsidy from Council	132	103	60	99

Willoughby City Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2014

Willoughby Leisure Centre

\$ '000	Category 1	
	Actual 2014	Actual 2013
ASSETS		
Current Assets		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	-	-
Inventories	469	433
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	469	433
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	9,195	9,284
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total Non-Current Assets	9,195	9,284
TOTAL ASSETS	9,664	9,717
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	2,261	2,058
Interest bearing liabilities	8,285	8,268
Provisions	109	90
Total Current Liabilities	10,655	10,416
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	108	89
Other Liabilities	-	-
Total Non-Current Liabilities	108	89
TOTAL LIABILITIES	10,763	10,505
NET ASSETS	(1,099)	(788)
EQUITY		
Retained earnings	(1,099)	(788)
Revaluation reserves	-	-
Council equity interest	(1,099)	(788)
Non-controlling equity interest	-	-
TOTAL EQUITY	(1,099)	(788)

Willoughby City Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2014

\$ '000	Devonshire Child Care		Family Day Care	
	Category 2		Category 2	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
ASSETS				
Current Assets				
Cash and cash equivalents	110	131	549	313
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	110	131	549	313
Non-Current Assets				
Investments	-	-	-	-
Receivables	498	399	695	693
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	1,067	1,075	61	73
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	1,565	1,474	756	766
TOTAL ASSETS	1,675	1,605	1,305	1,079
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	3,423	3,129	2,527	2,217
Interest bearing liabilities	-	-	-	-
Provisions	161	145	35	32
Total Current Liabilities	3,584	3,274	2,562	2,249
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	165	148	50	47
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	165	148	50	47
TOTAL LIABILITIES	3,749	3,422	2,612	2,296
NET ASSETS	(2,074)	(1,817)	(1,307)	(1,217)
EQUITY				
Retained earnings	(2,074)	(1,817)	(1,307)	(1,217)
Revaluation reserves	-	-	-	-
Council equity interest	(2,074)	(1,817)	(1,307)	(1,217)
Non-controlling equity interest	-	-	-	-
TOTAL EQUITY	(2,074)	(1,817)	(1,307)	(1,217)

Willoughby City Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2014

\$ '000	Before/After School Care		Artarmon Child Care	
	Category 2		Category 2	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
ASSETS				
Current Assets				
Cash and cash equivalents	479	-	-	-
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	479	-	-	-
Non-Current Assets				
Investments	1,779	1,777	-	-
Receivables	78	51	104	93
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	-	-	250	255
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	1,857	1,828	354	348
TOTAL ASSETS	2,336	1,828	354	348
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	1,780	1,622	1,521	1,411
Interest bearing liabilities	-	-	-	10
Provisions	113	102	90	79
Total Current Liabilities	1,893	1,724	1,611	1,500
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	116	105	122	111
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	116	105	122	111
TOTAL LIABILITIES	2,009	1,829	1,733	1,611
NET ASSETS	327	(1)	(1,379)	(1,263)
EQUITY				
Retained earnings	327	(1)	(1,379)	(1,263)
Revaluation reserves	-	-	-	-
Council equity interest	327	(1)	(1,379)	(1,263)
Non-controlling equity interest	-	-	-	-
TOTAL EQUITY	327	(1)	(1,379)	(1,263)

Willoughby City Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2014

\$ '000	Dougherty Food Services		Constant Companion	
	Category 2		Category 2	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Receivables	-	-	660	621
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	-	-	660	621
Non-Current Assets				
Investments	-	-	-	-
Receivables	756	683	-	-
Inventories	1	1	-	-
Infrastructure, property, plant and equipment	623	625	4	4
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	1,380	1,309	4	4
TOTAL ASSETS	1,380	1,309	664	625
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	418	393	942	862
Interest bearing liabilities	2,042	1,889	171	177
Provisions	19	18	121	99
Total Current Liabilities	2,479	2,300	1,234	1,138
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	40	38	70	67
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	40	38	70	67
TOTAL LIABILITIES	2,519	2,338	1,304	1,205
NET ASSETS	(1,139)	(1,029)	(640)	(580)
EQUITY				
Retained earnings	(1,139)	(1,029)	(640)	(580)
Revaluation reserves	-	-	-	-
Council equity interest	(1,139)	(1,029)	(640)	(580)
Non-controlling equity interest	-	-	-	-
TOTAL EQUITY	(1,139)	(1,029)	(640)	(580)

Willoughby City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	12
2	Water Supply Business Best Practice Management disclosure requirements	n/a
3	Sewerage Business Best Practice Management disclosure requirements	n/a

Willoughby City Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, 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) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

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

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

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Office of Local Government in July 1997 has also been adopted.

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

Declared Business Activities

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

Category 1

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

a. 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)

b. 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.

c. Family Day Care

Provision of Day care services for children in need of care from ages 0-12 years at a registered carers home.

d. 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)

Before school care hours are from 7.30am to 9.00am and after school care hours are from 3.00pm to 6.00pm.

Willoughby City Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

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

e. Artarmon Child Care Centre

Provision of long day child care services for up to 30 places at its premises situated at 3 Abbott Rd, Artarmon, from 7.30am to 6.00pm.

f. 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.

g. Constant Companion

A 24 hour, seven days a week emergency response service for the older, frail & disabled residents of the City.

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars.

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these 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 **\$412,000** of combined land values attracts **0%**. From \$412,001 to \$2,519,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,519,000, 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 each reported Business Activity.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

Willoughby City Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face “true” commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council’s borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from ‘rate of return’ pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses “would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field”.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.56% at 30/6/14.

The actual rate of return achieved by each Business Activity is disclosed at the foot of each respective Income Statement.

(iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.



Willoughby City Council

Independent auditor's report Report on the special purpose financial report

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Willoughby City Council (the Council), which comprises the Statement of Financial Position by Business Activity for the year ended 30 June 2014, the Income Statements by Business Activity for the year then ended, Notes to the financial report for the business activities identified by Council and the Statement by Councillors and Management for Council for the year ended 30 June 2014.

Councillors' responsibility for the financial report

The Councillors of the Council are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in note 1 to the financial statements which form part of the financial report, are appropriate to meet the requirements of the Local Government Code of Accounting Practice and Financial Reporting. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to error or fraud.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Councillors, as well as evaluating the overall presentation of the financial report.

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

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Auditor's opinion:

In our opinion, the financial report presents fairly, in all material respects, the financial position by Business Activities of Willoughby City Council as of 30 June 2014 and its financial performance by Business Activities for the year then ended in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 to the financial report, and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Council.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', is written over a faint, larger version of the same signature.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Peter Buchholz', is written over a faint, larger version of the same signature.

Peter Buchholz
Partner

Sydney
14 October 2014

Willoughby City Council

Special Schedules

for the financial year ended 30 June 2014

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Special Schedules¹

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- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	n/a
- Special Schedule No. 4	Water Supply - Statement of Financial Position	n/a
- Special Schedule No. 5	Sewerage Service Operations - incl. Income Statement	n/a
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	n/a
- Notes to Special Schedules No. 3 & 5		n/a
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¹ Special Schedules are not audited (with the exception of Special Schedule 9).

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.

Willoughby City Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	1,630	398	-	(1,232)
Administration	20,184	17,476	14,115	11,407
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	1,441	40	-	(1,401)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	2,944	4,847	-	1,903
Animal Control	3	25	-	22
Other	65	-	-	(65)
Total Public Order & Safety	4,453	4,912	-	459
Health	808	742	79	13
Environment				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	3,047	47	-	(3,000)
Solid Waste Management	10,545	13,526	-	2,981
Street Cleaning	1,628	3	-	(1,625)
Drainage	2,091	63	-	(2,028)
Stormwater Management	282	739	-	457
Total Environment	17,593	14,378	-	(3,215)
Community Services and Education				
Administration & Education	1,502	405	-	(1,097)
Social Protection (Welfare)	567	272	-	(295)
Aged Persons and Disabled	953	929	-	(24)
Children's Services	4,496	4,333	-	(163)
Total Community Services & Education	7,518	5,939	-	(1,579)
Housing and Community Amenities				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	1,331	191	-	(1,140)
Town Planning	3,451	1,474	-	(1,977)
Other Community Amenities	1,128	780	-	(348)
Total Housing and Community Amenities	5,910	2,445	-	(3,465)
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

Willoughby City Council

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	4,859	397	-	(4,462)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	1,878	568	-	(1,310)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	1,421	336	-	(1,085)
Sporting Grounds and Venues	2,960	646	155	(2,159)
Swimming Pools	-	-	-	-
Parks & Gardens (Lakes)	3,817	71	-	(3,746)
Other Sport and Recreation	9,364	8,796	1,307	739
Total Recreation and Culture	24,299	10,814	1,462	(12,023)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1,283	385	-	(898)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	1,283	385	-	(898)
Transport and Communication				
Urban Roads (UR) - Local	6,625	1,585	-	(5,040)
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	269	-	-	(269)
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	2,232	3,790	-	1,558
Footpaths	2,112	160	-	(1,952)
Aerodromes	-	-	-	-
Other Transport & Communication	149	143	1,306	1,300
Total Transport and Communication	11,387	5,678	1,306	(4,403)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	1,343	4,005	-	2,662
Total Economic Affairs	1,343	4,005	-	2,662
Totals – Functions	96,408	67,172	16,962	(12,274)
General Purpose Revenues ⁽²⁾		44,414		44,414
Share of interests - joint ventures & associates using the equity method	3	-		(3)
NET OPERATING RESULT ⁽¹⁾	96,411	111,586	16,962	32,137

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2014

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	3,084	19,386	22,470	-	3,084	-	-	1,275	3,154	16,232	19,386
Other	451	27,305	27,756	-	451	-	-	1,115	466	26,839	27,305
Total Loans	3,535	46,691	50,226	-	3,535	-	-	2,390	3,620	43,071	46,691
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	75	1,095	1,170	-	75	-	-	-	75	1,020	1,095
Total Long Term Debt	75	1,095	1,170	-	75	-	-	-	75	1,020	1,095
Total Debt	3,610	47,786	51,396	-	3,610	-	-	2,390	3,695	44,091	47,786

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Special Schedule No. 7 - Report on Infrastructure Assets
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Replacement Cost (GRC) ⁽⁴⁾	Assets in Condition as a % of GRC ^{(4), (5)}				
						1	2	3	4	5
Buildings	Council Offices	-	1,178	1,076	1,806	0%	70%	30%	0%	0%
	Council Works Depot	49	575	525	20,865	98%	0%	1%	1%	0%
	Council Halls	75	208	190	858	11%	6%	74%	9%	0%
	Libraries	64	33	30	5,733	60%	24%	14%	2%	0%
	Council Houses	3	17	16	7,118	0%	75%	25%	0%	0%
	Commercial Buildings	216	133	121	67,919	4%	27%	67%	2%	0%
	Childcare Centres	237	185	169	8,475	3%	65%	29%	3%	0%
	Community Centres	405	622	568	168,767	95%	1%	3%	1%	0%
	Amenities/Toilets	183	254	232	10,189	4%	25%	63%	8%	0%
	sub total	1,232	3,205	2,927	291,730	64%	12%	22%	2%	0%
Roads	Sealed Roads	4,915	4,788	3,244	162,944	5%	53%	37%	2%	3%
	Bridges	321	263	51	9,798	46%	29%	23%	2%	0%
	Footpaths/Cycleways	1,253	2,287	1,989	61,394	53%	18%	20%	8%	1%
	Kerb and Gutter	1,332	585	392	80,344	49%	30%	15%	6%	0%
	Carparks	-	29	28	2,531	4%	3%	92%	1%	0%
		sub total	7,821	7,952	5,704	317,011	27%	39%	28%	4%

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Replacement Cost (GRC) ⁽⁴⁾	Assets in Condition as a % of GRC ^{(4), (5)}				
						1	2	3	4	5
Stormwater Drainage	Pipes & Pits	20,313	3,863	1,390	112,320	14%	24%	39%	22%	1%
	Gross Pollutant Traps	4	-	-	871	27%	0%	72%	0%	1%
	sub total	20,317	3,863	1,390	113,191	14%	24%	39%	22%	1.0%
Open Space/ Recreational Assets	Swimming Pools	1,200	100	75	3,892	0%	0%	88%	12%	0%
	Parks	3,218	2,346	1,200	17,140	3%	14%	63%	19%	1%
	Playgrounds	629	437	149	2,330	9%	9%	78%	4%	0%
	Sporting Fields	3,617	2,615	1,297	11,121	11%	25%	40%	12%	12%
	sub total	8,664	5,498	2,721	34,483	6%	16%	59%	15%	4%
TOTAL - ALL ASSETS		38,034	20,518	12,742	756,415	38%	26%	29%	6%	1%

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie. to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard."
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Gross Replacement Cost is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **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

Willoughby City Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2014

\$ '000	Amounts	Indicator	Prior Periods	
	2014	2014	2013	2012
Infrastructure Asset Performance Indicators Consolidated				
1. Building and Infrastructure Renewals Ratio				
Asset Renewals (Building and Infrastructure) ⁽¹⁾	<u>6,195</u>	66.55%	43.84%	51.30%
Depreciation, Amortisation & Impairment	<u>9,309</u>			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>38,034</u>	0.05	0.04	0.06
Total value ⁽²⁾ of Infrastructure (excluding Bulk Earthworks) & Buildings	<u>756,415</u>			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	<u>12,742</u>	0.62	0.80	0.62
Required Asset Maintenance	<u>20,518</u>			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	<u>23,924</u>	2.01	1.02	1.86
Annual Depreciation	<u>11,895</u>			

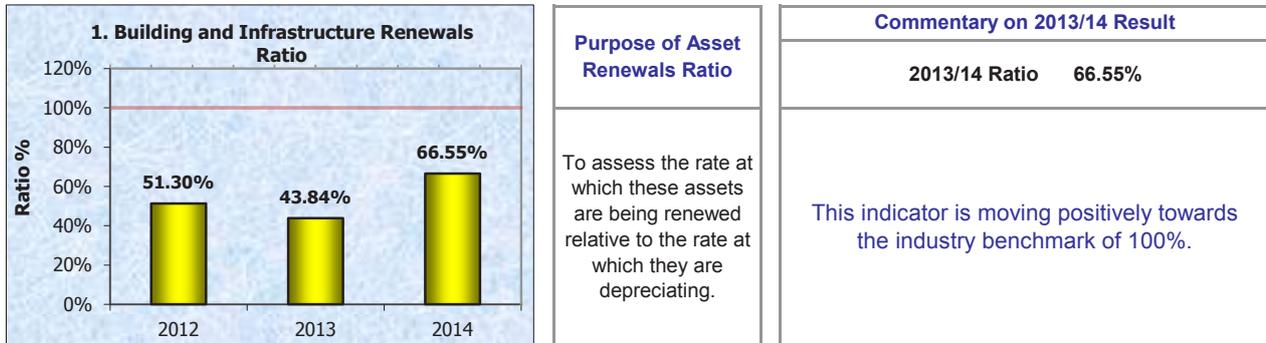
Notes

⁽¹⁾ Asset Renewals represent the replacement &/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. Asset Renewals include building and infrastructure assets only.

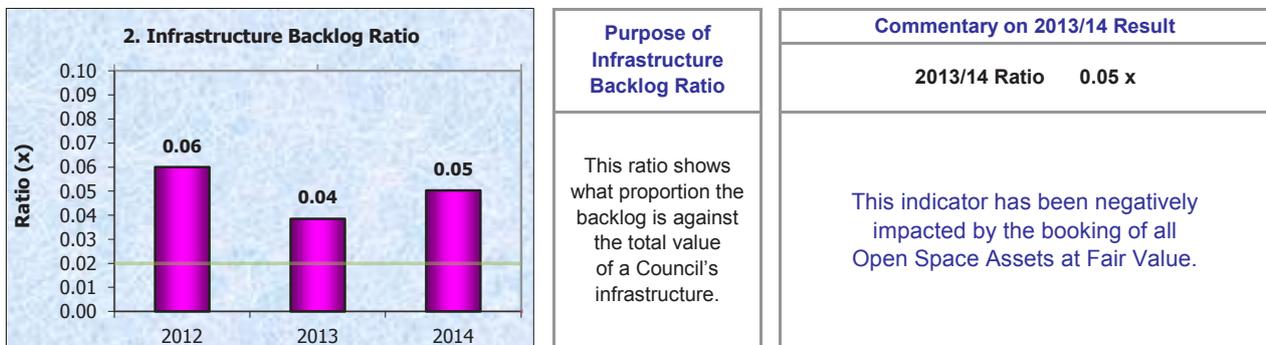
⁽²⁾ Gross Replacement Cost

Willoughby City Council

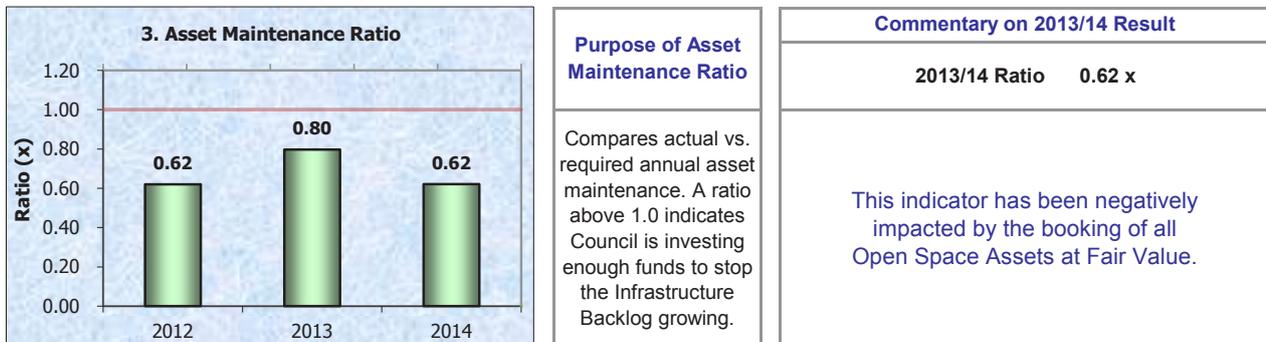
Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2014



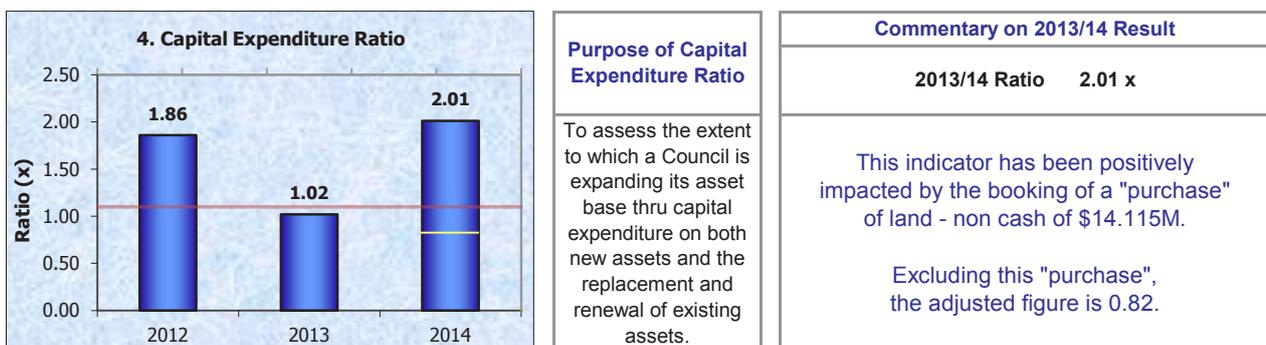
Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Special Schedule No. 8 - Financial Projections
as at 30 June 2014

\$'000	Actual ⁽¹⁾ 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16	Forecast ⁽³⁾ 16/17	Forecast ⁽³⁾ 17/18	Forecast ⁽³⁾ 18/19	Forecast ⁽³⁾ 19/20	Forecast ⁽³⁾ 20/21	Forecast ⁽³⁾ 21/22	Forecast ⁽³⁾ 22/23	Forecast ⁽³⁾ 23/24
(i) OPERATING BUDGET											
Income from continuing operations	128,548	103,275	104,766	108,111	112,504	117,109	121,955	126,719	131,698	136,901	142,321
Expenses from continuing operations	96,411	100,900	104,495	108,048	112,460	115,546	120,352	125,511	130,174	135,573	141,293
Operating Result from Continuing Operations	32,137	2,375	271	63	44	1,563	1,603	1,208	1,524	1,328	1,028
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	2,161	9,210	3,670	3,095	3,092	3,754	3,855	3,959	4,066	4,177	4,291
Replacement/Refurbishment of Existing Assets	7,648	7,980	6,675	6,053	5,881	5,849	6,029	6,214	6,405	6,602	6,805
Total Capital Budget	9,809	17,190	10,345	9,148	8,973	9,603	9,884	10,173	10,471	10,779	11,096
Funded by:											
- Loans	728	1,000	-	-	-	-	-	-	-	-	-
- Asset sales	-	-	-	-	-	-	-	-	-	-	-
- Reserves	1,389	7,151	2,604	1,612	1,477	1,361	1,402	1,444	1,487	1,532	1,578
- Grants/Contributions	2,838	3,195	1,629	1,707	1,744	1,836	1,891	1,948	2,007	2,067	2,129
- Recurrent revenue	4,031	4,663	5,019	5,210	5,361	4,848	5,002	5,159	5,321	5,489	5,662
- Other	823	1,181	1,093	619	391	1,558	1,589	1,622	1,656	1,691	1,727
	9,809	17,190	10,345	9,148	8,973	9,603	9,884	10,173	10,471	10,779	11,096

Notes:

- (1) From 13/14 Income Statement.
(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.
(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

Willoughby City Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	40,031	41,340
Plus or minus Adjustments ⁽²⁾	b	(84)	412
Notional General Income	c	<u>39,947</u>	<u>41,752</u>
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
or Rate peg percentage	e	3.40%	2.30%
or Crown land adjustment incl. rate peg percentage	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = c x d	-	-
or plus Rate peg amount	i = c x e	1,358	960
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	<u>41,305</u>	<u>42,712</u>
plus (or minus) last year's Carry Forward Total	l	2	(14)
less Valuation Objections claimed in the previous year	m	-	(18)
sub-total	n = (l + m)	<u>2</u>	<u>(32)</u>
Total Permissible income	o = k + n	<u>41,307</u>	<u>42,680</u>
less Notional General Income Yield	p	41,340	42,676
Catch-up or (excess) result	q = o - p	<u>(32)</u>	<u>4</u>
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	18	-
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	<u>(14)</u>	<u>4</u>

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.



Willoughby City Council

Independent auditor's report Report on the Special Schedule No. 9

Report on the Special Schedule No. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Willoughby City Council ("the Council") for the year ended 30 June 2015.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

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Audit Opinion

In our opinion, Special Schedule No. 9 of Willoughby City Council for the year ended 30 June 2015 is properly drawn up in all material respects in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Restriction on distribution

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose. Our report is intended solely for the council and the Division of Local Government.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Peter Buchholz', written in a cursive style.

Peter Buchholz
Partner

Sydney
14 October 2014