WARRINGAH COUNCIL

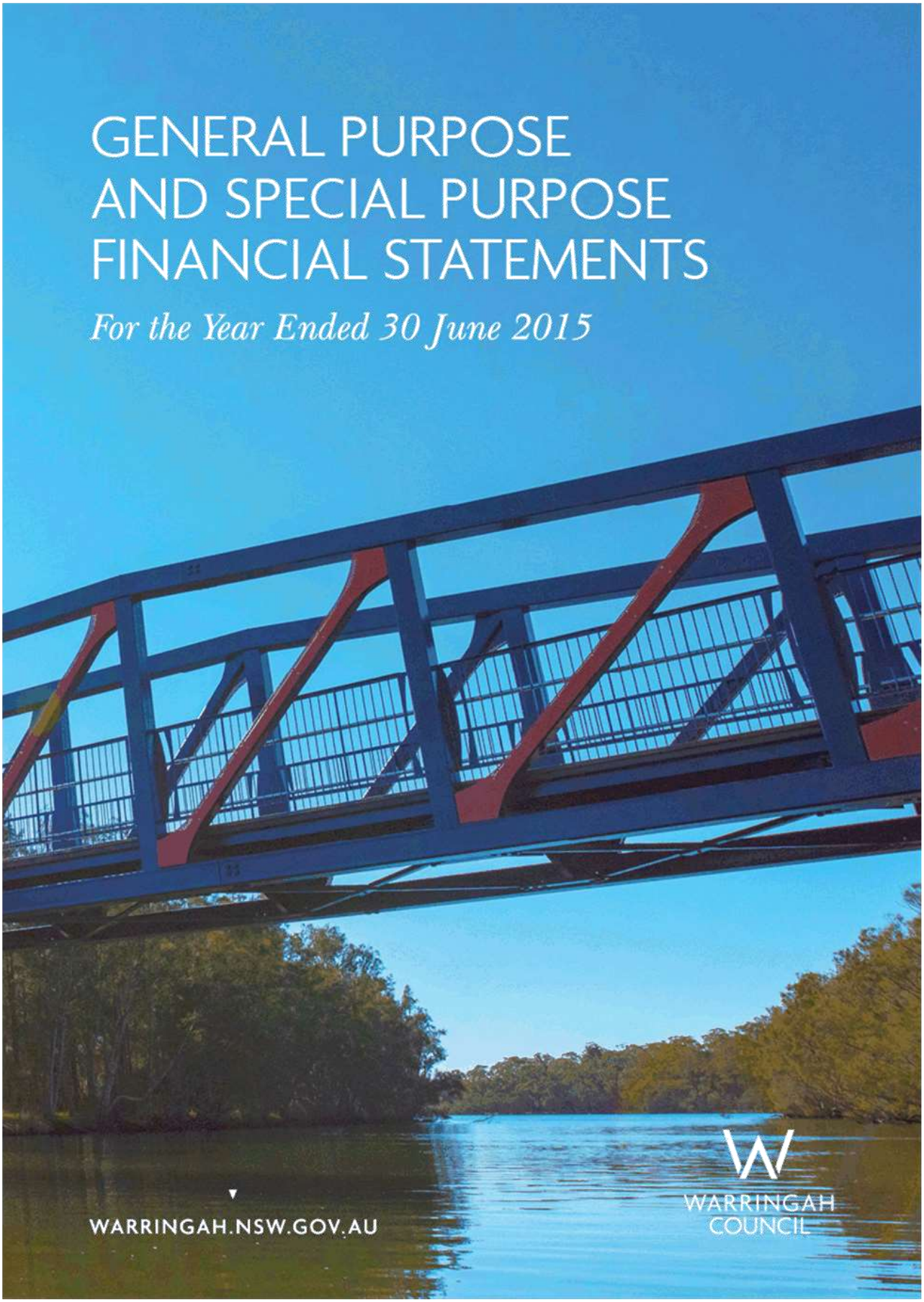
ATTACHMENT BOOKLET

ORDINARY COUNCIL MEETING

TUESDAY 25 AUGUST 2015

TABLE OF CONTENTS

Item No	Subject	
6.2	**AUDITED GENERAL PURPOSE AND SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 AND AUDITORS REPORTS**	
	Attachment : Financial Statements - Year Ended 30 June 2015	2
6.3	**COMPLAINTS MANAGEMENT AND REPORTING POLICY REVIEW**	
	Attachment : Complaints Management and Reporting Policy	106
6.4	**CODE OF CONDUCT POLICY REVIEW**	
	Attachment : Draft Code of Conduct - 2015 Review	112
6.5	**ANNUAL REPORT OF THE OFFICE OF THE INTERNAL OMBUDSMAN**	
	Attachment : Office of the Internal Ombudsman Annual Report 2014/15	132
8.2	**MINUTES OF SYDNEY COASTAL COUNCILS GROUP MEETING HELD 20 JUNE 2015**	
	Attachment : Minutes of Sydney Coastal Councils Group Meeting held 20 June 2015	164
8.6	**ADOPTION OF THE DISTRICT PARK PLAN OF MANAGEMENT (2015)**	
	Attachment 1: District Park Draft Plan of Management Community Engagement Report - 6 August 2015	172
	Attachment 2: Landscape Concept Plan District Park	238
	Attachment 3: District Park Plan of Management Final Draft - August 2015	239
8.8	**ANNUAL REPORT 2014/15**	
	Attachment 1: Annual Report 2014/15	311
	Attachment 2: Capital Works Expenditure and Projects Behind Schedule	394


GENERAL PURPOSE
AND SPECIAL PURPOSE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2015
WARRINGAH.NSW.GOV.AU
WARRINGAH
COUNCIL

FINANCIAL COMMENTARY 2014/15

INTRODUCTION

This commentary provides the highlights of Council's 2014/15 Financial Statements. The Financial Statements are prepared by Council to provide information in relation to Council's financial performance and position. The Statements are prepared in accordance with Australian Accounting Standards, the NSW Local Government Act 1993 and the NSW Local Government Code of Accounting Practice and Financial Reporting (Update No 23). The Financial Statements are made up of the following:

- General Purpose Financial Statements – pages 13 to 82
- Special Purpose Financial Statements – pages 83 to 92
- Special Schedules – pages 93 to 101

The General Purpose and Special Purpose Financial Statements are independently audited by Hill Rogers Spencer Steer, reported to Council, placed on public exhibition and lodged with the Office of Local Government. The Special Schedules other than Special Schedule No.9 – Permissible Income for General Rates are unaudited including the Building & Infrastructure Renewals Ratio* detailed below:

2014/15 SUMMARY RESULTS

• Total Income from Continuing Operations	$178.135m
• Total Expenses from Continuing Operations	$155.986m
• Net Operating Surplus for the year	$22.149m
• Net Operating Surplus for the year before Capital Grants and Contributions	$7.788m

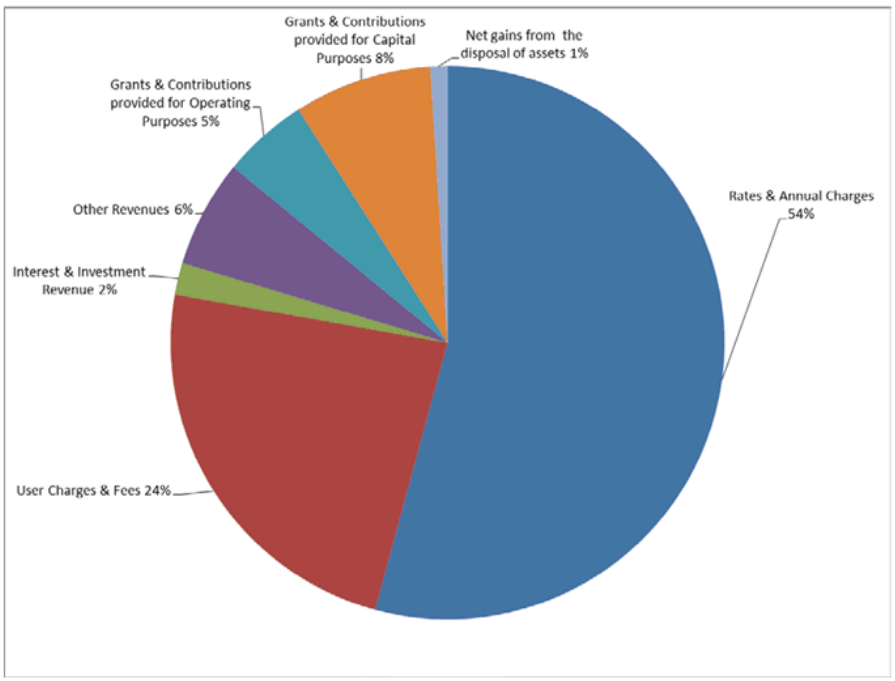
• New Capital Works	$18.272m
• Capital Renewal Works	$20.483m
• Total Capital Expenditure	$38.755m

• Total Assets	$2.924b
• Total Liabilities	$53.230m
• Net Assets	$2.871b

• Unrestricted Current Ratio	3.43x
• Debt Service Cover Ratio	23.53x
• Building & Infrastructure Renewals Ratio*	150.12%

The NSW Government has been working with local councils since 2011 on local government reform through the Fit for the Future (FFTF) initiative. Currently IPART is performing the role of the Expert Advisory Panel for the NSW Government to assess whether each council is FFTF, consistent with the assessment methodology and will provide the Government with a final assessment report by 16 October 2015. Accordingly, we cannot determine at this point what impact this may have on Warringah Council and these financial reports.

INCOME FROM CONTINUING OPERATIONS



Income Item	2015 Actual ($'000)	2015 Budget ($'000)	$ Variance
Rates & Annual Charges	96,578	96,520	58
User Charges & Fees	42,004	39,386	2,618
Interest & Investment Revenue	3,305	3,325	(20)
Other Revenues	11,198	10,144	1,054
Grants & Contributions provided for Operating Purposes	8,912	8,752	160
Grants & Contributions provided for Capital Purposes	14,361	3,143	11,218
Net gains from the disposal of assets	1,777	298	1,479
Total Income from Continuing Operations	**178,135**	**161,568**	**16,567**

Rates & Annual Charges

Rates Income increased by a total of 3.5%, taking account of the approved rate increase of 3.1%, as well as an increase in the number of residential properties from 52,487 to 52,706 and an increase in the number of business properties from 3,979 to 4,045.

Annual Charges which is predominantly represented by domestic waste charges increased by 3.8%. This reflects the provision of funds towards a new bin system roll-out associated with the closure of the Belrose landfill site and the implementation of the Alternate Waste Technology (AWT) facility at the Kimbriki Waste Landfill and higher costs associated with tipping as a result of the closure of the Belrose Waste Management Centre. This has resulted in an increase in the Domestic Waste Management Reserve from $5.218m to $5.815m.

User Charges & Fees

User Charges & Fees have increased by 18% which is 6.6% higher than expected. The principal increase was within Kimbriki Environmental Enterprises as a result of the higher volumes largely from vegetation. Increases also occurred within Children's Services as a result of the opening of the expanded Brookvale Children's Centre and Glen Street Theatre. The theatre had been closed for part of the previous financial year to undertake the first stage of works associated with the revitalisation of the site as a part of the wider development of the Glen Street Cultural Hub resulting in the increase from the previous financial year.

Interest & Investment Revenues

Council's Cash and Investments at the end of the financial year totalled $84.528m (2014 $83.353m) compared to the budgeted position of $76.723m due to lower than budgeted capital expenditure and the receipt of funds relating to the part settlement of the sale of a property at Sturdee and Pacific Parades, Dee Why. The lower Interest & Investment Revenues reflects the lower interest rates offered in the Australian market during the past 12 months. Council's investment portfolio continued to perform strongly over the past 12 months and exceeded the bank bill benchmark return by over 0.87%.

Other Revenues

Other Revenues have decreased by 1.7% which is principally due to lower parking fines and small decreases in a range of services.

Grants & Contributions provided for Operating Purposes

Grants & Contributions provided for Operating Purposes increased by 41% on the previous financial year. This was principally due to the change in the timing of the payment of the Financial Assistance Grant (FAG). In the previous financial year the Government ceased prepaying the FAG for the next financial year resulting in the increase from the previous financial year.

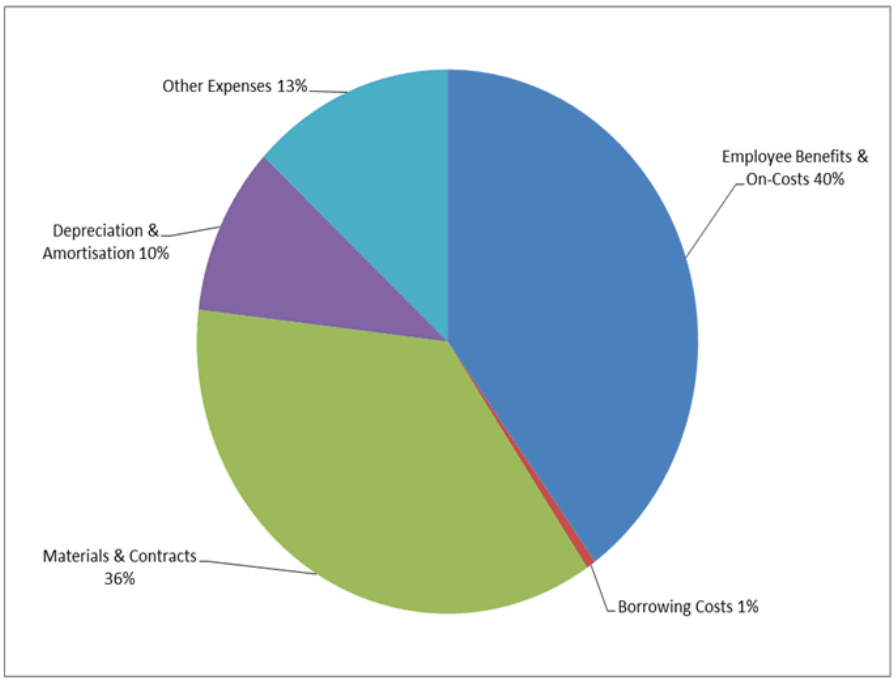
Grants & Contributions provided for Capital Purposes

Grants & Contributions provided for Capital Purposes increased by 202% on the previous financial year. This was largely due to significantly higher s94A developer contributions as well as contributions related to the transfer of land by Crown Lands at fair value and a grant to Kimbriki Environmental Enterprises for a Landfill Resource Recovery Facility.

Net gains from the disposal of assets

Net gains from the disposal of assets are higher than the previous financial year as a result of the sale of 16 Sturdee Parade Dee Why.

EXPENSES FROM CONTINUING OPERATIONS



Expense Item	2015 Actual ($'000)	2015 Budget ($'000)	$ Variance
Employee Benefits & On-Costs	62,366	62,100	(266)
Borrow ing Costs	951	1,052	101
Materials & Contracts	56,594	54,783	(1,811)
Depreciation & Amortisation	15,653	15,721	68
Other Expenses	20,422	20,636	214
Entities using the Equity Method	-	-	-
Total Income from Continuing Operations	**155,986**	**154,292**	**(1,694)**

Employee Benefits & On-Costs

Employee Benefits & On-Costs have increased 5.6% on the previous financial year. Excluding Kimbriki Environmental Enterprises these costs increased by 5.2%. The increase in respect of Kimbriki Environmental Enterprises relates to the gearing up for major projects such as the implementation of the Alternate Waste Technology facility. The balance of the increase above award based increases, largely relate to Workers Compensation and Employee Leave Entitlements as a result of changes in the discount rate applied to future payments.

Borrowing Costs

Borrowing Costs have increased by 0.6% on the previous financial year. This increase relates to the amortisation of discount of remediation liabilities for the Kimbriki waste landfill which is in line with budget. The decrease from the budgeted position relates to lower interest costs associated with the lease of information technology equipment.

Materials & Contracts

Materials & Contracts have increased by 10.6% on the previous financial year. The principal component of this increase has been higher waste disposal charges. Excluding these charges the increase was 6.5% and reflects additional service levels in Children's Services and additional costs which do not qualify for funding associated with the storm event in April 2015 which was declared as a natural disaster for the local government area.

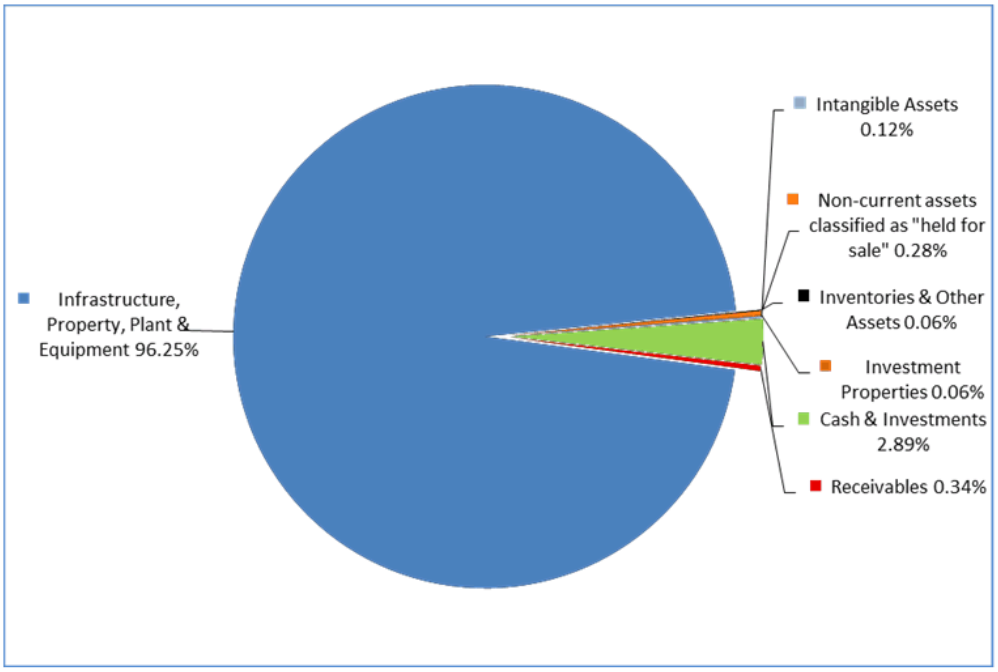
Depreciation & Amortisation

Depreciation and Amortisation has risen by 3.8% which is largely in line with budget. The higher depreciation and amortisation reflects the higher capital expenditure program over recent years.

Other Expenses

Other Expenses have increased by 8.4% on the previous financial year. These increases are related to increases in waste levy charges in Kimbriki Environmental Enterprises. Excluding these increases there was an increase of 0.4%.

ASSETS



Asset Items	2015 Actual ($'000)	2014 Actual ($'000)	% Variance
Current Assets			
Cash & Cash Equivalents	5,988	7,265	(17.58)%
Investments	77,382	72,805	6.29%
Receivables	9,351	7,548	23.89%
Inventories	889	78	1,039.74%
Other	979	1,253	(21.87)%
Non-current assets classified as "held for sale"	8,149	8,325	(2.11)%
Total Current Assets	**102,738**	**97,274**	**5.62%**
Non Current Assets			
Investments	1,158	3,283	(64.73)%
Receivables	565	519	8.86%
Infrastructure, Property, Plant & Equipment	2,814,488	2,444,815	15.12%
Investments accounted for using the equity method	-	-	-
Investment Property	1,825	1,800	1.39%
Intangible Assets	3,403	2,595	31.14%
Total Non Current Assets	**2,821,439**	**2,453,012**	**15.02%**
TOTAL ASSETS	**2,924,177**	**2,550,286**	14.66%

ASSETS

Cash, Cash Equivalents and Investments

Cash, Cash Equivalents and Investments have decreased by $0.756m (0.90%) to $83.353m. The decrease is lower than expected principally due to higher than anticipated Capital Grants and Contributions, the settlement of the sale 16 Sturdee Parade Dee Why occurring earlier than expected and minor delays in the Capital Works Program.

Receivables

Receivables have increased by $1.849m (22.9%) to $9.916m principally reflecting an increase in accounts related to User Charges and Fees.

Inventories

Inventories have increased by $0.811m to $0.889m. This relates to Stockpiles of excavated rock which will be used in the future for landfill cover material. It is carried at cost, measured using the weighted average cost of acquisition, excavation and preparation.

Other

Other Assets are represented by Prepayments which decreased by $0.274m to $0.979m principally due to the timing of invoicing by suppliers.

Non-current assets "held for sale"

Assets held for resale decreased by $0.176m to $8.149m representing the sale of 16 Sturdee Parade Dee Why.

Infrastructure, Property, Plant and Equipment

Infrastructure, Property, Plant and Equipment increased by $369.6m to $2,814.4m. The principal component of this increase was the revaluation of the infrastructure assets by $348m. Independent valuations were undertaken by external valuers, APV Valuers and Asset Management in June 2015 for Road Assets, Stormwater Assets, Building Assets, Other Structures and Tennis Facilities. There were increases of $97.2m in Road Assets, $204.9m in Stormwater Assets and $29.188 in Specialised and Non-Specialised Buildings. The principal changes related to increases in replacement costs. There were also capital works and non-cash contributions for land of $38.7m and depreciation charges of $15.65m.

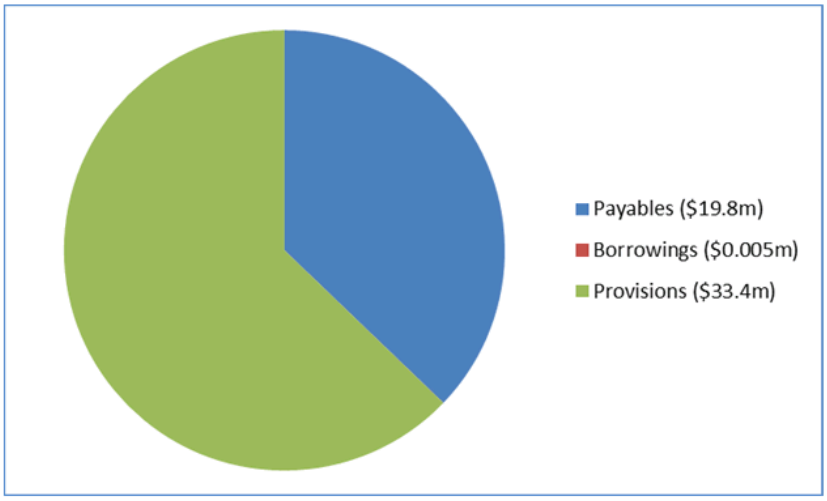
Investment Property

Investment property increased in value by $0.25m to $1.825m. This represented the net gain from a fair value adjustment to 521 Pittwater Road Brookvale.

Intangible Assets

Intangible assets increased by $0.808m to $3.403m. This relates to development and other costs for gaining planning approvals for the right to build an alternate/advanced waste facility on the Kimbriki site.

LIABILITIES



Liability Items	2015 Actual ($'000)	2014 Actual ($'000)	% Variance
Current Liabilities			
Payables	19,791	17,704	11.79%
Borrow ings	3	9	-66.67%
Provisions	13,394	12,749	5.06%
Total Current Laibilities	**33,188**	**30,462**	**8.95%**
Non Current Liabilities			
Payables	-	-	0.00%
Borrow ings	2	4	-50.00%
Provisions	20,040	18,674	7.31%
Total Non Current Laibiltities	**20,042**	**18,678**	**7.30%**
TOTAL LIABILITIES	**53,230**	**49,140**	8.32%

Payables

Payables increased by $2.087m to $19.791m.The principal components of this increase were in Deposits and Retentions of $0.849m, Accounts Payable for goods and services of $0.464m, Accrued Expenses for Salaries and Wages and Other Expenses of $0.493m.

Borrowings

Borrowings decreased by $0.008m to $0.005m. Council has minimal borrowings represented by finance leases for information technology equipment

Provisions

Provisions increased by $$2.011m to $33.434m. The increases in the provisions relating to Employee Benefits of $0.614m to $14.082m and Self Insurance of $0.505m to $1.699m principally relate to changes in discount rates. There was also an increase of $0.922m for the remediation of the Waste Landfill Site at Kimbriki.

KEY PERFORMANCE INDICATORS

	2015	2014	2013
Operating Performance	3.68%	3.59%	4.46%
Ow n Source Operating Revenue	86.80%	92.85%	92.32%
Unrestricted Current Ratio	3.43x	3.57x	4.07x
Debt Service Cover Ratio	23.53x	17.76x	15.36x
Rates & Annual Charges Outstanding Percentage	3.04%	2.98%	3.44%
Cash Expenses Cover Ratio	7.15 months	7.55 months	7.94 months
Buildings & Infrastruicture Rnenew als Ratio	150.12%	137.10%	183.48%
Infrastructure Backlog	0.92%	2.10%	2.05%
Asset Maintenance Ratio	104.17%	102.32%	109.35%
Capital Expenditure Ratio	237.81%	199.71%	183.48%

Operating Performance

This ratio measures Council's achievement of containing operating expenditure within operating revenue. It is important to distinguish that this ratio is focussing on operating performance and hence capital grants and contributions, fair value adjustments and reversal of revaluation decrements are excluded. The benchmark is greater than 0%.

Council's Operating Performance Indicator continues to be above the benchmark of 0% highlighting Council maintaining a surplus in accordance with its Financial Planning and Sustainability Policy.

Own Source Operating Revenue

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. Council's financial flexibility improves the higher the level of its own source revenue. The benchmark is greater than 60%.

Council's Own Source Operating Revenue Indicator continues to be well above the benchmark of 60% highlighting Council financial flexibility.

Unrestricted Current Ratio

The Unrestricted Current Ratio is specific to local government and is designed to represent a Council's ability to meet short term obligations as they fall due. Restrictions placed on various funding sources (e.g. Section 94 developer contributions, RMS contributions) complicate the traditional current ratio used to assess liquidity of businesses as cash allocated to specific projects is restricted and cannot be used to meet a Council's other operating and borrowing costs. The benchmark is greater than 1.5.

Council's Unrestricted Current Ratio of 3.43 is a decrease on last year's ratio of 3.57 principally due to a higher level of current liabilities at year end and expenditure on capital works. The ratio continues to reflect Council's sound financial position.

Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The benchmark is greater than 2.

Council's Debt Service Cover Ratio of 23.53x reflects a small number of finance leases as the only form of borrowing.

Rates and annual charges outstanding

The purpose of this ratio is to assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.

Council maintains low levels of outstanding rates and annual charges particularly given that it may allow aged pensioners where in its opinion payment would cause hardship to accrue Rates and Charges against their estate.

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. The benchmark is greater than 3 months.

Council's Cash Expense Cover Ratio of 7.15 months continues to be above the benchmark of 3 months. Council maintains tight cash management controls enabling it to maximise its investment returns.

Building and Infrastructure Renewal Ratio

The purpose of the Building and Infrastructure Renewal Ratio is to assess the rate at which these assets are being renewed against the rate at which they are depreciating.

Council has continued its commitment to maintaining financial sustainability through the elimination of infrastructure backlogs and with ratio having averaged 156.9% over the past three years.

Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Council's Infrastructure Backlog Indicator has now reduced to below the benchmark of 2% indicating that Council does not have a significant infrastructure backlog and is reflective of the higher than benchmark ratios for Building and Infrastructure Renewals and Asset Maintenance.

Asset Maintenance Ratio

This ratio compares actual versus required annual asset maintenance. A ratio of above 1.0 indicates that the Council is investing enough funds within the year to stop the Infrastructure Backlog from growing. The benchmark is greater than1.0.

Council's Asset Maintenance Ratio of 104.17% indicates that the level of expenditure on the maintenance of infrastructure assets is sufficient to prevent the infrastructure backlog from growing.

Capital Expenditure Ratio

This indicates the extent to which a Council is forecasting to expand its asset base with capital expenditure spent on both new assets, and replacement and renewal of existing assets. The benchmark is greater than 1.1.

Council's Capital Expenditure Ratio continues to be well above the benchmark reflecting its significant capital expenditure program and the utilisation of developer contributions for the construction of new assets.

HISTORICAL INFORMATION

INCOME STATEMENT

$ '000	Actual 2015	Actual 2014	Actual 2013	Actual 2012	Actual 2011
INCOME FROM CONTINUING OPERATIONS					
Revenue:					
Rates & Annual Charges	96,578	93,225	88,201	83,119	79,257
User Charges & Fees	42,004	35,525	32,301	31,792	30,287
Interest & Investment Revenue	3,305	3,887	4,437	5,329	5,947
Other Revenues	11,198	11,394	10,408	9,356	7,624
Grants & Contributions provided for Operating Purposes	8,912	6,320	7,288	8,677	7,549
Grants & Contributions provided for Capital Purposes	14,361	4,750	3,970	4,160	6,921
Other Income:					
Net gains from the disposal of assets	1,777	1,255	4,781	205	167
Net Share of interests in Joint Ventures & Associated Entities using the Equity Method	-	-	-	377	71
TOTAL INCOME FROM CONTINUING OPERATIONS	**178,135**	**156,356**	**151,386**	**143,015**	**137,823**
EXPENSES FROM CONTINUING OPERATIONS					
Employee Benefits & On-Costs	62,366	58,989	55,776	54,434	52,435
Borrowing Costs	951	945	902	312	330
Materials & Contracts	56,594	51,160	48,002	49,522	47,676
Depreciation & Amortisation	15,653	15,079	14,127	13,880	13,566
Impairment	-	-	-	-	-
Other Expenses	20,422	18,843	17,644	16,129	14,629
Interest & Investment Losses	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-
Net Share of interests in Joint Ventures & Associated Entities using the Equity Method	-	-	113	-	-
TOTAL EXPENSES FROM CONTINUING OPERATIONS	**155,986**	**145,016**	**136,564**	**134,277**	**128,636**
OPERATING RESULT FROM CONTINUING OPERATIONS	**22,149**	**11,340**	**14,822**	**8,738**	**9,187**
DISCONTINUED OPERATIONS					
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-
NET OPERATING RESULT FOR THE YEAR	**22,149**	**11,340**	**14,822**	**8,738**	**9,187**
Attributable to:					
- Council	20,197	10,356	13,694	7,459	8,113
- Non-controlling Interests	1,952	984	1,129	1,279	1,074
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	**7,788**	**6,590**	**10,852**	**4,578**	**2,266**

Further details for the 2014 and 2015 financial years is provided in the notes accompanying the general purpose financial statements

STATEMENT OF FINANCIAL POSITION

$ '000	Actual 2015	Actual 2014	Actual 2013	Actual 2012	Actual 2011
ASSETS					
Current Assets					
Cash & Cash Equivalents	5,988	7,265	4,311	6,544	11,182
Investments	77,382	72,805	76,511	68,537	71,038
Receivables	9,351	7,548	6,922	6,584	8,294
Inventories	889	78	93	96	90
Other	979	1,253	1,180	1,037	862
Non-current assets classified as "held for sale"	8,149	8,325	9,309	2,944	2,944
Total Current Assets	**102,738**	**97,274**	**98,326**	**85,742**	**94,410**
Non-Current Assets					
Investments	1,158	3,283	3,287	4,318	5,623
Receivables	565	519	515	497	497
Inventories	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	2,814,488	2,444,815	2,429,738	2,383,286	2,369,616
Investments accounted for using the equity method	-	-	1,113	1,226	849
Investment Property	1,825	1,800	1,900	2,100	2,100
Intangible Assets	3,403	2,595	1,991	1,840	1,270
Other	-	-	-	-	-
Total Non-Current Assets	**2,821,439**	**2,453,012**	**2,438,544**	**2,393,267**	**2,379,955**
TOTAL ASSETS	**2,924,177**	**2,550,286**	**2,536,870**	**2,479,009**	**2,474,365**
LIABILITIES					
Current Liabilities					
Payables	19,791	17,704	13,719	13,766	18,602
Borrowings	3	9	261	491	574
Provisions	13,394	12,749	13,071	12,457	11,582
Total Current Liabilities	**33,188**	**30,462**	**27,051**	**26,714**	**30,758**
Non-Current Liabilities					
Payables	-	-	-	600	400
Borrowings	2	4	13	274	508
Provisions	20,040	18,674	17,443	6,752	6,338
Investments accounted for using the equity method	-	-	-	-	-
Total Non-Current Liabilities	**20,042**	**18,678**	**17,456**	**7,626**	**7,246**
TOTAL LIABILITIES	**53,230**	**49,140**	**44,507**	**34,340**	**38,004**
NET ASSETS	**2,870,947**	**2,501,146**	**2,492,363**	**2,444,669**	**2,436,361**
EQUITY					
Retained Earnings	2,369,146	2,348,784	2,339,980	2,326,286	2,318,827
Revaluation Reserves	492,193	144,312	144,312	110,929	110,929
Council Equity Interest	2,861,339	2,493,096	2,484,292	2,437,215	2,429,756
Non-controlling Interest	9,608	8,050	8,071	7,454	66,605
TOTAL EQUITY	**2,870,947**	**2,501,146**	**2,492,363**	**2,444,669**	**2,496,361**

Further details for the 2014 and 2015 financial years is provided in the notes accompanying the general purpose financial statements

ANNUAL FINANCIAL STATEMENTS

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

WWW.WARRINGAH .NSW.GOV.AU

ANNUAL FINANCIAL STATEMENTS

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

CONTENTS

	Page
Statement by Councillors & Management	15
Income Statement	16
Statement of Comprehensive Income	17
Statement of Financial Position	18
Statement of Changes in Equity	19
Statement of Cash Flows	20
Notes to the Financial Statements	21
Auditors' Reports	79

These Financial Statements are general purpose financial statements for Warringah Council and its controlled entities and are presented in Australian Currency.

Warringah 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.

The Financial Statements are authorised for issue by the Council on 5 August 2015. Council has the power to amend and reissue the Financial Statements.

Through the use of the internet, we have ensured that our reporting is timely, complete, and available at minimum cost. All press releases, Financial Statements and other information are available on our website: www.warringah.nsw.gov.au.

ELECTED MEMBERS

MAYOR
Michael Regan

COUNCILLORS
Wayne Gobert OAM
Vanessa Moskel
Vincent De Luca OAM
Sue Heins
Bob Giltinan
Pat Daley
Roslyn Harrison
Duncan Kerr
Jose Menano-Pires

PRINCIPAL PLACE OF BUSINESS
725 Pittwater Road
Dee Why NSW 2099

OPENING HOURS
Monday to Friday
8.30am - 5.00pm

CONTACT DETAILS
Mailing Address:
DX 9118
Dee Why NSW 2099

Telephone: 02 9942 2111
Facsimile: 02 9971 4522
Internet: www.warringah.nsw.gov.au
Email: council@warringah.nsw.gov.au

OTHER INFORMATION
ABN: 31 565 068 406

AUDITORS
Hill Rogers Spencer Steer

OFFICERS
GENERAL MANAGER
Rik Hart

PUBLIC OFFICER
John Warburton

RESPONSIBLE ACCOUNTING OFFICER
David Walsh

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

STATEMENT BY COUNCILLORS AND MANAGEMENT

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached General Purpose Financial Report has been prepared in accordance with:

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

To the best of our knowledge and belief, these 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 this Report false or misleading in any way.

Signed in accordance with a resolution of Council made on 4 August 2015.

Michael Regan
MAYOR

Jose Menano-Pires
COUNCILLOR

Rik Hart
GENERAL MANAGER

David Walsh
RESPONSIBLE ACCOUNTING OFFICER

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

Budget[1] 2015	$ '000	Notes	Actual 2015	Actual 2014
	INCOME FROM CONTINUING OPERATIONS			
	Revenue:			
96,520	Rates & Annual Charges	3a	96,578	93,225
39,386	User Charges & Fees	3b	42,004	35,525
3,325	Interest & Investment Revenue	3c	3,305	3,887
10,144	Other Revenues	3d	11,198	11,394
8,752	Grants & Contributions provided for Operating Purposes	3e,f	8,912	6,320
3,143	Grants & Contributions provided for Capital Purposes	3e,f	14,361	4,750
	Other Income:			
298	Net gains from the disposal of assets	5	1,777	1,255
-	Net Share of interests in Joint Ventures & Associated Entities using the Equity Method	19	-	-
161,568	**TOTAL INCOME FROM CONTINUING OPERATIONS**		**178,135**	**156,356**
	EXPENSES FROM CONTINUING OPERATIONS			
62,100	Employee Benefits & On-Costs	4a	62,366	58,989
1,052	Borrowing Costs	4b	951	945
54,783	Materials & Contracts	4c	56,594	51,160
15,721	Depreciation & Amortisation	4d	15,653	15,079
-	Impairment	4d	-	-
20,636	Other Expenses	4e	20,422	18,843
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	-	-
-	Net Share of interests in Joint Ventures & Associated Entities using the Equity Method	19	-	-
154,292	**TOTAL EXPENSES FROM CONTINUING OPERATIONS**		**155,986**	**145,016**
7,276	**OPERATING RESULT FROM CONTINUING OPERATIONS**		**22,149**	**11,340**
	DISCONTINUED OPERATIONS			
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
7,276	**NET OPERATING RESULT FOR THE YEAR**		**22,149**	**11,340**
	Attributable to:			
5,590	**- Council**		20,197	10,356
1,686	**- Non-controlling Interests**		1,952	984
4,133	**Net Operating Result for the year before Grants and Contributions provided for Capital Purposes**		**7,788**	**6,590**

[1]Original Budget as approved by Council - refer Note 16

The above Income Statement should be read in conjunction with the accompanying notes

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

$'000	Notes	Actual 2015	Actual 2014
Net operating result for the year - from Income Statement		22,149	11,340
Other Comprehensive Income			
Gain on revaluation of infrastructure, property, plant and equipment	20b	348,046	-
Total other Comprehensive Income for the year		348,046	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**370,195**	**11,340**
Attributable to:			
- Council		368,243	10,356
- Non-controlling Interests		1,952	984

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	5,988	7,265
Investments	6b	77,382	72,805
Receivables	7	9,351	7,548
Inventories	8	889	78
Other	8	979	1,253
Non-current assets classified as "held for sale"	22	8,149	8,325
Total Current Assets		**102,738**	**97,274**
Non-Current Assets			
Investments	6b	1,158	3,283
Receivables	7	565	519
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	2,814,488	2,444,815
Investments accounted for using the equity method	19	-	-
Investment Property	14	1,825	1,800
Intangible Assets	25	3,403	2,595
Other	8	-	-
Total Non-Current Assets		**2,821,439**	**2,453,012**
TOTAL ASSETS		**2,924,177**	**2,550,286**
LIABILITIES			
Current Liabilities			
Payables	10	19,791	17,704
Borrowings	10	3	9
Provisions	10	13,394	12,749
Total Current Liabilities		**33,188**	**30,462**
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	2	4
Provisions	10	20,040	18,674
Investments accounted for using the equity method	19	-	-
Total Non-Current Liabilities		**20,042**	**18,678**
TOTAL LIABILITIES		**53,230**	**49,140**
NET ASSETS		**2,870,947**	**2,501,146**
EQUITY			
Retained Earnings	20	2,369,146	2,348,784
Revaluation Reserves	20	492,193	144,312
Council Equity Interest		2,861,339	2,493,096
Non-controlling Interest		9,608	8,050
TOTAL EQUITY		**2,870,947**	**2,501,146**

The above Statement of Financial Position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Non-controlling Interest	Total Equity
2015						
Opening Balance		2,348,784	144,312	2,493,096	8,050	**2,501,146**
Correction of Errors	20d	-	-	-	-	-
Changes in Accounting Policies	20e	-	-	-	-	-
Restated Opening Balances		**2,348,784**	**144,312**	**2,493,096**	**8,050**	**2,501,146**
Net Operating Result for the year		20,197	-	20,197	1,952	**22,149**
Other Comprehensive Income			348,046	348,046	-	**348,046**
Total Comprehensive Income		**20,197**	**348,046**	**368,243**	**1,952**	**370,195**
Transfer from Asset Revaluation Reserve	20a	165	-	165	-	165
Transfer to Retained Earnings	20b		(165)	(165)	-	(165)
Dividends Paid to Minority Interests		-	-	-	(394)	(394)
Closing Balance		**2,368,981**	**492,358**	**2,861,339**	**9,608**	**2,870,947**

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance		2,339,980	144,312	2,484,292	8,071	**2,492,363**
Correction of Errors	20d	(575)	-	(575)	(553)	**(1,128)**
Changes in Accounting Policies	20e	(977)	-	(977)	-	**(977)**
Restated Opening Balances		**2,338,428**	**144,312**	**2,482,740**	**7,518**	**2,490,258**
Net Operating Result for the year		10,356	-	10,356	984	**11,340**
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income		**10,356**	**-**	**10,356**	**984**	**11,340**
Dividends Paid to Minority Interests		-	-	-	(452)	(452)
Closing Balance		**2,348,784**	**144,312**	**2,493,096**	**8,050**	**2,501,146**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

Budget 2015	$ '000	Notes	Actual 2015	Actual 2014
	Cash Flows from Operating Activities			
	Receipts:			
96,520	Rates & Annual Charges		96,409	93,501
39,386	User Charges & Fees		40,666	35,623
3,325	Interest & Investment Revenue Received		3,490	3,616
11,895	Grants & Contributions		19,437	11,092
-	Deposits & Retentions Received		2,091	2,686
10,144	Other		10,961	11,403
	Payments:			
(61,945)	Employee Benefits & On-Costs		(61,451)	(58,936)
(54,783)	Materials & Contracts		(57,255)	(48,430)
-	Borrowing Costs		(29)	(209)
-	Deposits & Retentions Refunded		(1,242)	(2,346)
(21,229)	Other Expenses		(19,493)	(19,898)
23,313	**Net Cash provided (or used in) Operating Activities**	11b	**33,584**	**28,102**
	Cash Flows from Investing Activities			
	Receipts:			
-	Sale of Investments		127,495	117,843
-	Sale of Investment Property		-	-
1,948	Sale of Infrastructure, Property, Plant & Equipment		1,427	2,199
6,448	Sale of Non Current Assets Held for Resale		2,000	-
	Payments:			
-	Purchase of Investment Securities		(129,924)	(113,952)
(40,316)	Purchase of Infrastructure, Property, Plant & Equipment		(34,649)	(29,921)
-	Purchase of Intangibles		(808)	(604)
(31,920)	**Net Cash provided (or used in) Investing Activities**		**(34,459)**	**(24,435)**
	Cash Flows from Financing Activities			
	Receipts:			
9,500	Proceeds from Borrowings & Advances		-	-
	Payments:			
(332)	Repayment of Borrowings & Advances		-	-
(13)	Repayment of Finance Lease Liabilities		(8)	(261)
(394)	Dividends Paid to Minority Interests		(394)	(452)
8,761	**Net Cash Flow provided (used in) Financing Activities**		**(402)**	**(713)**
154	**Net Increase/(Decrease) in Cash & Cash Equivalents**		**(1,277)**	**2,954**
7,477	**Cash & Cash Equivalents at beginning of the year**	11a	7,265	4,311
7,631	**Cash & Cash Equivalents - end of the year**	11a	**5,988**	**7,265**

Please refer to Note 11 for information on the following:
- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

CONTENTS OF THE NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

Note	Details	Page
1	Summary of Significant Accounting Policies	22
2(a)	Functions or Activities	31
2(b)	Components of Functions or Activities	32
3	Income from Continuing Operations	33
3(a)	Rates & Annual Charges	33
3(b)	User Charges & Fees	33
3(c)	Interest & Investment Revenue	34
3(d)	Other Revenues	34
3(e)	Grants	35
3(f)	Contributions	36
4	Expenses from Continuing Operations	37
4(a)	Employee Benefits & On-Costs	37
4(b)	Borrowing Costs	37
4(c)	Materials & Contracts	38
4(d)	Depreciation, Amortisation & Impairment	39
4(e)	Other Expenses	40
5	Gains or Losses from the Disposal of Assets	41
6(a)	Cash and Cash Equivalents	42
6(b)	Investments	42
6(c)	Restricted Cash, Cash Equivalents & Investments	43
7	Receivables	44
8	Inventories and Other Assets	45
9(a)	Infrastructure, Property, Plant and Equipment	46
9(b)	Restricted Infrastructure, Property, Plant and Equipment	47
10(a)	Payables, Borrowings and Provisions	48
10(b)	Description of and movements in Provisions	50
11	Reconciliation of Operating Result to Net Cash Movement from Operating Activities	51
12	Commitments for Expenditure	53
13	Statement of Performance Measures - Consolidated Results	54
14	Investment Properties	55
15	Financial Risk Management	56
16	Material Budget Variations	60
17	Statement of Developer Contributions	61
18	Contingencies	63
19	Interests in Other Entities	65
20	Retained Earnings and Revaluation Reserves	67
21	Results by Fund	68
22	Non Current Assets classified as Held for Sale	68
23	Events occurring after Reporting Date	69
24	Discontinued Operations	69
25	Intangible Assets	69
26	Reinstatement, Rehabilitation & Restoration Liabilities	70
27	Fair Value Measurement	71

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(i) New and amended standards adopted by Council

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

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in other Entities
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standard

AASB 10 Consolidated Financial Statement contains a revised definition of 'control' that will apply to all entities and for some entities will expand the number and types of entities that are consolidated. The revised definition of control has not changed the basis upon which Council accounts for its interest in Kimbriki Environmental Enterprise Pty Ltd.

AASB 11 Joint Arrangements – redefines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. AASB 11 supersedes AASB 131 Joint Ventures. Warringah and Pittwater Councils share a Direct Service Agreement with the NSW Rural Fire Service. This arrangement was previously treated as a joint venture and accounted for using the equity method. Upon the first time application of AASB10 and AASB11, Council reassessed this accounting policy and determined it did not control, Council reassessed this accounting policy and determined it did not control, or share joint control, of the activities of the service.

AASB 12 Disclosure of Interests in Other Entities – contains all the disclosure requirements associated with "other entities". This has been provided in Note 19.

There have been no changes to the financial statements as a result of changes to the following other than for those noted above:

AASB 127 Separate Financial Statements – has been revised consequential to the release of AASB's 10 and 12
AASB 128 Investments in Associates and Joint Ventures – has been revised consequential to the release of AASB's 10, 11 and 12
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standard – contain consequential amendments to 20 other standards and 4 interpretations in light of AASB's 10, 11 12, 127 and 128

(ii) Early adoption of standards

Warringah Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

(iii) Historical Cost Convention

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

(iv) Significant Accounting Estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Warringah 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.
(iii) Estimated tip remediation provisions.

Significant judgements in applying the 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 reliablymeasured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.
Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

(i) Rates, Annual Charges, Grants and Contributions

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

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

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

has been secured, and is valued at their fair value at the date of transfer.

Revenue is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and 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). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of Section 94A of the Environmental Planning & Assessment Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consent 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. A detailed Note relating to developer contributions can be found at Note 17.

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

(ii) 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.

(iii) Sale of Infrastructure, Property, Plant and Equipment
The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

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

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

(vi) Dividend income
Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

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

(c) Principles of Consolidation

(i) The Consolidated Fund
In accordance with the provisions of Section 409(1) of the 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 following entities have been included as part of the Consolidated Fund:

- General Purpose Operations
- Kimbriki Environmental Enterprises Pty Limited

(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 reports.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these reports. 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) County Councils
Council is not a member of any County Councils

(iv) Interests in other entities

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transaction between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 19 to the financial statements.

Joint Arrangements
AASB 11 Joint Arrangements defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations. Council has determined that it has neither joint ventures nor joint operations.

Joint ventures
Joint ventures are those joint arrangements which provide the Council with rights to the net assets of the arrangements. Interests in joint ventures are accounted for using the equity method in accordance with AASB 128 Associates and Joint Ventures. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses. The Council's share in the joint ventures gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint ventures accounting policies where they are different from those of the Council for the purpose of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Associates

Interests in associates, where the Council has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 Associates and Joint Ventures. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

(d) Business Combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the assets, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not re-measured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability.

(e) Leases

Leases of property, plant and equipment where Council, as lessee, 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 fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

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.

(f) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an asset is not held principally for cash generating purposes 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.

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

(g) Cash and Cash Equivalents

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

(h) Receivables

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

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

(i) Inventories

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

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stockpiles of excavated rock which will be used in the future for landfill cover material is carried at cost, measured using the weighted average cost of acquisition, excavation and preparation. Material extracted from the stockpile is expensed in the period it is used.

(ii) 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 holdings 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) Non-Current "Held for Sale"

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell

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.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Non-current assets 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 statement of financial position.

(k) Investments and Other Financial Assets

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in Receivables (Note 7) in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, 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. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security (note Council's obligations under Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005).The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial instruments is determined are disclosed in note 1(l).

Impairment
Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.
A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

Investment Policy
Council has an approved investment policy complying with Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Local Government Ministerial Investment Order. Council maintains an investment policy that complies 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 the Council holds are no longer prescribed – for example subordinated debt obligations – however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(l) 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 statement of financial reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

(m) Infrastructure, Property, Plant and Equipment (I,PP&E)
Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government.

At balance date the following classes of IPP&E were stated at their fair value:
- Operational land (External Valuation).
- Buildings – Specialised/Non Specialised (External Valuation).
- Plant and equipment (as approximated by depreciated historical cost).
- Road assets – roads, bridges and footpaths (External Valuation)
- Drainage assets – (External Valuation)
- Community Land – (Internal Valuation)
- Other structures (External Valuation).
- Other assets (as approximated by depreciated historical cost).

For all 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised in profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income statement.

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

Land including land under roads is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their preserved values, over their estimated useful lives, as follows:

Plant & Equipment

Office Equipment	5 – 10 years
Office Furniture	10 – 20 years
Vehicles	5 – 8 years
Heavy Plant and Road Making Equipment	5 – 8 years
Other Plant and Equipment	5 – 15 years

Other Equipment

Playground Equipment	5 – 15 years
Benches, seats etc	10 – 20 years
Park Structures – Masonry	50 – 100 years
Park Structures – Other Construction	20 – 40 years

Buildings

Buildings – Masonry	50 – 100 years
Buildings – Other	20 – 40 years

Stormwater Drainage

Drains	60 –100 years

Transportation Assets

Sealed Roads – Surface	8 – 20 years
Sealed Roads – Structure	120 years
Bridge – Concrete	100 years
Bridge – Other	100 years
Road Pavements	50 – 60 years
Kerb, Gutter & Paths	80 years

Other Assets

Library Books	5 – 15 years
Artworks	Indefinite

The assets' preserved values and useful lives are reviewed, and adjusted if appropriate, at each reporting position 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. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Land, other than land under roads, is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This classification is made in Note 9(a).

Capitalisation Thresholds

All items of infrastructure, property, plant and equipment are capitalised with the exception where the cost of acquisition is as follows:

Plant & Equipment

Office Furniture	< $2,000
Office Equipment	< $2,000
Other Plant &Equipment	< $2,000

Restricted Assets

Note 9(a) includes property assets at No's 7, 8, 8A & 10 Kimbriki Rd, Ingleside. These assets were acquired during previous reporting periods. As at June 2015, council holds equity in the four (4) properties at Kimbriki Rd, Ingleside for the purpose of site closure by agreement with Manly, Mosman and Pittwater councils. 7 Kimbriki Rd, Ingleside has been partly funded by the Domestic Waste Management Reserve to the extent of 35.5% of the purchase price, which equals $0.852 million.

(n) Investment property

Investment property, principally comprising freehold office buildings, is held for long- term rental yields and is not occupied by the Council. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually by a member of the Australian Property Institute. Changes in fair values are recorded in profit or loss as part of other income. The last revaluation for Council's Investment Properties was dated 30 June 2015.

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

Council has only one property classified as an investment property which is situated at 521 Pittwater Road, Brookvale.

(o) Payables

(i) Goods & Services

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 are unsecured and are usually paid within 30 days of recognition.

(ii) Payments received in advance & deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

The interest rate that Council will pay on monies held in bonds is 0.20% per annum. (Commonwealth Everyday account). Only accrued interest amounts over $1.00 will be paid out.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity purposes and amortised over the period of the facility to which it relates.

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

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

(q) Borrowing costs

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

(r) Provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable 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.

(s) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

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

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

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

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

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments 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 accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans i.e. as an expense when it becomes payable.

Defined Contributions 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(t) Land under roads

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Any land under roads that was recognised before 1 July 2008 was derecognised at 1 July 2008 against the opening balance of retained earnings.

Land under roads acquired after 1 July2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

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

(u) Self insurance

Council has decided to self-insure for various risks including public liability and professional indemnity. This is up to a limit of $150,000 ($600,000 prior to 1 July 2006) per claim/event for public liability and $50,000 per claim/event for professional indemnity. A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note 10. Council also maintains cash and investments to meet expected future claims and these are detailed in Note 6(c).

(v) Intangible assets

Alternative Waste Technology

Costs incurred in acquiring licences and rights that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to licensing.
Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation will be calculated on a straight line basis over the life of the project. Development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

(w) 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 the reserves are recognised within Council's Income Statement. Representations from both State and Local Government are being sought to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(x) 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"*.

Until such time as discussions on this matter have concluded and the legislation changed, Council will exclude these assets including plant and vehicles and depreciation charges within the Financial Statements.

(y) Goods & Services Tax (GST)

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

Receivables and payables within the statement of financial position 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 statement of financial position.

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

(z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. Warringah Council's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments and associated amending standards

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); of full lifetime
- expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument.

Annual reporting periods beginning on or after 1 January 2018.

The available-for-sale investments held will be classified as fair value through OCI and will no longer be subject to impairment testing. The impairment loss recognised in the current year financial statements in relation to these statements was $Nil.

Other impacts on the reported financial position and performance have not yet been determined.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AASB 2014 – 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture.

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Annual reporting periods beginning on or after 1 January 2016

This will only have impact for Councils with associates or joint ventures where there has been a sale or contribution of assets between the entity and its investor.

If Council does not have an associate or joint venture then this standard should not be included in the note.

If Council has made or anticipates making a sale or contribution with its joint venture or associate then the impact should be documented.

AASB 2014 – 3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]

This Standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

The amendments require:

(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and

(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This Standard also makes an editorial correction to AASB 11. Annual periods beginning on or after 1 January 2016 If a joint operation is acquired during the reporting period, then this standard clarifies the accounting for the acquisition to be in accordance with AASB 3, i.e. assets and liabilities acquired to be measured at fair value

If the entity has not acquired a joint operation then there will be no impact on adoption of this standard and therefore this standard should be deleted from this note.

AASB 15 Revenue from contracts with customers and associated amending standards

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

Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements Annual reporting periods beginning on or after 1 January 2017. The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

WARRINGAH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2(a) FUNCTIONS OR ACTIVITIES

$ '000 — 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	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
Functions/Activities	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Corporate Support	12,826	23,762	18,680	8,991	7,365	8,469	3,835	16,397	10,211	1,809	1,378	1,888,299	1,841,186
Good Governance	4,132	4,193	5,803	4,132	3,892	6,726	-	301	(923)	3,154	1,581	-	-
Certification	1,152	992	728	1,152	1,187	1,100	-	(195)	(372)	-	-	-	-
Child Care	9,520	9,633	8,463	9,520	9,399	8,432	-	234	31	736	591	4,664	658
Community & Safety	6,227	6,976	5,859	6,227	6,215	5,802	-	761	57	271	201	138	287
Compliance	8,410	8,606	5,950	8,410	8,456	5,537	-	150	413	-	-	-	-
Cultural Services	1,364	1,409	1,192	1,364	1,250	1,366	-	159	(174)	-	-	-	-
Development Assessment	5,669	5,703	5,375	5,669	5,726	5,446	-	(23)	(71)	-	-	-	38
Glen Street Theatre	2,889	2,988	2,289	2,889	3,087	2,385	-	(99)	(96)	-	-	10	12
Information & Library	6,640	6,641	6,291	6,640	7,017	6,480	-	(376)	(189)	381	367	1,551	1,369
Kimbriki Environmental Enterprises	29,349	31,697	27,827	25,908	27,711	25,818	3,441	3,986	2,009	10	-	29,398	24,116
Natural Environment	12,291	12,711	11,046	12,291	12,443	10,965	-	268	81	1,008	327	438,528	234,166
Parks, Reserves & Foreshores	12,177	12,638	11,359	12,177	12,833	11,833	-	(195)	(474)	81	-	113,701	101,088
Roads, Traffic & Waste	39,985	41,628	37,590	39,985	40,975	36,685	-	653	905	2,957	1,496	446,177	346,835
Strategic Planning	4,376	4,186	3,745	4,376	4,029	3,307	-	157	438	-	162	-	-
Warringah Aquatic Centre	4,561	4,372	4,159	4,561	4,401	4,665	-	(29)	(506)	-	-	1,711	531
Total Functions & Activities	**161,568**	**178,135**	**156,356**	**154,292**	**155,986**	**145,016**	**7,276**	**22,149**	**11,340**	**10,407**	**6,103**	**2,924,177**	**2,550,286**
Operating Result attributable to Council							**5,590**	**20,197**	**10,356**			-	-
Operating Result attributable to Minority Interest							**1,686**	**1,952**	**984**			-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2(b) COMPONENTS OF FUNCTIONS OR ACTIVITIES

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

Certification Services
Issue of certificates and approvals (including Construction, Occupations, Strata, Compliance and Building Certificates), as well as conducting principal certifying authority functions.

Children's Services
Long day, mobile occasional and family day care. Provision of programs, events, information and referral for children and their families. Aboriginal services, family and community education and vulnerable familiy service and support.

Community & Safety Services
Seniors and disabled service and support, beach management, community centre management, community development program and vulnerable service and support.

Compliance Services
Investigate and enforce compliance relating to unlawful building works, unlawful land uses, fire safety and breach of consent. Complaints investigation, public safety and health projects, environmental health, animal management and education.

Corporate Support Services
Costs not otherwise attributed to other services (includes Customer Service, Finance, Human Resources, Information Management & Technology, Procurement and Property and Commercial Development).

Cultural Services
Co-ordination of civic and landmark events (eg Citizenship and Australia Day), community festivals, exhibitions and cultural programs.

Development Assessment Services
Assessment on development and subdivision, advice on development, advice and service on civil engineering.

Glen Street Theatre
Host performing arts professionals, community groups, schools and corporate users.

Good Governance
Corporate planning, strategic advice and support, corruption prevention strategies, community engagement, elected council support, policy development and review and manage complaints service.

Information and Library Services
Public libraries providing lending, information and search services, communal space for study/research and supporting communities information, education, cultural and recreational needs.

Kimbriki Environmental Enterprises
Operation of landfill and recycling from commercial and domestic customers.

Natural Environment
Advice on natural areas and environmental issues, planning and research on environmental sustainability, environmental education and stormwater management.

Parks, Reserves and Foreshores
Management of parks, reserves, foreshores assets including sportsgrounds, playgrounds, rock pools and other recreational facilities.

Roads, Traffic and Waste
Street lighting, collection of commercial and domestic waste, public place cleaning, road network asset maintenance and traffic management.

Strategic Planning
Advice on land use, development and policy.

Warringah Aquatic Centre
Aquatic centre management, providing water safety, water fitness, learn to swim and coaching programs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3 INCOME FROM CONTINUING OPERATIONS

$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		60,204	58,148
Business		14,574	14,074
Total Ordinary Rates		**74,778**	**72,222**
Special Rates			
Nil			
Annual Charges (pursuant to s496, s501 & s611)			
Domestic Waste Management Services		21,713	20,923
Section 611 Charges		87	80
Total Annual Charges		**21,800**	**21,003**
TOTAL RATES & ANNUAL CHARGES		**96,578**	**93,225**

Council has used 2012 year valuations provided by the NSW Valuer General in calculating its rates.

(b) User Charges & Fees			
User Charges (pursuant to s.502)			
Waste Management Services (non-domestic)		481	454
Total User Charges		**481**	**454**
Fees			
Planning & Building Regulation		2,285	2,156
Regulatory/ Statutory Fees		405	332
Section 149 Certificates (EPA Act)		504	549
Section 603 Certificates		228	268
Dog Registration		47	64
Road Inspections		210	134
Child Care		6,955	5,964
Community Centres		1,787	1,729
Glen Street Theatre		1,238	771
Kimbriki Waste & Recycling Centre		22,018	17,923
Libraries		104	105
Parking Areas		1,465	1,158
Restoration Charges		1,098	787
Swimming Centres		2,257	2,177
Other		922	954
Total Fees		**41,523**	**35,071**
TOTAL USER CHARGES & FEES		**42,004**	**35,525**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3 INCOME FROM CONTINUING OPERATIONS (continued)

$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Overdue Rates & Annual Charges		200	222
- Cash and Investments		3,082	3,484
Fair Value Adjustments			
- Investments		23	181
TOTAL INTEREST & INVESTMENT REVENUE		**3,305**	**3,887**
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		200	222
General Council Cash & Investments		2,206	2,575
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		723	915
- Section 94A		176	175
Total Interest & Investment Revenue Recognised		**3,305**	**3,887**
(d) Other Revenues			
Ex Gratia Rates		21	20
Fair Value Adjustment - Investment Properties		25	-
Insurance Claim Recoveries		-	27
Legal Fees Recovery - Rates & Charges (Extra Charges)		44	105
Legal Fees Recovery - Other		102	88
Other Fines		471	432
Parking Fines		2,310	2,552
Recycling Income (non domestic)		2,304	2,110
Rental Income - Investment Properties		145	106
Rental Income - Other Council Properties		2,803	2,343
Sales - General		276	182
Sullage Income/Sponsorship		26	26
Waste Performance Improvement		335	372
Other Revenues		2,336	3,031
TOTAL OTHER REVENUE		**11,198**	**11,394**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3 INCOME FROM CONTINUING OPERATIONS (continued)

$ '000	Notes	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants					
General Purpose (Untied)					
Financial Assistance - General Component		3,154	1,581	-	-
Financial Assistance - Local Roads Component		1,246	614	-	-
Pensioners' Rates Subsidies - General Component		739	759	-	-
Total General Purpose		**5,139**	**2,954**	**-**	**-**
Specific Purpose					
Pensioners' Rates Subsidies:					
- Domestic Waste Management		259	244	-	-
Bushfire & Emergency Services		57	50	-	-
Child Care		740	591	-	-
Coast & Estuaries		98	99	779	-
Community Care		109	93	-	-
Community Centres		70	108	120	-
Environmental Protection		107	130	811	-
Library		97	91	284	276
Noxious Weeds		24	48	-	-
Recreation & Culture		-	-	25	-
Street Lighting		411	349	-	-
Transport (Roads to Recovery)		-	-	588	608
Transport (Other Roads & Bridges Funding)		73	69	606	226
Local Environmental Planning		-	162	-	-
Other		10	5	-	-
Total Specific Purpose		**2,055**	**2,039**	**3,213**	**1,110**
Total Grants		**7,194**	**4,993**	**3,213**	**1,110**
Grant Revenue is attributable to:					
- Commonwealth Funding		4,667	2,478	588	608
- State Funding		2,527	2,515	2,625	502
		7,194	**4,993**	**3,213**	**1,110**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3 INCOME FROM CONTINUING OPERATIONS (continued)

$ '000	Notes	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions					
Developer Contributions:					
- S 94		-	-	238	(18)
- S 94A Levies		-	-	5,764	2,170
Total Developer Contributions	17	**-**	**-**	**6,002**	**2,152**
Other Contributions:					
Bushfire Services		136	162	6	488
Coast & Estuaries		1	1	-	-
Other Councils - Joint Works/Services		189	55	-	-
Recreation & Culture		3	-	359	369
RMS Contributions (Regional/Local, Block Grant)		359	352	642	519
Community Services		22	15	540	-
Community Land		-	-	3,599	-
Other		1,008	742	-	112
Total Other Contributions		**1,718**	**1,327**	**5,146**	**1,488**
Total Contributions		**1,718**	**1,327**	**11,148**	**3,640**
TOTAL GRANTS & CONTRIBUTIONS		**8,912**	**6,320**	**14,361**	**4,750**

(g) Restrictions relating to Grants and Contributions

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

Grants and contributions recognised in the current period which have not been spent	7,257	3,307
Less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period	(9,801)	(9,609)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	**(2,544)**	**(6,302)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS

$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		50,103	48,283
Employee Termination Costs		570	478
Travelling		18	25
Employee Leave Entitlements (ELE)		6,022	4,917
Superannuation		5,500	5,309
Workers' Compensation Insurance		554	33
Fringe Benefit Tax (FBT)		422	417
Training Costs (other than Salaries & Wages)		698	860
Recruitment Costs		81	92
Other		473	607
Total Employee Costs		**64,441**	**61,021**
Less: Capitalised Costs		(2,075)	(2,032)
TOTAL EMPLOYEE COSTS EXPENSED		**62,366**	**58,989**
Number of "Full Time Equivalent" Employees at year end		589	589
Number of "Full Time Equivalent" Employees for the reporting period		657	635
(b) Borrowing Costs			
Charges on Finance Leases		29	75
Amortisation of Discounts and Premiums			
- Remediation Liabilities		922	870
Less: Capitalised Costs		-	-
TOTAL BORROWING COSTS EXPENSED		**951**	**945**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (continued)

$ '000	Notes	Actual 2015	Actual 2014
(c) Materials & Contracts			
Raw Materials & Consumables		12,549	9,705
Contractor & Consultancy Costs			
- Bush Regeneration		958	919
- Cleaning		1,208	940
- Consultancy		123	96
- External Roadwork		755	427
- Garbage		5,338	5,056
- Kimbriki Waste & Recycling Centre		10,445	10,501
- Recycling		3,702	3,590
- Waste Disposal		7,589	5,183
- Other		12,324	13,223
Remuneration of Auditors (1)			
- Audit Services		79	79
- Other Services		2	-
Legal Fees:			
- Planning & Development		488	314
- Other		892	961
Operating Leases:			
- Printers		205	166
Less: Capitalised Costs		(63)	-
TOTAL MATERIALS & CONTRACTS		**56,594**	**51,160**

(1) During the year the following fees were paid or payable for services provided by the Council's auditors - Hill Rogers Spencer Steer

(i) Audit and other assurance services		
Audit and review of financial statements	79	79
Total remuneration for audit and other assurance services	**79**	**79**
(ii) Other services		
- Other	2	-
Total remuneration for other services	**2**	**-**
Total remuneration of Council's auditors - Hill Rogers Spencer Steer	**81**	**79**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (continued)

		Depreciation/Amortisation		Impairment Costs	
		Actual	Actual	Actual	Actual
$ '000	Notes	2015	2014	2015	2014
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		1,701	1,720	-	-
Office Equipment		1,246	1,129	-	-
Furniture & Fittings		40	55	-	-
Property, Plant & Equipment - Leased		8	240	-	-
Land Improvements (depreciable)		-	89	-	-
Buildings - Non Specialised		2,855	2,698	-	-
Buildings - Specialised		601	82	-	-
Other Structures		448	393	-	-
Infrastructure:					
- Roads		3,405	3,355	-	-
- Bridges		33	33	-	-
- Footpaths		377	365	-	-
- Stormwater Drainage		3,805	3,577	-	-
- Swimming Pools		41	195	-	-
- Open Space		325	380	-	-
Other Assets					
- Library Books		524	524	-	-
Tip Asset		244	244	-	-
Less: Capitalised Costs		-	-	-	-
TOTAL DEPRECIATION & TOTAL IMPAIRMENT		**15,653**	**15,079**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (continued)

$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Fair Value Adjustments - Investment Properties		-	100
Advertising		577	584
Bad & Doubtful Debts		23	8
Carbon Tax Expense		-	729
Mayoral Fee		61	59
Councillors' Fees		228	222
Councillors' (incl. Mayor) Expenses - Other (excluding fees above)		112	135
Contributions to Other Levels of Government			
- Planning Levy		290	278
- Waste Levy		8,278	6,744
- Emergency Services Levy		2,852	2,666
- Other Levies		-	388
Contributions & Donations (Section 356)		278	197
Data Services		316	280
Electricity & Heating		2,756	2,823
Insurance		1,428	752
Interest on Bonds & Deposits		6	3
Land Tax		265	286
SHOROC Contributions		80	135
Street Lighting		1,465	1,607
Telephone & Communications		462	475
Valuation Fees		227	223
Other		718	149
TOTAL OTHER EXPENSES		**20,422**	**18,843**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 5 GAINS OR LOSSES FROM THE DISPOSAL OF ASSETS

$ '000	Notes	Actual 2015	Actual 2014
Property (excl. Investment Property)			
Proceeds from Disposal		-	845
less: Carrying Amount of Property Assets Sold		-	-
Net Gain/(Loss) on Disposal		**-**	**845**
Plant & Equipment			
Proceeds from Disposal		1,427	1,354
less: Carrying Amount of P&E Assets Sold		(1,038)	(944)
Net Gain/(Loss) on Disposal		**389**	**410**
Infrastructure			
Proceeds from Disposal		-	-
less: Carrying Amount of Infrastructure Assets Sold		(199)	-
Net Gain/(Loss) on Disposal		**(199)**	**-**
Capital Work in Progress			
Proceeds from Disposal		-	-
less: Carrying Amount of Infrastructure Assets Sold		(294)	-
Net Gain/(Loss) on Disposal		**(294)**	**-**
Financial Assets			
Proceeds from Disposal		127,495	117,843
less: Carrying Amount of Financial Assets Sold		(127,495)	(117,843)
Net Gain/(Loss) on Disposal		**-**	**-**
Non Current Assets Classified as "Held for Sale"			
Proceeds from Disposal		2,000	-
less: Carrying Amount of "Held for Sale" Assets Sold		(119)	-
Net Gain/(Loss) on Disposal		**1,881**	**-**
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		**1,777**	**1,255**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 6(a) CASH AND CASH EQUIVALENTS

		2015 Actual		2014 Actual	
$ '000	Notes	Current	Non Current	Current	Non Current
Cash on Hand and at Bank		5,988	-	7,265	-
Deposits at Call		-	-	-	-
Total Cash & Cash Equivalents		**5,988**	**-**	**7,265**	**-**

NOTE 6(b) INVESTMENTS

Financial Assets at fair value through				
Profit and Loss - Held for Trading	-	1,158	-	1,283
Held to Maturity Investments	77,382	-	72,805	2,000
Total	**77,382**	**1,158**	**72,805**	**3,283**
Financial Assets at fair value through Profit and Loss - Held for Trading				
At beginning of year	-	1,283	992	1,287
Revaluation to Income Statement	-	23	8	173
Additions	-	-	-	-
Disposals	-	(148)	(1,000)	(177)
Transfers between Current/Non Current	-	-	-	-
At end of year	**-**	**1,158**	**-**	**1,283**
Comprising of:				
Mortgage Backed Securities	-	1,158	-	1,283
	-	**1,158**	**-**	**1,283**
Held to Maturity Investments				
At beginning of year	72,805	2,000	75,519	2,000
Amortisation of discounts and premiums	-	-	-	-
Additions	129,924	-	111,952	2,000
Disposals	(127,347)	-	(116,666)	-
Transfers between Current/Non Current	2,000	(2,000)	2,000	(2,000)
At end of year	**77,382**	**-**	**72,805**	**2,000**
Comprising of:				
Term Deposits	77,382	-	72,805	2,000
FRNs	-	-	-	-
	77,382	**-**	**72,805**	**2,000**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 6(c) RESTRICTED CASH, CASH EQUIVALENTS & INVESTMENTS

$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Total Cash, Cash Equivalents and Investments		**83,370**	**1,158**	**80,070**	**3,283**
External Restrictions (refer below)		27,802	1,158	27,455	3,283
Internal Restrictions (refer below)		9,136	-	8,945	-
Unrestricted		46,432	-	43,670	-
		83,370	**1,158**	**80,070**	**3,283**

2015 $ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
External Restrictions - Included in Liabilities				
Nil				
External Restrictions - Other				
Developer Contributions - General (A)	24,347	6,900	(9,362)	21,885
Specific Purpose Unexpended Grants (B)	440	1,168	(440)	1,168
Domestic Waste Management (C)	5,951	548	(592)	5,907
External Restrictions - Other	30,738	8,616	(10,394)	28,960
Total External Restrictions	**30,738**	**8,616**	**(10,394)**	**28,960**

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

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

C Domestic Waste Management (DWM) are externally restricted assets and must be applied for the purposes for which they were raised.

2015 $ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Compulsory Open Space Acquisition	1,020	-	(1,020)	-
Deposits, Retentions & Bonds	4,451	849	-	5,300
Employees Leave Entitlement	2,578	66	-	2,644
Insurance	630	296	-	926
Long Reef SLSC Renewal	171	-	-	171
Road Reserve	95	-	-	95
Total Internal Restrictions	**8,945**	**1,211**	**(1,020)**	**9,136**
TOTAL RESTRICTIONS	39,683	9,016	(11,414)	37,285

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 7 RECEIVABLES

	2015		2014	
$ '000	Current	Non Current	Current	Non Current
Purpose				
Rates & Annual Charges	2,257	349	2,111	326
Interest & Extra Charges	212	216	252	193
User Charges & Fees	4,815	-	3,323	-
Accrued Revenues				
- Interest on Investments	1,011	-	1,179	-
Government Grants & Subsidies	309	-	72	-
Net GST Receivable	907	-	718	-
Total	**9,511**	**565**	**7,655**	**519**
less: Provision for Impairment				
Rates & Annual Charges	-	-	-	-
User Charges & Fees	(160)	-	(107)	-
Total Provision for Impairment - Receivables	**(160)**	**-**	**(107)**	**-**
TOTAL NET RECEIVABLES	**9,351**	**565**	**7,548**	**519**
Externally Restricted Receivables				
Domestic Waste Management	576	106	537	96
Other	-	-	-	-
Total External Restrictions	**576**	**106**	**537**	**96**
Internally Restricted Receivables				
Nil				
Unrestricted Receivables	**8,775**	**459**	**7,011**	**423**
TOTAL NET RECEIVABLES	**9,351**	**565**	**7,548**	**519**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 8 INVENTORIES & OTHER ASSETS

	2015		2014	
$ '000	Current	Non Current	Current	Non Current
Inventories				
Stores & Materials	54	-	55	-
Trading Stock	28	-	23	-
Waste Cell Lining	807	-	-	-
Total Inventories	**889**	**-**	**78**	**-**
Inventories not expected to be realised within the next 12 months	**472**	**-**	**-**	**-**
Other Assets				
Prepayments	979	-	1,253	-
Total Other Assets	**979**	**-**	**1,253**	**-**
TOTAL INVENTORIES & OTHER ASSETS	**1,868**	**-**	**1,331**	**-**

Note:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 9(a) INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	At 30/6/2014				Asset Movements during the Reporting Period					At 30/6/2015			
$ '000	Cost	At Fair Value	Accum Depn & Impairment	Carrying value	Additions	WDV of Disposals	Depn and Impairment	Adjustments & Transfers	Revaluation Increments/ (decrements)	Cost	At Fair Value	Accum Depn & Impairment	Carrying value
Capital Work in Progress	6,997	-	-	6,997	6,652	(294)	-	(4,673)	-	8,682	-	-	8,682
Plant & Equipment	-	10,667	5,452	5,216	2,569	(1,038)	(1,701)	(137)	-	-	9,730	4,821	4,909
Office Equipment	-	13,780	10,352	3,428	400	-	(1,246)	89	-	-	9,426	6,755	2,671
Furniture & Fittings	-	2,368	2,103	265	19	-	(40)	-	-	-	2,345	2,101	244
Plant & Equipment (under Finance Lease)	-	55	43	12	-	-	(8)	-	-	-	12	8	4
Land:													
- Operational Land	-	143,464	-	143,464	2,000	-	-	(667)	-	-	144,797	-	144,797
- Community Land	-	1,431,478	-	1,431,478	2,762	-	-	(73)	-	-	1,434,167	-	1,434,167
- Land Under Roads	-	1,948	-	1,948	20	-	-	128	-	-	2,096	-	2,096
Land Improvements - depreciable	-	28,530	1,345	27,185	-	-	-	(27,185)	-	-	-	-	-
Buildings - Non Specialised	-	174,082	41,993	132,089	3,150	(199)	(2,855)	(5,568)	22,494	-	171,114	22,003	149,111
Buildings - Specialised	-	11,404	1,626	9,778	959	-	(601)	36,367	6,694	-	60,820	7,623	53,197
Other Structures	-	47,073	5,713	41,360	4,317	-	(448)	2,323	10,247	-	59,175	1,376	57,799
Infrastructure:													
- Roads	-	370,672	64,646	306,026	4,106	-	(3,405)	288	90,706	-	425,079	27,358	397,721
- Bridges		5,396	1,013	4,383	-		(33)		2,443		7,071	278	6,793
- Footpaths		42,356	8,094	34,262	1,602	-	(377)	30	4,050		44,943	5,376	39,567
- Stormwater Drainage	-	340,752	105,286	235,466	3,061	-	(3,805)	604	204,916	-	508,821	68,579	440,242
- Swimming Pools	-	28,096	9,968	18,128	694	-	(41)	(12,162)	4,792	-	11,808	397	11,411
- Other Open Space/Recreational Assets	-	37,595	6,073	31,522	5,959	-	(325)	10,692	1,704	-	53,090	3,538	49,552
Other Assets:													
- Library Books	-	8,560	6,982	1,578	485	-	(524)	-	-	-	9,045	7,506	1,539
- Other	-	-	-	-	-	-	-	-	-	-	-	-	-
- Tip Asset	-	11,629	1,399	10,230	-	-	(244)	-	-	-	11,629	1,643	9,986
TOTAL	**6,997**	**2,709,905**	**272,088**	**2,444,815**	**38,755**	**(1,531)**	**(15,653)**	**56**	**348,046**	**8,682**	**2,965,168**	**159,362**	**2,814,488**

Asset acquisitions were apportioned between		
	New Assets	18,272
	Renewals	20,483
	Total Additions	**38,755**

Note:

Refer to Note 27 Fair value measurement for information regarding the fair value of I,P,P & E.

WARRINGAH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 9(b) RESTRICTED INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

$ '000	Actual 2015				Actual 2014			
Class of Asset	At Cost	At Fair Value	Accumulated Depreciation & Impairment	Carrying Value	At Cost	At Fair Value	Accumulated Depreciation & Impairment	Carrying Value
Domestic Waste Management								
- 35.5% of 7 Kimbriki Rd Ingleside		1,150	97	**1,053**	-	852	-	**852**
Total DWM	-	**1,150**	**97**	**1,053**	-	**852**	-	**852**
Other Restricted Assets								
- 64.5% of 7 Kimbriki Rd Ingleside - 100% of 8,8A & 10 Kimbriki Rd Ingleside		7,844	543	**7,301**	-	6,052	-	**6,052**
- Non-Cash S94 Contribution		716		**716**	-	716	-	**716**
Total Other Restrictions	-	**8,560**	**543**	**8,017**	-	**6,768**	-	**6,768**
TOTAL RESTRICTED I,PP&E	-	**9,710**	**640**	**9,070**	-	**7,620**	-	**7,620**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10(a) PAYABLES, BORROWINGS AND PROVISIONS

		Actual 2015		Actual 2014	
$ '000	Notes	Current	Non Current	Current	Non Current
Payables					
Goods & Services		2,359	-	1,895	-
Accrued Expenses					
- Wages and Salaries		1,517	-	1,216	-
- Other		6,520	-	6,328	-
Payments Received In Advance		2,854	-	2,753	-
Deposits & Retentions		5,300	-	4,451	-
Other Payables		1,241	-	1,061	-
Total Payables		**19,791**	**-**	**17,704**	**-**
Current Payables not expected to be settled within the next 12 months					
Deposits & Retentions		4,086	-	2,533	-
Total		**4,086**	**-**	**2,533**	**-**
Borrowings					
Loans - Secured[1]		-	-	-	-
Finance Lease Liability		3	2	9	4
Total Borrowings		**3**	**2**	**9**	**4**
Provisions[2]					
Employee Benefits;					
Annual Leave		4,189	-	4,200	-
Sick Leave		320	-	257	-
Long Service Leave		8,288	1,059	7,835	966
Gratuities		35	-	38	-
Redundancies		191	-	172	-
Sub Total - Aggregate Employee Benefits		**13,023**	**1,059**	**12,502**	**966**
Self Insurance - Workers Compensation		253	520	182	382
- Public Liability		118	808	34	596
- Other					
Asset Remediation	26	-	16,287	-	15,365
Carbon Tax		-	1,366	31	1,365
Total Provisions		**13,394**	**20,040**	**12,749**	**18,674**
Current Provisions not expected to be settled within the next 12 months		6,773	-	7,146	-

Notes:

[1]Loans are secured over the income of Council

[2]Vested ELE is all carried as a current provision

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10(a) PAYABLES, BORROWINGS AND PROVISIONS (continued)

	Actual 2015		Actual 2014	
$ '000	Current	Non Current	Current	Non Current
Liabilities relating to Restricted Assets				
Externally Restricted Assets				
Domestic Waste Management	774	-	1,366	-
Total	774	-	1,366	-
Internally Restricted Assets				
Security Bonds, Deposits & Retentions	5,300	-	4,451	-
Employee Leave Entitlements	2,432	212	2,385	193
Self Insurance	253	520	182	382
Total	7,985	732	7,018	575
Total Liabilities relating to restricted assets	**8,759**	**732**	**8,384**	**575**
Liabilities related to unrestricted assets	**24,429**	**19,310**	**22,078**	**18,103**
Total	**33,188**	**20,042**	**30,462**	**18,678**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10(b) DESCRIPTION OF AND MOVEMENTS IN PROVISIONS

The movement in each class of provision (excluding those relating to employee benefits) is presented in the table below.

Class of Provision $'000	Opening Balance	Additional Provisions/ (write backs)	Payments	Remeasurement	Closing Balance
Self Insurance	1,194	854	(349)	-	1,699
Asset Remediation	15,365	922	-	-	16,287
Carbon Tax	1,396	-	(30)	-	1,366
TOTAL	17,955	1,776	(379)	-	19,352

a. Self Insurance Provisions represent both (i) Claims incurred but not reported and (ii) Claims reported & estimated as a result of Council being a self insurer up to certain levels of excess. For public liability this limit is $150,000 ($600,000 prior to 1 July 2006) per claim/event and for professional indemnity $50,000 per claim/event.

Specific uncertainties relating to the final costs and the assumptions made in determining Provisions for Self Insurance include:

- Claims Escalation of between 1.321% and 3.500% per annum and Bond Yields of between 1.792% and 2.483% per annum over a 12 year period;
- All monetary amounts for past Workers Compensation Claims were indexed to bring them to "standardised" values at June 2015;
- Workers Compensation Claim payments projected into the future by the adopted actuarial model will be in "standardised" values as at June 2015; and
- The outstanding estimates for Public Liability & Professional Indemnity claims include medical, legal and other claim related costs.

The last actuarial assessment was undertaken in April 2015 and was performed by David A Zaman Pty Ltd, Director David Zaman,BSc, FIA, FIAA, MBA.

b. Asset Remediation Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations. An Evaluation of Costs for Landfill Closure and Post Closure Management was prepared by GHD in June 2013. Refer Note 26 for further information regarding Reinstatement, Rehabilitation and Restoration Liabilities.

c. The Carbon Tax liability is separate and distinct from the liability for remediation of the landfill site. The carbon tax repeal legislation received Royal Assent on 17 July 2014 and the bills as part of that package are law with effect from 1 July 2014. As at 30 June 2015, Council still had a present obligation to meet carbon tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 11 RECONCILIATION OF OPERATING RESULT TO NET CASH MOVEMENT FROM OPERATING ACTIVITIES

$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	5,988	7,265
Balances as per Statement of Cash Flows		**5,988**	**7,265**
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		**22,149**	**11,340**
Add:			
Depreciation and Amortisation		15,653	15,079
Increase in Provision for Doubtful Debts		53	7
Decrease in Other Current Assets		274	-
Decrease in Inventories		-	15
Increase in Payables		150	2,501
Increase in Provision for Leave Entitlements		614	-
Increase in Other Provisions		475	136
Increase in Other Current Liabilities		1,431	1,425
Unwinding of Discount Rates on Reinstatement Provisions		922	870
Fair Value Adjustments to Investment Property		-	100
		41,721	31,473
Less:			
Increase in Receivables		(1,902)	(637)
Increase in Inventories		(811)	-
Increase in Other Current Assets		-	(73)
Decrease in Provision for Leave Entitlements		-	(97)
Non Cash Contributions	11c	(3,599)	-
prior Period Error		-	(1,128)
Gain on Disposal of Assets		(1,777)	(1,255)
Fair Value Adjustments to Investment Property		(25)	-
Fair Value Adjustments to Financial Assets through Profit and Loss		(23)	(181)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from CASH FLOW STATEMENT		**33,584**	**28,102**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Note 11 RECONCILIATION OF OPERATING RESULT TO NET CASH MOVEMENT FROM OPERATING ACTIVITIES (Continued)

$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
Non Cash Contributions - Land		3,599	-
		3,599	**-**
(d) Financing Arrangements			
Unrestricted access was available at balance date to the following:			
Bank Overdraft Facilities[1]		500	500
Corporate Credit Cards		150	150
Bank Guarantee for possible Workers Compensation Claims		750	1,500
		1,400	**2,150**

Notes:

[1]The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. Interest rates on Overdrafts and Loans are disclosed in Note 15.

(e) Bank guarantees/ Loan guarantees

Under the Workers Compensation Act 1987, self insurers are required to provide financial security to ensure that other employers in the State will not be required to meet the cost of claims if these entities are not able to meet their workers compensation liabilities. As a self insurer Council has provided WorkCover with a bank guarantee for $750,000 (2014 $1.5m) to meet this requirement.

Kimbriki Environmental Enterprises Pty Ltd has provided a Bank Guarantee in the amount of $1,000,000 to the Environmental Protection Authority as a condition to the granting of a licence to Operate a dry waste facility. The amount may be drawn down by the authority if licence conditions are not met. It is not expected that this amount will be drawndown.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 12 COMMITMENTS FOR EXPENDITURE

$ '000	Notes	Actual 2015	Actual 2014
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
- Land & Buildings		17,964	1,737
- Other Structures		620	155
- Infrastructure		908	3,116
Total		**19,493**	**5,008**

Description of Commitments

Contractual commitments for capital works currently being undertaken

(b) Finance Lease Commitments			
Commitments under Finance Leases at the Reporting Date are payable as follows:			
- Not later than one year		3	9
- Later than one year and not later than 5 years		1	5
- Later than 5 years		-	-
Total		**4**	**14**
Minimum Lease Payments		4	14
less: Future Finance Charges		-	(1)
Lease Liability		**4**	**13**
Representing lease liabilities			
- Current Liabilities		3	9
- Non-Current Liabilities		1	4
Total		**4**	**13**

Description of Leases

Information Technology Equipment Leases due to expire 2017

(c) Non-cancellable Operating Lease Commitments			
- Not later than one year		232	181
- Later than one year and not later than 5 years		383	393
- Later than 5 years		-	-
Total		**615**	**574**

Description of Leases

Information Technology Equipment Leases due to expire 2018

(d) Repairs and Maintenance: Investment Property			
Contractual Obligations for future repairs and maintenance		-	-
Total		**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 13 STATEMENT OF PERFORMANCE MEASURES - CONSOLIDATED RESULTS

$ '000	Amounts 2015	Indicator 2015	2014	2013
1. Operating Performance				
Total continuing operating revenue[1] excluding capital grants and contributions less operating expenses	5,963	3.68%	3.59%	4.46%
Operating Revenue[1] excluding Capital Grants and Contributions	161,949			
2. Own Source Operating Revenue				
Total continuing operating revenue[1] less all grants and contributions	153,037	86.80%	92.85%	92.32%
Total continuing operating revenue[1] inclusive of capital grants and contributions	176,310			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions	73,888	3.43x	3.57x	4.07x
Current Liabilities less Specific Purpose Liabilities	21,554			
4. Debt Service Cover Ratio				
Operating Results[1] before capital excluding interest and depreciation/impairment/amortisation (EBTDA)	22,567	23.53x	17.76x	15.36x
Principal repayments (from the statement of cash flows) plus borrowing interest costs (from the income statement)	959			
5. Rates and Annual Charges Outstanding Percentage				
Rates and Annual Charges Outstanding	3,034	3.04%	2.98%	3.44%
Rates and Annual Charges Collectible	99,704			
6. Cash Expense Cover Ratio				
Current year's cash and cash equivalents + term deposits } x 12	83,370	7.15 months	7.55 months	7.94 months
Payments from cash flow of operating and financing activities	11,656			

Note:

[1] Excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets and net share of interests in joint ventures

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 14 INVESTMENT PROPERTIES

$ '000	Notes	Actual 2015	Actual 2014
At Fair value			
Opening Balance at 1 July		1,800	1,900
Acquisitions		-	-
Capitalised subsequent expenditure		-	-
Classified as held for sale or disposals		-	-
Net gain (loss) from fair value adjustment		25	(100)
Transfer (to) from inventories and owner occupied property		-	-
Closing Balance at 30 June		1,825	1,800
(a) Amounts recognised in profit and loss for investment property			
Rental income		145	106
Net gain (loss) from fair value adjustment		25	(100)
Direct operating expenses from property that generated rental income		(7)	(10)
Direct operating expenses from property that did not generate rental income		-	-
		163	**(4)**

(b) Contractual Obligations

Refer to Note 12 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

(c) Leasing Arrangements

The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows.

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:			
Within 1 year		143	86
Later than 1 year but less than 5 years		406	323
Later than 5 years		-	-
Total Minimum Lease Payments Receivable		**549**	**409**

Note:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15 FINANCIAL RISK MANAGEMENT

Risk Management

Council's activities expose it to a variety of financial risks including **(i)** price risk, **(ii)** credit risk, **(iii)** liquidity risk and **(iv)** interest rate risk. 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 Unit under policies approved by the Council.

Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
$'000	**2015**	**2014**	**2015**	**2014**
Financial Assets				
Cash and Cash Equivalents	5,988	7,265	5,988	7,265
Receivables	9,916	8,067	9,916	8,067
Financial Assets at Fair value through profit or loss - Held for Trading	1,158	1,283	1,158	1,283
Held-to-Maturity Investments	77,382	74,805	77,382	74,805
Total Financial Assets	**94,444**	**91,420**	**94,444**	**91,420**
Financial Liabilities				
Payables	16,937	14,951	16,937	14,951
Borrowings	5	13	5	13
Total Financial Liabilities	**16,941**	**14,964**	**16,941**	**14,964**

Note:

Refer to Note 27 for fair value information.

Cash and Cash Equivalents are not measured at Fair Value

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15 FINANCIAL RISK MANAGEMENT (continued)

$ '000

(a) Cash and Cash Equivalents
Financial Assets at Fair Value through the Profit and Loss
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 Financial Unit manages its cash and investments portfolio with the assistance of independent advisors. Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. The Policy is regularly reviewed by Council and an Investment Report provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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 these changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market.
- Interest rate risk – the risk that movements in interest rates could affect returns.
- Credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisers before placing any cash and investments.

The impact on result for the year and equity of a reasonably possible movement in the price of investments held is shown below. The reasonably possible movement was determined based on historical movements and economic conditions in place at the reporting date.

$'000	2015	2014
Impact of a 10%[1] movement in price of Investments		
- Equity	116	128
- Income Statement[2]	116	128
Impact of a 1%[1] movement in Interest Rates on Cash and Investments		
- Equity	845	834
- Income Statement[2]	845	834

Notes:
[1] Sensitivity percentages based on management's expectation of future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents and FRNs.) Recent market volatility has seen larger market movements for certain types of investments.
[2] Maximum impact.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15 FINANCIAL RISK MANAGEMENT (continued)

(b) Receivables

Council's major receivables comprise Rates & Annual Charges and 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. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

Credit risk on Rates and Annual Charges is minimised by the ability of Council to recover these debts as a secured charge over the land that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue Rates & Annual Charges which further encourages payment.

There are no significant concentrations of credit risk. The level of outstanding receivables is reported to Council quarterly and benchmarks are set and monitored for acceptable collection performance.

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

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

The profile of the Council's credit risk at reporting date was:

$'000	2015	2014
Percentage of Rates and Annual Charges		
- Current	-	-
- Overdue	100%	100%
Analysis of overdue debts		
Less than 1 year	1,681	1,572
1 to 2 years	402	376
2 to 5 years	245	229
Greater than 5 years	277	259
	2,606	**2,437**
Percentage of Other Receivables		
- Current	80%	82%
- Overdue	20%	18%
Analysis of overdue debts		
0 - 30 days overdue	3,619	2,384
30 - 60 days overdue	729	418
60 - 90 days overdue	197	188
90 days + overdue	493	333
	5,038	**3,323**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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 be extended and overdraft facilities can be drawn down in extenuating circumstances.

The contractual undiscounted cash outflows of Council's Payables & Borrowings are set out in the Liquidity Sensitivity Table below:

$'000	Due Within 1 Year	Due Between 1 and 5 Years	Due after 5 Years	Total Contractual Cash Flows	Carrying Values
2015					
Payables	16,937	-	-	16,937	**16,937**
Borrowings	3	2	-	5	**5**
Total Financial Liabilities	**16,939**	**2**	**-**	**16,941**	**16,941**
2014					
Payables	14,951	-	-	14,951	**14,951**
Borrowings	9	4	-	13	**13**
Total Financial Liabilities	**14,960**	**4**	**-**	**14,964**	**14,964**

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate on a 4 year renewal basis. The Finance Unit regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

	2015		2014	
	Weighted Average Interest Rate	Balance $'000	Weighted Average Interest Rate	Balance $'000
Overdraft	-	-	-	-
Bank Loans - Fixed	0.0%	-	0.0%	-
- Variable[1]	0.0%	-	0.0%	-
		-		-

[1] The interest rate risk applicable to Variable Rate Bank Loans is not considered significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16 MATERIAL BUDGET VARIATIONS

Council's Original Financial Budget for 2014/15 was incorporated as part of its Community Strategic Plan and was adopted by the Council on 24 June 2014.

While the Income Statement included in these General Purpose Financial Statements 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 variations between actuals and 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.

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

Note that for Variations: **F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

$ '000	2015 Budget	2015 Actual	2015 ---------- Variance ------- ---		
REVENUES					
Rates & Annual Charges	96,520	96,578	58	0%	F
User Charges & Fees	39,386	42,004	2,618	7%	F
Interest & Investment Revenue	3,325	3,305	(20)	(1%)	U
Other Revenues	10,144	11,198	1,054	10%	F
This variance is in a range of areas including recycling income and sales for Kimbriki, property lease income, parking and other fines, theatre patronage and sales, legal fee recoveries and insurance rebates and improved waste performance payments.					
Operating Grants & Contributions	8,752	8,912	160	2%	F
Capital Grants & Contributions	3,143	14,361	11,218	357%	F
This variance is principally due to significantly higher s94 A developer contributions as well as contributions related to the transfer of land by Crown Lands at fair value.					
Net Gains on the Disposal of Assets	298	1,777	1,479	496%	F
This principally relates to they earlier than expected settlement the sale of part of the property at Sturdee and Pacific Parades, Dee Why.					
Share of Net Gain - Joint Ventures & Associates	-	-	-	-	-
EXPENSES					
Employee Benefits & On-Costs	62,100	62,366	(266)	(0%)	U
Borrowing Costs	1,052	951	101	10%	F
This variance is principally due to the loan for the construction of the access road at Kimbriki not being required before the next financial year.					
Materials & Contracts	54,783	56,594	(1,811)	(3%)	U
Depreciation & Amortisation	15,721	15,653	68	0%	F
Other Expenses	20,636	20,422	214	1%	F
Share of Net Loss - Joint Ventures & Associates	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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

$'000		Contributions received during the Year						Projections			
PURPOSE	Opening Balance	Cash	Non Cash	Interest earned in Year	Exp during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Traffic Facilities	1,023	29	-	37	(292)	-	797	-	(797)	-	-
Parking	6,294	-	-	199	(4,413)	-	2,080	-	(2,080)	-	-
Open Space	12,299	201	-	437	(788)	3	12,152	-	(12,152)	-	-
Community Facilities	1,929	8	-	50	(97)	(279)	1,611	-	(1,611)	-	-
S94 Contributions - under a Plan	**21,545**	**238**	**-**	**723**	**(5,590)**	**(276)**	**16,640**	**-**	**(16,640)**	**-**	**-**
S94A Levies - under a Plan	**2,799**	**5,764**	**-**	**176**	**(3,773)**	**279**	**5,245**	**10,000**	**(15,245)**	**-**	**-**
Total S94 Revenue Under Plans	**24,344**	**6,002**	**-**	**899**	**(9,363)**	**3**	**21,885**	**10,000**	**(31,885)**	**-**	**-**
S94 not under Plans	719	-	-	-	-	(3)	716	-	(716)	-	-
Total Contributions	**25,063**	**6,002**	**-**	**899**	**(9,363)**	**-**	**22,601**	**10,000**	**(32,601)**	**-**	**-**
Less: Land	(716)	-	-	-	-	-	(716)	-	716	-	-
Total Cash Contributions	**24,347**	**6,002**	**-**	**899**	**(9,363)**	**-**	**21,885**	**10,000**	**(31,885)**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17 STATEMENT OF DEVELOPER CONTRIBUTIONS (continued)

$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

$'000		Contributions received during the Year							Projections		
PURPOSE	Opening Balance	Cash	Non Cash	Interest earned in Year	Exp during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Traffic Facilities	1,023	29	-	37	(292)	-	**797**	-	(797)	-	-
Parking	6,294	-	-	199	(4,413)	-	**2,080**	-	(2,080)	-	-
Open Space	12,299	201	-	437	(788)	3	**12,152**	-	(12,152)	-	-
Community Facilities	1,929	8	-	50	(97)	(279)	**1,611**	-	(1,611)	-	-
Total	**21,545**	**238**	**-**	**723**	**(5,590)**	**(276)**	**16,640**	**-**	**(16,640)**	**-**	**-**

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN

$'000		Contributions received during the Year							Projections		
PURPOSE	Opening Balance	Cash	Non Cash	Interest earned in Year	Exp during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Other	2,799	5,763	-	176	(3,772)	279	5,245	10,000	(15,245)	-	-
Total	2,799	5,763	-	176	(3,772)	279	5,245	10,000	(15,245)	-	-

S94 LEVIES - NOT UNDER A PLAN

$'000		Contributions received during the Year							Projections		
PURPOSE	Opening Balance	Cash	Non Cash	Interest earned in Year	Exp during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Other	3	-	-	-	-	(3)	-	-	-	-	-
Land	716	-	-	-	-	-	716	-	(716)	-	-
Total	719	-	-	-	-	(3)	716	-	(716)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 18 CONTINGENCIES

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

CONTINGENT LIABILITIES

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 Scheme's most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Scheme's 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 *Employee Benefits*. Further contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable. The defined benefit element of the scheme is now closed to new members.

(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 Councils 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 June 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) WorkCover

Council provides bank guarantees to the value of $750,000 to secure its self-insurance license for Workers Compensation. The guarantee is provided to WorkCover NSW.

(iv) Other Guarantees

Kimbriki Environmental Enterprises Pty Ltd has provided a Bank Guarantee in the amount of $1,000,000 to the Environmental Protection Authority as a condition to the granting of a licence to Operate a dry waste facility. The amount may be drawn down by the authority if licence conditions are not met. It is not expected that this amount will be drawndown.

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(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 and S94A Plans

Council has significant obligations to provide Section 94 and Section 94A infrastructure. It is possible that funds contributed may be less than the cost of this infrastructure requiring Council to borrow or use general revenue to fund the difference. (Refer Note 17).

(iii) Legal Expenses

Council is ordinarily the planning consent authority for its area under the Environmental Planning & Assessment Act 1979. Pursuant to that Act, certain persons dissatisfied by a planning decision of the Council may appeal to the Land & Environment Court. It is the Court's normal practice in Class 1 proceedings that parties bear their own legal costs. In class 4 (or judicial review) proceedings, costs usually follow the event.

At the date of these reports, Council had notice of one (1) appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Council is involved in other litigation (including other Land and Environment Court proceedings, civil liability proceedings and Local Court prosecutions). Whilst these matters are unlikely to cost Council in excess of $100,000 individually (subject to the comments below), the amount of further costs cannot be known until these proceedings are concluded.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 18 CONTINGENCIES (Continued)

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

CONTINGENT ASSETS

(i) 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 and including 30 June 2008.

(ii) Infringement Notices/Fines

Fines and 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 Year End, there is a potential asset due to Council not recognising 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.

(iii) Building Commencements

There were no current construction certificates on hand awaiting collection.

There is still building activity that may have commenced without proper approval and payment of appropriate fees. However, the number has dropped significantly due to ongoing investigations and monthly audits that were implemented to monitor the possibility of further unlawful works.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19 INTERESTS IN OTHER ENTITIES

Interests in subsidiaries

(a) Composition of the Group

Subsidiaries	Principal place of business	Percentage Owned % 2015	Percentage Owned % 2014
Kimbriki Environmental Enterprises Pty Limited	Kimbriki Road, Ingleside, NSW	51%	51%

The percentage ownership interest held is equivalent to the percentage voting rights.

Controlled entities with ownership interest of 50% or less

Council does not have any subsidiaries with an ownership interest of less than 50%.

(b) Significant restrictions relating to subsidiaries

Council is the majority shareholder in Kimbriki Environmental Enterprises Pty Limited (Company). The Company commenced operating its waste and recycling business on 1 July 2009 with a lease over the Council owned site for a period of 25 years. The three minority shareholders in the Company are Manly, Mosman and Pittwater Councils.

The Shareholder Agreement requires that a Super Majority Consent of Shareholders (majority shareholder plus one other shareholder) is required for the following decisions:

- any decision of the company to require the Councils to subscribe for further Shares to fund the continuing operation of the Company.
- any decision of the shareholders in relation to any of the following matters:
  - o any lease of the Kimbriki Facility from Warringah;
  - o any call offer in favour of Warringah to purchase the Kimbriki Residential Properties (assuming the Company acquires them); and
  - o any Collection Contract between the Company and Warringah Council.

Further, an Extraordinary Majority Consent of Shareholders (majority shareholder plus two other shareholders) is required for any decision relating to:

- Constitution amendment: any amendment to the constitution documents of the Company;
- Liquidation: the liquidation of winding up of the Company;
- Capital reorganisation: any reorganisation, reclassification, reconstruction, consolidation or subdivision of the capital of the Company, including any buyback or redemption of Shares, or the creation of any different class of marketable securities in the capital of, the Company;
- Significant investments: any agreement by the Company to purchase any asset, make any investment or otherwise commit to a project with a value in a single case, or any number of cases with the same vendor or other contracting party (or person associated with them) in any year with an aggregate value, exceeding $2,500,000;
- Bonus issue: the issue of any bonus shares in the capital of the Company; and
- Share offers: any issue of marketable securities in the capital of the Company, except where this agreement expressly permits otherwise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19 INTERESTS IN OTHER ENTITIES (continued)

(c) Subsidiaries with material Non-Controlling Interests (NCI)

	Kimbriki Environmental Enterprises Pty Limited	
	2015	2014
% Ownership held by NCI	49%	49%
	$'000	$'000
Profit/(Loss) allocated to NCI	1,952	984
Accumulated NCI of subsidiary	9,608	8,050
Dividends paid to NCI	394	452
Summarised statement of financial position		
Current assets	22,133	17,929
Non-current assets	7,265	6,187
Current liabilities	5,307	4,277
Non-current liabilities	4,480	3,407
Net assets	19,611	16,432
Summarised statement of profit and loss and other comprehensive income		
Revenue	31,990	27,828
Profit/(Loss)	3,983	2,009
Total Comprehensive Income	3,983	2,009
Summarised statement of cash flows		
Cash flows from operating activities	5,573	4,492
Cash flows from investing activities	(1,831)	(1,870)
Cash flows from financing activities	(804)	(922)
Net increase / (decrease) in cash and cash equivalents	2,938	1,700

(d) Consequences of changes in a Council's ownership interest in a subsidiary that do not result in a loss of control

Disposal of ownership interest

Council did not dispose of any ownership interest in a subsidiary during the year.

Acquisition of ownership interest

Council did not acquire additional ownership interest in a subsidiary during the year.

Interests in Joint Arrangements

Council was not involved in any joint arrangements during the year.

Interests in Associates

Council does not have any interests in associates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 20 RETAINED EARNINGS AND REVALUATION RESERVES

$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year		2,348,784	2,339,980
Adjustment to correct Prior Period Errors	20d	-	(575)
Adjustment for Changes in Accounting Policies	20e	-	(977)
Transfer from Revaluation Reserve		165	-
Net Operating Result for the Year		20,197	10,356
Balance at end of Year		2,369,146	2,348,784
(b) Reserves			
Infrastructure, Property, Plant & Equipment Revaluation Reserve		492,193	144,312
Total		**492,193**	**144,312**
Movements			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
Balance at beginning of Year		144,312	144,312
Adjustment to correct Prior Period Errors	20d	-	-
Transfer to Retained Earnings on Disposals		(165)	-
Revaluations for the year	9a	348,046	-
Balance at end of Year		**492,193**	**144,312**

(c) Nature and Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets.

(d) Correction of Errors in Previous Periods

Land Tax applicable to the operation of the Waste Landfill at Kimbriki Environmental Enterprises	-	575

(e) Changes in Accounting Policies

Warringah and Pittwater Councils share a Direct Service Agreement with the NSW Rural Fire Service. This arrangement was previously treated as a joint venture and accounted for using the equity method. Upon the first time application of accounting standards AASB 10 and AASB 11, Council reassessed this accounting policy and determined that it did not control, or share joint control, the activities of the service. Accordingly, each Council will separately account for its own expenses in respect to the services provided by the NSW Rural Fire Service.	-	977

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 21 RESULTS BY FUND

Council does not have any Water or Sewer Funds.

NOTE 22 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

$ '000	Actual 2015	Actual 2014
Land	7,776	7,952
Buildings	373	373
Total Non-Current Assets Held for Sale	**8,149**	**8,325**

Council has a number of properties which it has made a decision to dispose of. The properties are currently available for sale and are in the process of being actively marketed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23 EVENTS OCCURRING AFTER REPORTING DATE

Events that occur after the reporting date of 30 June 2015, up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing this financial report.

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

Accordingly, the "authorised for issue" date is 05 August 2015.

Events that occur after the Reporting Date represent one of two types:

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial reports (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial reports (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2015 and which are indicative of conditions that arose after 30 June 2015.

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

NOTE 24 DISCONTINUED OPERATIONS

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

NOTE 25 INTANGIBLE ASSETS

$ '000	Notes	Actual 2015	Actual 2014
At Cost		3,403	2,595
Accumulated Amortisation & Impairment		-	-
Net Book Amount		3,403	2,595
Movements for the year			
Opening Net Book Amount		2,595	1,991
Additions - internal development		808	604
Amortisation Charge		-	-
Closing Net Book Amount [1]		**3,403**	**2,595**

Notes:

[1] Development costs relating to gaining planning approvals for the right to build an alternate/advanced waste facility on the Kimbriki site.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26 REINSTATEMENT, REHABILITATION & RESTORATION LIABILITIES

ASSET REMEDIATION

Council is required by law to restore the present tip site at Kimbriki to passive open space at the end of its useful life. The projected cost of this restoration is $191 million based on a Landfill Closure and Post Closure Management Evaluation of Costs Report and has been discounted to its present value at 6% per annum being the risk-free cost of borrowing to Council.

$ '000	Note	Actual 2015	Actual 2014
At beginning of year		15,365	14,495
Amounts capitalised to Tip asset			
Amortisation of discount - expensed to borrowing costs		922	870
At end of year		**16,287**	**15,365**

Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

Provisions for close down and restoration and for environmental clean up costs – Tips

Restoration

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down and restoration costs are a normal consequence of tip operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

Other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the income statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost. Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27 FAIR VALUE MEASUREMENT

The Council measures the following assets and liabilities at fair value on a recurring basis.

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets

During a reporting period Council will measure non-current assets classified as held for sale at fair value on a non-recurring basis if their carrying amount is higher than their fair value and therefore the assets needs to be written down to fair value. They are measured at the lower of their carrying amount and fair value less costs to sell. During the current reporting period, there were no assets measured at fair value on a non-recurring basis.
Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Fair value hierarchy
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	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Council

2015	Note	Level 2 Significant observable inputs $'000	Level 3 Significant unobservable inputs $'000	Total $'000
Recurring fair value measurements				
Financial assets				
Investments				
- At fair value through profit or loss	6	-	1,158	1,158
Investment Properties				
Commercial Office and Retail	14	-	1,825	1,825
Infrastructure, Property, Plant and Equipment				
Plant & Equipment	9	-	4,908	4,908
Office Equipment	9	-	2,671	2,671
Furniture & Fittings	9	-	244	244
Plant & Equipment – Leased	9	-	4	4
Operational Land	9	-	144,798	144,798
Community Land	9	-	1,434,167	1,434,167
Land Under Roads	9	-	2,096	2,096
Buildings – Non Specialised	9	-	149,111	149,111
Buildings – Specialised	9	-	53,197	53,197
Other Structures	9	-	57,799	57,799
Roads	9	-	397,721	397,721
Bridges	9	-	6,793	6,793
Footpaths	9	-	39,567	39,567
Drainage Infrastructure	9	-	440,242	440,242
Swimming Pools	9	-	11,411	11,411
Other Open Space/Recreational Assets	9	-	49,552	49,552
Library Books	9	-	1,539	1,539
Tip Remediation	9	-	9,986	9,986
Total		**-**	**2,808,789**	**2,808,789**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Valuation Techniques

Level 3 Measurements

Financial Assets

Investments - At fair value through profit or loss are represented by Class A notes in the Emerald Reverse Mortgage Series 2006-1. 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. The best evidence of fair value is the current price in an active market for similar assets. The market for Australian mortgage backed securities, regardless of the robustness of the structure, is highly illiquid as a direct consequence of the global financial crisis. This has caused difficulties in valuing the security as there is limited "price discovery" in the market. At this stage, opportunistic bids for this tranche would be expected in the mid-70c in the dollar area. There has been no change to the valuation process during the reporting period.

Investment Property

Council obtains independent valuations of its investment property on an annual basis and at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation. The best evidence of fair value is the current price in an active market for similar assets. The investment property valuation is included in level 3 of the hierarchy. The key unobservable input to the valuation is the price per square metre.

The fair value of the investment property is determined by an independent, qualified valuer on an annual basis who has experience in the location of the property. The Council reviews the valuation report and discusses significant movements with the valuer. As at 30 June 2015 the valuation of the investment property was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practicing Valuer, Registered Valuer No. 2144. There has been no change to the valuation process during the reporting period.

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment — Trucks, tractors, jet skis, ride-on mowers, street sweepers, earthmoving equipment, buses and motor vehicles
- Office Equipment — Refrigerators, electronic whiteboards, flat-screen monitors and computer equipment.
- Furniture & Fittings — Chairs, desks and display systems

The key unobservable inputs to the valuation are the remaining useful life and preserved value. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Plant & Equipment Leased

Plant & Equipment Leased is valued at cost but is disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. The assets within this class are all printers and/or photocopiers.

The key unobservable input to the valuation is the interest rates. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets as well as the remaining term of the lease, present value of the minimum lease payment and interest rates. There has been no change to the valuation process during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken at 30 June 2013 and was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practicing Valuer, Registered Valuer No. 2144.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

Community Land

Valuations of all Council's Community Land and Council managed land were based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3. There has been no change to the valuation process during the reporting period.

Land Under Roads

Council has elected to recognise Land Under Roads where the road was acquired on or after 1 July 2008. 'Land under roads' have been valued using the square metres rates applicable for nearby or adjacent Community Land having regard to the highest and best use for this land. There has been no change to the valuation process during the reporting period.

Buildings – Non specialised and Specialised

Buildings were valued by APV Valuers and Asset Management in June 2015 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 all buildings were physically inspected inputs such as estimates of preserved value and pattern of consumption 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.

Other Structures

This asset class comprises boardwalks, boat ramps, viewing platforms, tennis shelters, floodlighting systems, skate facilities, irrigation systems, jetties, pedestrian bridges, water tanks, retaining walls and seawalls. Other Structures were valued by APV Valuers and Asset Management in June 2015 using the cost approach. The cost approach estimated the replacement cost for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Roads

This asset class comprises the road carriageway, Bus Shelters, Car parks, Guardrails, Kerb and Gutter, Retaining walls, Suburb Markers and Traffic facilities. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure. Road Assets were valued by APV Valuers and Asset Management in June 2015 using the cost approach utilising the detailed pavement information residing in Council's Pavement Management System - "PARMMS® Road Manager" (PMS).

The cost approach was utilised with inputs such as estimates pattern of consumption, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Bridges

Bridges were valued by APV Valuers and Asset Management in June 2015 using the cost approach. The approach estimated the replacement cost for each bridge by componentising the bridges into significant parts with different useful lives and taking into account a range of factors. The components included the Bridge Deck/Superstructure, Bridge Abutments/Foundations and Bridge rails/handrails

Inputs such as estimates of the pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

Footpaths

Footpaths were valued by APV Valuers and Asset Management in June 2015 using the cost approach. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally mapped and condition assessed using a combination of video condition assessment and physical inspection. Condition information is updated as changes in the network are observed through regular inspections. There has been no change to the valuation process during the reporting period.

Drainage Infrastructure

Drainage infrastructure was valued by APV Valuers and Asset Management in June 2015 using the cost approach. Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Swimming Pools

Assets within this class comprise the swimming pools at Council's aquatic centre and rock pools. The indoor pool at the aquatic centre was valued by APV Valuers and Asset Management as part of the Building Assets valuation in June 2015 using the cost approach, while the outdoor pools at the aquatic centre and rock pools were valued by APV Valuers and Asset Management as part of the Other Structures Assets valuation in June 2015 using the cost approach. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors.

Inputs such as estimates of the pattern of consumption, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period. There has been no change to the valuation process during the reporting period.

Other Open Space/Recreational Assets

Assets within this class comprise tennis courts and fencing, synthetic turf surfaces, barbeques, pathways, stairs and paving, retaining walls and playground equipment which were valued by APV Valuers and Asset Management (APV) in June 2015 using the cost approach.

Inputs such as estimates of the pattern of consumption, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period. There has been no change to the valuation process during the reporting period.

Library Books

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption and the estimated remaining useful life. There has been no change to the valuation process during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Tip Remediation

The Kimbriki Resource Recovery Centre (RRC) is located off Mona Vale Road, at Terrey Hills, in northern Sydney. The RRC encompasses a landfilling operation as well as a wide range of waste disposal services, resource recovery services, recycled and reclaimed products, and waste management educational activities. It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill site.

Closure of the landfill will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill waste and site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure.

An Evaluation of Costs for Landfill Closure and Post Closure Management was prepared by GHD in June 2013. The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been no change to the valuation process during the reporting period.

Reconciliation of Movements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	2015 $'000
Balance at 1 July	2,440,901
Total gains or losses for the year	
Recognised in profit or loss - realised	1,967
Recognised in profit or loss – unrealised	23
Other movements	
Purchases	36,381
Sales	(3,575)
Depreciation	(15,653)
Revaluations	348,046
Reversal of Revaluation Reserve	(165)
Transfer from Non-Current Assets Held for Resale	56
Disposal Assets Held for Resale	119
Adjustments/Transfers	689
Transfers into Level 3	-
Transfers out of Level 3	-
Balance as at 30 June	2,808,789

There are no transfers identified in the table above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Unobservable Inputs and sensitivities

Asset / Liability category	Carrying amount (at fair value) $'000	Key unobservable inputs*	Expected range of inputs	Description of how changes in inputs will affect the fair value
Investments – At fair value through profit or loss	1,158	• Unit Price	• $0.70 to $1.00	Significant changes in the estimated unit price would result in significant changes to fair value measurement.
Investment Property	1,825	• Estimated rental Value (rate per square metre) • Rental Yield	• $3,543 - $5,063 (per square metre) • 7.0% - 9.2%	Significant changes in the estimated rental value or yield would result in significant changes to fair value measurement.
Plant & Equipment, Office Equipment and Furniture & Fittings	7,823	• Gross Replacement Cost • Remaining useful life • Preserved value	• Varies significantly from asset to asset • 5 to 20 years • 0% to 40%	Significant changes in the gross replacement value, pattern of consumption affecting the remaining useful life or preserved value would result in significant changes to fair value measurement.
Plant & Equipment Leased	4	• Gross Replacement Cost • Interest rates	• Varies significantly from asset to asset • 8% to 12%	Significant changes in the gross replacement value or interest rates would result in significant changes to fair value measurement.
Operational Land	144,798	• Price per square metre	• $100 - $2,000 (per square metre)	Significant changes in the price per square metre would result in significant changes to fair value measurement.
Community Land	1,434,167	• Unimproved Capital Value (price per square metre)	• $4 - $3,242 (per square metre)	Significant changes in the price per square metre based on the unimproved capital value would result in significant changes to fair value measurement.
Land Under Roads	2,096	• Unimproved Capital Value (price per square metre)	• $97 (per square metre)	Significant changes in the price per square metre would result in significant changes to fair value measurement.
Buildings	202,308	• Gross Replacement Cost • Asset Condition • Remaining useful life • Preserved value	• Varies significantly from asset to asset • Very poor to excellent • 2 - 100 years • 0% to 80%	Significant changes in the gross replacement value, asset condition, pattern of consumption affecting the remaining useful life or preserved value would result in significant changes to fair value measurement.
Other Structures	57,799	• Gross Replacement Cost • Asset Condition • Remaining useful life • Preserved value	• Varies significantly from asset to asset • Very poor to excellent • 2 - 100 years • 0% to 70%	Significant changes in the gross replacement value, asset condition, pattern of consumption affecting the remaining useful life or preserved value would result in significant changes to fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Asset / Liability category	Carrying amount (at fair value) $'000	Key unobservable inputs*	Expected range of inputs	Description of how changes in inputs will affect the fair value
Roads	397,721	• Gross Replacement Cost • Asset Condition • Remaining useful life • Preserved value	• Varies significantly from asset to asset • Poor to excellent • 2 - 100 years • 0% to 100%	Significant changes in the gross replacement value, asset condition, pattern of consumption affecting the remaining useful life or preserved value would result in significant changes to fair value measurement.
Bridges	6,793	• Gross Replacement Cost • Asset Condition • Remaining useful life • Preserved value	• Varies significantly from asset to asset • Poor to excellent • 25 - 50 years • 40%	Significant changes in the gross replacement value, asset condition, pattern of consumption affecting the remaining useful life or preserved value would result in significant changes to fair value measurement.
Footpaths	39,567	• Gross Replacement Cost • Asset Condition • Remaining useful life • Preserved value	• Varies significantly from asset to asset • Poor to excellent • 0 - 100 years • 0% to 50%	Significant changes in the gross replacement value, asset condition, pattern of consumption affecting the remaining useful life or preserved value would result in significant changes to fair value measurement.
Drainage Infrastructure	440,242	• Gross Replacement Cost • Asset Condition • Remaining useful life • Preserved value	• Varies significantly from asset to asset • Very poor to excellent • 0 - 100 years • 0% to 100%	Significant changes in the gross replacement value, asset condition, pattern of consumption affecting the remaining useful life or preserved value would result in significant changes to fair value measurement.
Swimming Pools	11,411	• Gross Replacement Cost • Asset Condition • Remaining useful life • Preserved value	• Varies significantly from asset to asset • Average to excellent • 10 - 40 years • 0% to 50%	Significant changes in the gross replacement value, asset condition, pattern of consumption affecting the remaining useful life or preserved value would result in significant changes to fair value measurement.
Other Open Space/Recreational Assets	49,552	• Gross Replacement Cost • Asset Condition • Remaining useful life • Preserved value	• Varies significantly from asset to asset • Poor to excellent • 5 - 100 years • 0% to 50%	Significant changes in the gross replacement value, asset condition, pattern of consumption affecting the remaining useful life or preserved value would result in significant changes to fair value measurement.
Library Books	1,539	• Gross Replacement Cost • Asset Condition • Remaining useful life • Preserved value	• Varies significantly from asset to asset • Poor to excellent • 5 to 15 years • 0% to 10%	Significant changes in the gross replacement value, asset condition, pattern of consumption affecting the remaining useful life or preserved value would result in significant changes to fair value measurement.
Tip Remediation	9,986	• Discount Rate • Cost escalation rate	• 6% • 3%	Significant changes in the discount rate or cost escalation rate would result in significant changes to fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Transfers between levels of the hierarchy

The following assets/ liabilities that are measured at fair value on a recurring basis have been subject to a transfer between levels of the hierarchy.

Council's policy for determining when transfers into different levels of the hierarchy have occurred is at the end of the reporting period.

Transfers from Level 2 to Level 3

Asset/ Liability	$'000
Nil	

Transfers from Level 3 to Level 2

Asset/ Liability	$'000
Nil	

Highest and best use

All assets valued at fair value in this note are being used for their highest and best use.

GENERAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying ***general purpose financial statements*** of ***Warringah Council***, which comprises the Statement of Financial Position as at 30 June 2015, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

The Council is 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. 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 the financial statements that are 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 the financial statements 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 statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

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 judgement, 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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements. Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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.

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; and

(b) the financial statements:
- (i) have been presented in accordance with the requirements of this Division;
- (ii) are consistent with the Council's accounting records;
- (iii) present fairly the Council's financial position, the results of its operations and its cash flows; and
- (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

(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 we have become aware of during the course of the audit.

HILL ROGERS SPENCER STEER

BRETT HANGER
Partner

Dated at Sydney this 5th day of August 2015

ANNUAL FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

5 August 2015
The Mayor
Warringah Council
Pittwater Road
DEE WHY NSW 2099

Audit Report - Year Ended 30 June 2015

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2015 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Statements of the Council. We have ensured that the financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

1. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a surplus of $20.197 million as compared with $10.356 million in the previous year.

The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

	2015 $000	% of Total	2014 $000	% of Total	Increase (Decrease) $000
Revenues before capital Items					
Rates & annual charges	96,578	59%	93,225	61%	3,353
User charges, fees & other revenues	54,979	34%	48,174	32%	6,805
Grants & contributions provided for operating purposes	8,912	5%	6,320	4%	2,592
Interest & investment revenue	3,305	2%	3,887	3%	(582)
	163,774	100%	**151,606**	100%	**12,168**
Expenses					
Employee benefits & costs	62,366	40%	58,989	41%	3,377
Materials, contracts & other expenses	77,016	49%	70,003	48%	7,013
Depreciation, amortisation & impairment	15,653	10%	15,079	10%	574
Borrowing costs	951	1%	945	1%	6
	155,986	100%	**145,016**	100%	**10,970**
Surplus (Deficit) before capital Items	**7,788**		**6,590**		**1,198**
Grants & contributions provided for capital purposes	14,361		4,750		9,611
Surplus before non-controlling Interests	**22,149**		**11,340**		**10,809**
Attributable to non-controlling interests	(1,952)		(984)		(968)
Net Surplus (Deficit) for the year	**20,197**		**10,356**		**9,841**

Performance Measures	**2015**	**2014**
Operating Performance	3.68%	3.59%
Own Source Operating Revenue	86.80%	92.85%

The above table shows an overall increase of **$9.841 million** from the previous year. The increase can be primarily attributed to increased grants and contributions received for capital purposes; which included a contribution of Crown land amounting to **$3.599 million.**

Operating Performance measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2015, this indicator was **3.68%** and exceeded the benchmark of **0%**.

Own Source Operating Revenue measures the degree of reliance on external funding sources such as grants and contributions. For 2015, this indicator was **86.80%** and exceeded the benchmark of **60%.**

1.2 Funding Result

As the operating result only accounts for operating income and expenditure, in reviewing the overall financial performance of Council, it is useful to consider the total source of revenues and how they were applied during the year which is illustrated in the table below.

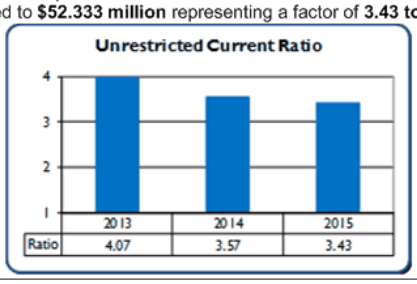
	2015 $000	2014 $000
Funds were provided by:-		
Operating Result (as above)	**20,197**	**10,356**
Add back non funding items:-		
- Depreciation, amortisation & impairment	15,653	15,079
- Book value of non-current assets sold	1,531	944
- Non-cash contributions of assets acquired	(3,599)	0
- (Gain)/Loss of fair value to investment properties	(25)	100
	33,757	26,479
Decrease/Redemption of non-current Investments	2,125	4
Transfers from externally restricted assets (net)	0	3,944
Increase in minority interests	1,558	0
Net Changes in current/non-current assets & liabilities	2,286	0
	39,726	30,427
Funds were applied to:-		
Purchase and construction of assets	(35,964)	(30,718)
Finance lease instalments	(8)	(261)
Transfers to externally restricted assets (net)	(978)	0
Transfers to internal reserves (net)	(191)	(447)
Decrease in minority interests	0	(21)
Net Changes in current/non current assets & liabilities	0	(180)
	(37,141)	(31,627)
Increase/(Decrease) in Available Working Capital	**2,585**	**(1,200)**

2. FINANCIAL POSITION

2.1 Unrestricted Current Ratio

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to **$52.333 million** representing a factor of **3.43 to 1**.



INDEPENDENT AUDITORS' REPORT

2.2 *Available Working Capital – (Working Funds)*

At the close of the year the Available Working Capital of Council stood at **$51.035 million** as detailed below;

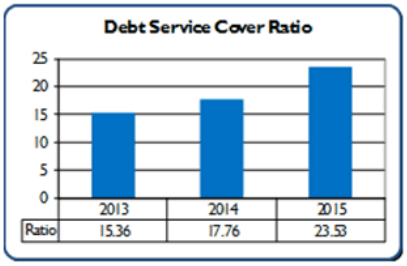
	2015	2014	Change
	$000	$000	$000
Net Current Assets (Working Capital) as per Accounts	**69,550**	**66,812**	2,738
Add Payables & provisions not expected to be realised in the next 12 months included above	10,387	9,679	708
Adjusted Net Current Assets	79,937	76,491	3,446
Add Budgeted & expected to pay in the next 12 months			
- Borrowings	3	9	(6)
- Employees leave entitlements	6,250	5,356	894
- Self insurance claims	371	216	155
- Other provisions	0	31	(31)
- Deposits & retention moneys	1,214	1,918	(704)
Less: Externally restricted assets	(27,604)	(26,626)	(978)
Less: Internally restricted assets	(9,136)	(8,945)	(191)
Available Working Capital as at 30 June	**51,035**	**48,450**	**2,585**

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside to fund future works and services and liabilities, Council's Available Working Capital at year end was sound.

2.3 *Debt*

After repaying principal and interest of **$37,000**, total debt was reduced to only **$5,000** as at 30 June 2015.

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2015, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of **23.53 to 1**.



2.4 Summary

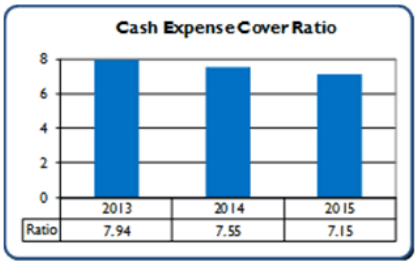
Council's overall financial position, when taking into account the above financial indicators is, in our opinion, sound.

3. CASH ASSETS

3.1 *Cash Expense Cover Ratio*

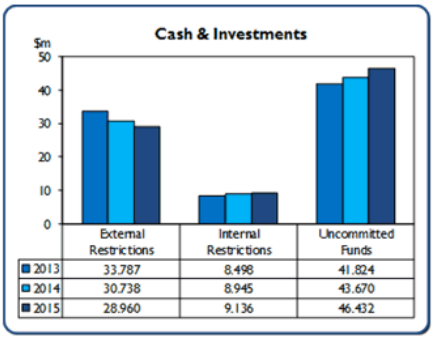
This liquidity ratio indicates the number of months of expenditure requirements that can be meet with available cash and term deposit balances without the need for additional cash inflow.

For 2015, this ratio stood at **7.15** months compared to the benchmark of **3.**



3.2 *Cash & Investment Securities*

Cash and investments amounted **$84.528** million at 30 June 2015 as compared with **$83.353** million in 2014 and **$84.109** million in 2013. The chart below summarises the purposes for which cash and investments securities were held.



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended development contributions under Section 94 (**$21.885** million), domestic waste management charges ($5.907 million) and specific purpose grants and contributions (**$1.168** million).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's **"Reserves"**. These Reserves totalled **$9.136** million and their purposes are more fully disclosed in Notes 6 of the financial statements.

Unrestricted cash and investments amounted to **$46.432** million, which is available to provide liquidity for day to day operations and forms the basis of Council's sound financial position.

INDEPENDENT AUDITORS' REPORT

3.3 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash decreased by **$1.277** million to **$5.988** million at the close of the year.

In addition to operating activities which contributed net cash of **$33.584** million were the proceeds from the sale of investment securities (**$127.495** million) and sale of assets (**$3.427** million). Cash outflows other than operating activities were used to purchase investment securities (**$129.924** million), pay finance lease instalments (**$8,000**), pay dividends to minority interests in Kimbriki Environmental Enterprises Pty Limited (**$394,000**) and to purchase and construct assets (**$35.457** million).

4. RECEIVABLES

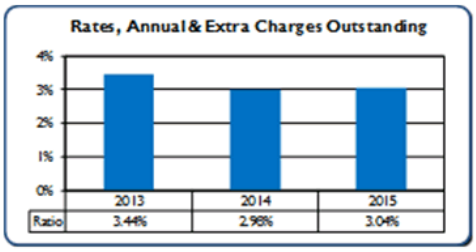
4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled **$96.578** million and represented **54%** of Council's total revenues.

Including arrears, the total rates and annual charges collectible was **$99.015** million of which **$96.409** million (**97%**) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at **$3.034** million at the end of the year and represented **3.04%** of those receivables.



4.3 Other Receivables

Receivables (other than rates & annual charges) totalled **$7.042** million. Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to **$160,000**.

5. PAYABLES

5.1 Self Insurance

Workers Compensation insurance claims have been actuarially assessed at **$773,000** (2014 - **$564,000**). A bank guarantee of **$750,000** is held to cover claims as required by the Workcover Authority of NSW.

Public Liability & Professional Indemnity claims payable by Council (ie up to the excess layer) have been actuarially assessed at **$926,000** (2014 - **$630,000**) and is fully funded with internally restricted cash and investments.

5.2 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to **$14.082** million. Internally restricted cash and investments of **$2.644** million was held representing **19%** of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

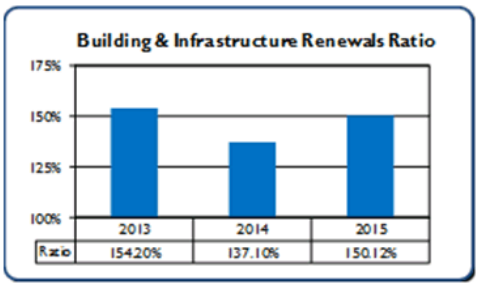
5.3 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to **$5.3** million and were fully funded by internally restricted cash and investments.

6. BUILDING AND INFRASTRUCTURE RENEWALS

The Building and Infrastructure Renewals ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.

Special Schedule No. 7 discloses that asset renewals for 2015 represented **150%** of the depreciation charges for these assets. An industry benchmark is considered to be **100%**, measured annually over the long term.



7. REVALUATION OF ASSETS

Council's infrastructure, property, plant and equipment are required to be carried at fair value with revaluations of each asset class to be performed at least every five years.

During the year, buildings and infrastructure assets were revalued. This resulted in a net increase of **$348** million that was credited directly to Equity. Notes 1(m) and 9 of the financial statements provide further details.

8. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 6 May 2015. This included our recommendations on possible ways to strengthen and/or improve procedures and management's comments and proposed actions.

9 CONCLUSION

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit and once again commend management for the early completion and presentation of the financial statements.

Yours faithfully,
HILL ROGERS SPENCER STEER

BRETT HANGER
Partner

ANNUAL FINANCIAL STATEMENTS

SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

CONTENTS

	Page
Statement by Councillors & Management	85
Income Statement of Other Business Activities	86
Balance Sheet of Other Business Activities	88
Notes to the Special Purpose Financial Reports	90
Auditor's Report	92

BACKGROUND

The Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.

The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market 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.

For Council, the principle of competitive neutrality and public reporting applies only to declared business activities. These include (a) those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and (b) those activities with a turnover of over $2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

In preparing these financial reports 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).

SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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"*
- 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.

To the best of our knowledge and belief, these Reports:

- 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 reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 4 August 2015.

Michael Regan
MAYOR

Jose Menano-Pires
COUNCILLOR

Rik Hart
GENERAL MANAGER

David Walsh
RESPONSIBLE ACCOUNTING OFFICER

SPECIAL PURPOSE FINANCIAL STATEMENTS

INCOME STATEMENT OF COUNCIL'S OTHER BUSINESS ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2015

	Children Services		Kimbriki	
$ '000	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Income from continuing operations				
Access charges	6,219	5,267	27,598	23,755
User charges	-	-	-	-
Fees	-	-	-	-
Interest	-	-	406	508
Grants and contributions provided for non capital purposes	444	451	1,018	742
Profit from the sale of assets	-	-	-	28
Other income	16	11	2,968	2,795
Total income from continuing operations	**6,679**	**5,729**	**31,990**	**27,828**
Expenses from continuing operations				
Employee benefits and on-costs	4,980	4,570	4,314	4,002
Borrowing costs	-	-	-	-
Materials and contracts	1,298	953	10,445	9,785
Depreciation and impairment	58	54	458	429
Loss on sale of assets	-	-	295	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	71	87	12,495	11,603
Total expenses from continuing operations	**6,407**	**5,664**	**28,007**	**25,819**
Surplus (deficit) from Continuing Operations before capital amounts	**272**	**65**	**3,983**	**2,009**
Grants and contributions provided for capital purposes	-	-	811	-
Surplus (deficit) from Continuing Operations after capital amounts	**272**	**65**	**4,794**	**2,009**
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	**272**	**65**	**4,794**	**2,009**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(82)	(20)	(1,195)	(603)
SURPLUS (DEFICIT) AFTER TAX	**190**	**45**	**3,599**	**1,406**
plus Opening Retained Profits	4,580	3,104	16,432	16,473
plus/less: Prior Period Adjustments	-	-	-	(1,128)
plus/less: Allocation Adjustments related to IPPE	594	1,411	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	82	20	1,195	603
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	(804)	(923)
Closing Retained Profits	**5,446**	**4,580**	**20,422**	**16,431**
Return on Capital %	5.8%	1.3%	103.1%	55.9%
Subsidy from Council		-		-

INCOME STATEMENT OF COUNCIL'S OTHER BUSINESS ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2015

	Glen Street Theatre		Construction Certificate Certification	
$ '000	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Income from continuing operations				
Access charges	-	-	-	-
User charges	-	-	310	297
Fees	1,238	772	-	-
Interest	9	1	-	-
Grants and contributions provided for non capital purposes	-	5	-	-
Profit from the sale of assets	-	-	-	-
Other income	466	367	-	-
Total income from continuing operations	**1,713**	**1,145**	**310**	**297**
Expenses from continuing operations				
Employee benefits and on-costs	1,123	934	711	749
Borrowing costs	-	-	-	-
Materials and contracts	1,079	658	62	59
Depreciation and impairment	105	103	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	91	110	2	2
Total expenses from continuing operations	**2,398**	**1,805**	**775**	**810**
Surplus (deficit) from Continuing Operations before capital amounts	**(685)**	**(660)**	**(465)**	**(513)**
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	**(685)**	**(660)**	**(465)**	**(513)**
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	**(685)**	**(660)**	**(465)**	**(513)**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-	-
SURPLUS (DEFICIT) AFTER TAX	**(685)**	**(660)**	**(465)**	**(513)**
plus Opening Retained Profits	3,273	1,723	-	-
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Allocation Adjustments related to IPPE	701	1,550	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	-	-
add:				
- Subsidy Paid/Contribution To Operations	686	660	465	513
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	**3,975**	**3,273**	**-**	**-**
Return on Capital %	(6.4)%	(6.7)%	-	-
Subsidy from Council	686	660	465	513

SPECIAL PURPOSE FINANCIAL STATEMENTS

BALANCE SHEET OF COUNCIL'S OTHER BUSINESS ACTIVITIES

AS AT 30 JUNE 2015

	Children Services Category 1		Kimbriki Category 1	
	Actual	Actual	Actual	Actual
$ '000	2015	2014	2015	2014
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	4,403	2,042
Investments	-	-	14,382	13,805
Receivables	-	-	2,541	2,082
Inventories	-	-	807	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	-	-	22,133	17,929
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	4,660	4,858	3,862	3,592
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	3,403	2,595
Total Non-Current Assets	4,660	4,858	7,265	6,187
TOTAL ASSETS	4,660	4,858	29,398	24,116
LIABILITIES				
Current Liabilities				
Payables	-	-	3,825	3,669
Interest bearing liabilities	-	-	-	-
Provisions	-	-	671	609
Total Current Liabilities	-	-	4,496	4,278
Non-Current Liabilities				
Payables	-	-	3,114	2,042
Interest bearing liabilities	-	-	-	-
Provisions	-	-	1,366	1,365
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	-	-	4,480	3,407
TOTAL LIABILITIES	-	-	8,976	7,685
NET ASSETS	4,660	4,858	20,422	16,431
EQUITY				
Retained earnings	5,446	4,580	20,422	16,431
Revaluation reserves	(786)	278	-	-
Council equity interest	4,660	4,858	20,422	16,431
Minority equity interest		-	-	-
TOTAL EQUITY	4,660	4,858	20,422	16,431

SPECIAL PURPOSE FINANCIAL STATEMENTS

BALANCE SHEET OF COUNCIL'S OTHER BUSINESS ACTIVITIES

AS AT 30 JUNE 2015

	Glen Street Theatre Category 1		Construction Certificate Certification Category 2	
$ '000	Actual 2015	Actual 2014	Actual 2015	Actual 2014
ASSETS				
Current Assets				
Cash and cash equivalents	113	40	-	-
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	8	5	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	**121**	**45**	**-**	**-**
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	10,679	9,788	-	-
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	**10,679**	**9,788**	**-**	**-**
TOTAL ASSETS	**10,800**	**9,833**	**-**	**-**
LIABILITIES				
Current Liabilities				
Payables	1,033	1,112	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Total Current Liabilities	**1,033**	**1,112**	**-**	**-**
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	**-**	**-**	**-**	**-**
TOTAL LIABILITIES	**1,033**	**1,112**	**-**	**-**
NET ASSETS	**9,767**	**8,721**	**-**	**-**
EQUITY				
Retained earnings	3,975	3,273	-	-
Revaluation reserves	5,792	5,448	-	-
Council equity interest	9,767	8,721	-	-
Minority equity interest		-	-	-
TOTAL EQUITY	**9,767**	**8,721**	**-**	**-**

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy reporting purposes follows:

These financial statements are a SPFS prepared for use by the Council and Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Australian Accounting Interpretation. 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 prepared on an accruals basis, they are based on historic costs and do not take into account changing money values, or except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' 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 Division 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)

Children's Services - Child Care and Long Day Care

Kimbriki Environmental Enterprises Pty Limited - Domestic & Commercial Waste Management

Glen Street Theatre - Council's local Theatre

Category 2

(where gross operating turnover is less than $2 million)

Construction Certificate Certification - Construction Certificate Certification activity of the Urban Development Approval Service (part of Council's Local Approval Service Unit)

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. Where this is the case, they are disclosed as a cost of operations (Special Purpose Financial Statements) just like all other costs. However, where council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all council nominated business activities and are reflected in the SPFS. 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 **$432,000** of combined land values attracts **0%**. From $432,001 to $2,641,000 the rate is **1.6% + $100.** For the remaining combined land value that exceeds $2,641,000, 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 from 1 July 2014 to 30 June 2015.

Income Tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account 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 the 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 the SPFS. The rate applied of 30% is the equivalent company tax rate prevalent as at reporting 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.

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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. The overall effect of subsidies is contained within the Income Statement of Business Activities.

(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". Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return achieved is disclosed for each of Council's business activities on the Income Statement.

The Rate of Return on Capital is calculated as follows:

$$\frac{\text{Operating Result before Capital Income + Interest Expense}}{\text{Written Down Value of I,PP\&E as at 30 June}}$$

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.02% at 30 June 2015.

(iv) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities.

SPECIAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying ***special purpose financial statements*** of ***Warringah Council***, which comprises the Statement of Financial Position as at 30 June 2015, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the financial reporting requirements of the Division of Local Government. 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 the financial statements that are 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 the financial statements 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 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 judgement, 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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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.

Auditor's Opinion

In our opinion, the special purpose financial statements of the Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Division of Local Government. As a result, the financial statements may not be suitable for another purpose.

HILL ROGERS SPENCER STEER

BRETT HANGER
Partner

Dated at Sydney this 5th day of August 2015

ANNUAL FINANCIAL STATEMENTS

SPECIAL SCHEDULES

FOR THE YEAR ENDED 30 JUNE 2015

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ANNUAL FINANCIAL STATEMENTS

SPECIAL SCHEDULES

for the financial year ended 30 June 2015

CONTENTS PAGE

Special Schedules[1]		
Special Schedule No. 1	Net Cost of Services	95
Special Schedule No. 2(a)	Statement of Long Term debt (all purposes)	97
Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	98
Special Schedule No. 7	Report on Infrastructure Assets	99
Special Schedule No. 9	Permissible Income Calculation	101
	Auditor's Report on Special Schedule No. 9	102

[1] Special Purpose 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
- Australian Bureau of Statistics (ABS),
- Department of Premier & Cabinet, Office of Local Government (OLG).
- Department of Environment, Climate Change and Water (DECCW)

(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 specific service financial activities

SPECIAL SCHEDULES

for the financial year ended 30 June 2015

SPECIAL SCHEDULE NO. 1 - NET COST OF SERVICES

$'000 FUNCTION OR ACTIVITY	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	Net Cost of Services
Governance	2,743	3,218	-	475
Administration	16,961	19,395	8,228	10,662
Public Order and Safety				
Fire Service Levy, Fire protection, Emergency Services	3,942	939	-	(3,003)
Beach Control	1,778	52	-	(1,726)
Enforcement of Local Govt Regs	1,548	3,044	-	1,496
Animal Control	86	46	-	(40)
Other	-	-	-	-
Total Public Order and Safety	7,354	4,081	-	(3,273)
Health	2,459	4,190	-	1,731
Environment				
Noxious Plants and Insects/ Vermin control	946	83	-	(863)
Other Environmental Protection	8,834	12,091	779	4,036
Solid Waste Management	49,489	55,986	811	7,308
Street Cleaning	884	8	-	(876)
Drainage	656	73	-	(583)
Stormwater Management	860	70	-	(790)
Total Environment	61,669	68,311	1,590	8,232
Community Services and Education				
Administration & Education	4,172	7,011	-	2,839
Social Protection (Welfare)	-	-	-	-
Aged Persons & Disabled	220	115	-	(105)
Children's Services	7,707	7,570	-	(137)
Total Community Services and Education	12,099	14,696	-	2,597
Housing and Community Amenities				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	2,266	411	-	(1,855)
Town Planning	8,645	9,301	-	656
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	10,911	9,712	-	(1,199)
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

SPECIAL SCHEDULES

for the financial year ended 30 June 2015

SPECIAL SCHEDULE NO. 1 - NET COST OF SERVICES (continued)

$'000 FUNCTION OR ACTIVITY	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	Net Cost of Services
Recreation and Culture				
Public Libraries	6,959	6,357	284	(318)
Community Centres and Halls	1,590	1,232	3,719	3,361
Performing Arts Venues	3,073	2,988	-	(85)
Other Cultural Services	1,384	1,409	540	565
Sporting Grounds and Venues	6,401	5,240	-	(1,161)
Swimming Pools	5,671	6,744	-	1,073
Parks and Gardens (Lakes)	4,992	4,864	-	(128)
Other Sport and Recreation	-	-	-	-
Total Recreation and Culture	30,070	28,834	4,543	3,307
Fuel and Energy	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1,755	1,421	-	(334)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Construction	1,755	1,421	-	(334)
Transport and Communication				
Urban Roads (UR) - Local	9,954	9,746	-	(208)
Bridges on RU - Local	-	-	-	-
Total Transport and Communication	9,954	9,746	-	(208)
Economic Affairs				
Other Economic Affairs	11	170	-	159
Total Economic Affairs	11	170	-	159
TOTALS - FUNCTIONS	**155,986**	**163,774**	**14,361**	**22,149**
General Purpose Revenues[2]	-		-	-
Share of interests - joint ventures & associates using the equity method[1]				-
NET OPERATING RESULT FOR YEAR[1]	**155,986**	**163,774**	**14,361**	**22,149**

Notes: [1] As reported on the Income statement.

[2] The definition of general purpose income for the purposes of disclosure in Note 2 (a) is the aggregation of specific income items disclosed in Note 3 viz., ordinary rates, general purpose untied grants, interest on (overdue rates and annual charges, internally restricted assets and general council cash and investments) and ex-gratia rates.

WARRINGAH COUNCIL

SPECIAL SCHEDULES

for the year ended 30 June 2015

SPECIAL SCHEDULE NO. 2(a) - STATEMENT OF LONG TERM DEBT (ALL PURPOSE)

$'000	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		
Classification of Debt	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	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	-	-	-	-	-	-	-	-	-	-	-
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	9	4	**13**	-	8	-	-	-	1	4	**5**
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	9	4	13	-	8	-	-	-	1	4	5
Total Debt	9	4	13	-	8	-	-	-	1	4	5

Note:

Excludes Internal Loans and refinancing except for any additional borrowings. This Schedule is prepared using the Face Value of debt obligations, rather than Fair Value (as per the GPFS's).

WARRINGAH COUNCIL

SPECIAL SCHEDULES

for the year ended 30 June 2015

SPECIAL SCHEDULE NO. 2(b) - STATEMENT OF INTERNAL LOANS (Section 410(3) LGA 1993)

$'000

Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General	-	-	-
Domestic Waste Management	-	-	-
Other	-	-	-
Totals	-	-	-

Note:
The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Letter	Date Raised	Term (years)	Dates of maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Principal and Interest)	Principal Outstanding at end of year
Totals							-	-	-

WARRINGAH COUNCIL

SPECIAL SCHEDULES

as at 30 June 2015

SPECIAL SCHEDULE NO. 7 - REPORT ON INFRASTRUCTURE ASSETS

Asset Class	Asset Category	Estimated cost to bring to a satisfactory standard	Required Annual Maintenance	2014/15 Actual Maintenance	Written Down Value (WDV)	Assets in Condition as a % of WDV*				
		$'000	$'000	$'000	$'000	1	2	3	4	5
Buildings	Administration	-	338	358	30,158	99.1%	0.9%	0.0%	0.0%	0.0%
	Beach	460	332	106	30,075	52.9%	43.5%	3.6%	0.0%	0.0%
	Community	817	538	779	45,262	52.3%	46.9%	0.0%	0.1%	0.7%
	Sports	289	352	226	31,835	62.4%	35.8%	0.5%	1.2%	0.1%
	Other Buildings	2,090	157	459	11,781	27.7%	34.4%	37.6%	0.2%	0.1%
	Specialised Buildings	-	608	569	53,197	64.4%	35.6%	0.0%	0.0%	0.0%
		3,656	**2,325**	**2,497**	**202,308**	62.7%	34.1%	2.8%	0.2%	0.2%
Roads	Sealed Roads Surface	1,817	617	708	77,471	51.8%	44.6%	2.4%	0.7%	0.5%
	Sealed Roads Structure	743	354	476	209,287	48.7%	47.0%	3.1%	0.8%	0.4%
	Unsealed Roads	30	3	6	380	0.0%	76.3%	0.0%	23.7%	0.0%
	Bridges	-	57	-	6,794	3.0%	97.0%	0.0%	0.0%	0.0%
	Footpaths	1	335	503	39,567	0.7%	99.3%	0.0%	0.0%	0.0%
	Kerb and Gutter	99	734	394	84,897	0.3%	99.3%	0.3%	0.0%	0.1%
	Other Road Assets	293	1,126	1,208	25,684	7.5%	90.0%	2.5%	0.0%	0.0%
		2,983	**3,226**	**3,295**	**444,080**	32.6%	64.5%	2.1%	0.5%	0.3%
Other Structures	Other Structures	163	877	963	57,797	28.0%	71.6%	0.3%	0.1%	0.0%
		163	**877**	**963**	**57,797**	28.0%	71.6%	0.3%	0.1%	0.0%
Stormwater Drainage	Culverts	330	10	15	31,049	14.9%	83.0%	1.6%	0.5%	0.0%
	Open Channels	-	52	55	3,851	0.3%	99.7%	0.0%	0.0%	0.0%
	Pipes	3,325	248	299	318,205	3.3%	95.5%	1.0%	0.2%	0.0%
	Pits	280	455	512	77,997	4.1%	94.7%	1.1%	0.1%	0.0%
	Water Quality Devices	24	148	178	7,401	24.5%	70.9%	4.5%	0.1%	0.0%
		3,959	**913**	**1,059**	**438,503**	4.6%	94.1%	1.1%	0.2%	0.0%
Open Space/Recreational Assets	Swimming Pools	-	136	228	11,411	38.2%	61.8%	0.0%	0.0%	0.0%
	Other Open Space/Recreational Assets	265	754	532	49,553	23.0%	76.4%	0.6%	0.0%	0.0%
		265	**890**	**760**	**60,964**	25.8%	73.7%	0.5%	0.0%	0.0%
Total Classes	**Total - All Assets**	**11,026**	**8,231**	**8,574**	**1,203,652**	26.9%	71.0%	1.7%	0.3%	0.1%

Infrastructure Asset Condition Assessment

Level	Condition	Description
1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

SPECIAL SCHEDULES

as at 30 June 2015

SPECIAL SCHEDULE NO. 7 - REPORT ON INFRASTRUCTURE ASSETS

Infrastructure Asset Performance Indicators – Consolidated

	2015 $'000	--------- Indicator --------- 2015	2014	2013
Building and infrastructure renewals ratio				
Asset renewals (building and infrastructure)	17,849	150.12%	137.10%	154.20%
Depreciation, amortisation and impairment (building and infrastructure)	11,890			
Infrastructure backlog				
Estimated cost to bring assets to a satisfactory condition	11,026	0.92%	2.10%	2.05%
Total value * of infrastructure, building, other structures and depreciable land improvement assets	1,203,652			
Asset maintenance ratio				
Actual asset maintenance	8,574	104.17%	102.32%	109.35%
Required asset maintenance	8,231			
Capital expenditure ratio				
Annual capital expenditure	37,224	237.81%	197.45%	239.22%
Annual depreciation	15,653			

Note

*Written down value

SPECIAL SCHEDULES

for the financial year ended 30 June 2015

SPECIAL SCHEDULE NO. 9 - PERMISSIBLE INCOME FOR GENERAL RATES

$ '000	2014/15 Calculation	2015/16 Calculation
NOTIONAL GENERAL INCOME CALCULATION [1]		
Last Year Notional Income Yield	73,972	76,322
Plus/Minus adjustments [2]	55	213
Notional General Income	74,027	76,535
PERMISSIBLE INCOME CALCULATION		
Special Variation [3]	3.10%	3.00%
OR Rate Peg	2.30%	2.40%
OR Crown Land Adjustment including Rate Peg	-	-
Less Expiring Special Variations Amount	-	-
Plus: Special Variation Amount	2,295	2,296
OR Plus Rate Peg Amount	-	-
OR Plus Crown Land Adjustment and Rate Peg Amount	-	-
Sub total	76,322	78,831
Plus or minus Last year's Carry Forward Total	-	-
Less Valuation Objections claimed in previous year	-	-
Sub total	-	-
TOTAL PERMISSIBLE INCOME	76,322	78,831
Less Notional Income Yield	(76,322)	(78,831)
Catch up or (excess) result	-	-
Plus Income lost due to valuation objections claimed [4]	-	-
Less Unused Catch up [5]	-	-
Carry forward to next year	-	-

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.

SPECIAL SCHEDULE NO. 9

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON 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 Warringah Council for the year ending 30 June 2016.

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.

Audit Opinion

In our opinion, Special Schedule No. 9 of Warringah Council for 2015/16 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

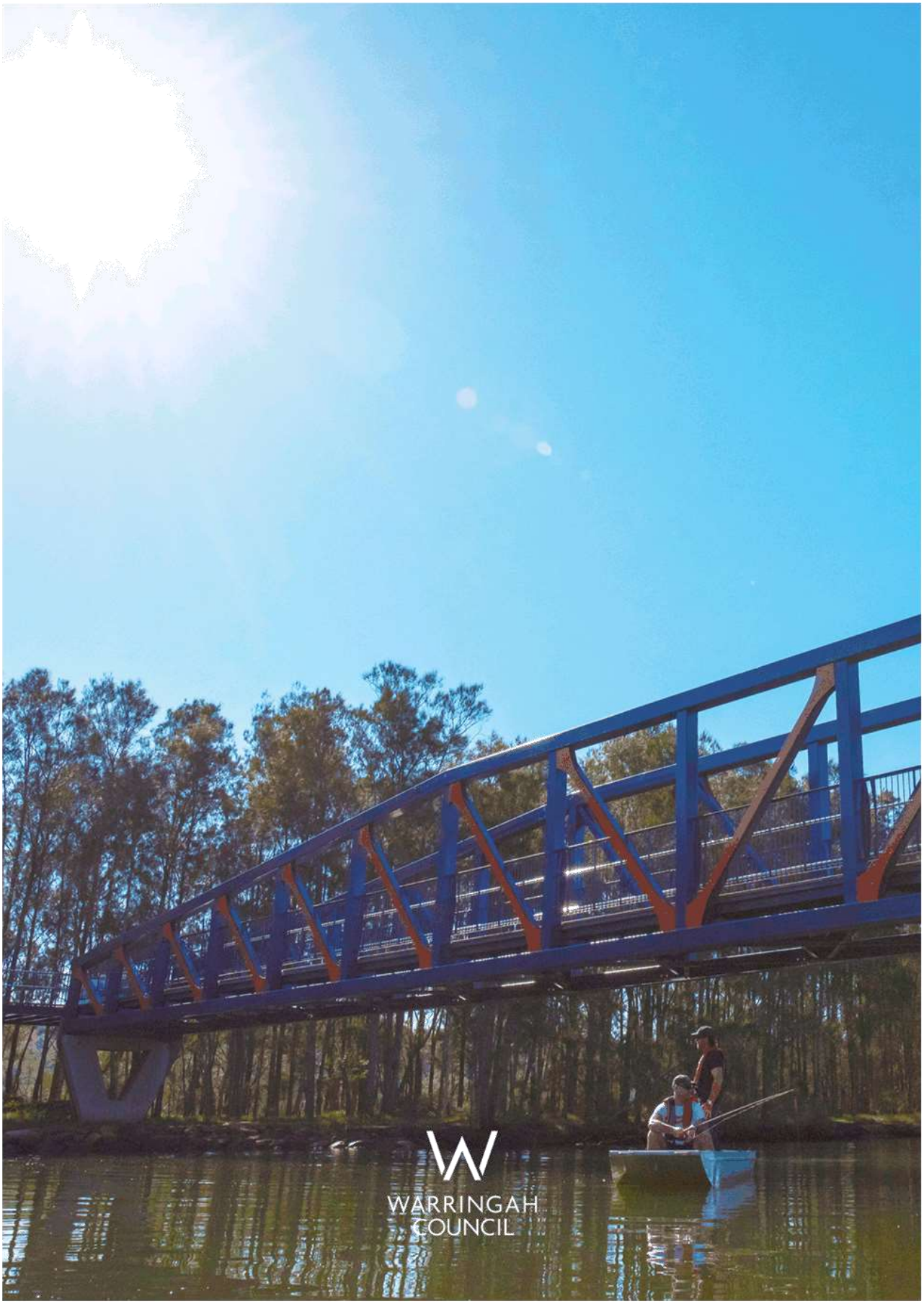
Basis of Accounting

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.

HILL ROGERS SPENCER STEER

BRETT HANGER
Partner

Dated at Sydney this 5th day of August 2015


WARRINGAH
COUNCIL

Complaints Management and Reporting Policy

1. Purpose

The purpose of this policy is to articulate Council's approach regarding the handling of complaints associated with Council administration and conduct. It also seeks to provide clarity around meanings connected with various definitions associated with complaint handling and how Council seeks to manage such complaints.

Please note that this policy does not relate to the way in which Council addresses general complaints regarding operational decisions and services delivered by Council, as covered by the Customer Services Charter.

2. Relevant policies

Other policies and guidelines which bear relevance to this policy are:

- Internal Ombudsman's guidelines
- Code of Conduct
- Public Interest Disclosures (PID) Policy

3. Policy statement

This policy outlines Warringah Council's approach to ensuring that all residents are given the opportunity to raise concerns about issues they may have regarding potentially inappropriate, unethical or unfair practices committed by members of the elected Council (Mayor / Councillors) or the appointed Council officers (employees).

The Office of the Internal Ombudsman is Council's focal point for any such complaint, whether it is made by a Council officer, a member of the elected Council, a member of the public or an external entity. However, please note that Warringah Council's Office of the Internal Ombudsman does not seek to substitute any complaint handling or investigative function by one of the oversight agencies, such as the NSW Ombudsman, the Office of Local Government (OLG) or the Independent Commission Against Corruption (ICAC).

All complaints (as defined in this policy) will be treated in accordance with this policy. Depending on the nature of the complaint, they may also be assessed in accordance with other relevant policies, as outlined above.

Complaints that fall under the assessment criteria of the *Public Interest Disclosures Act 1994* (PID Act) can be made directly to the Internal Ombudsman or to one of the other Nominated Disclosures Officers (refer to Council's Public Interest Disclosures (PID) Policy for further details).

4. Office of the Internal Ombudsman

The Office of the Internal Ombudsman seeks to ensure that Council's dealings with the community are fair, transparent and accountable. The Office, through its work, also seeks to identify opportunities for systemic improvements to Council's processes. The Office of the Internal Ombudsman does not overturn operational decisions made by Council.

In accordance with this approach, the Office provides a professional complaint handling service to the Warringah community and utilises the opportunity of investigation and complaint handling to enhance and develop best practice and education across Council.

The Office of the Internal Ombudsman also provides education and training to Council officers on probity and conduct related matters.

5. Definitions

The following definitions are intended to clarify meanings associated with the fundamental principles of complaints management. Any other meanings or definitions are included within the Code of Conduct or the Public Interest Disclosures (PID) Policy.

"Complaint"

A complaint is where a member of the community or other stakeholder believes that a contravention has taken place by Council, Council officers (except for decisions made in lawfully convened Council meetings), Councillors, or Council delegates. This may relate to maladministration, misconduct, or any form of corrupt, unlawful, inappropriate or unethical behaviour.

A complaint can be raised by anyone.

"Maladministration"

For the purpose of this policy, the word *'maladministration'* is used and defined under Section 11(2) of the *Public Interest Disclosures Act 1994*, which states that,

'... conduct is of a kind that amounts to maladministration if it involves an action or inaction of a serious nature that is:

a) contrary to law, or
b) unreasonable, unjust, oppressive or improperly discriminatory, or
c) based wholly or partly on improper motives.'

"Misconduct"

Misconduct includes, but is not limited to, any actions by Councillors, Council delegates or Council officers that breach their obligations in accordance with Council's Code of Conduct.

This may include, but is not limited to, fraud, corruption, workplace bullying, harassment and discrimination, each of which is covered in Council's Code of Conduct.

6. Policy scope

For the purpose of this policy, a complaint is not an expression of dissatisfaction with the level, quality or timeliness of Council services or levels of communication of Council officers.

Complainants are encouraged to ensure that all viable avenues have been exhausted with Council officers prior to lodging a complaint with the Office of the Internal Ombudsman, including escalation of any matter to a staff member's line manager or Group Manager, should they feel that the matter cannot be resolved with the officer themself.

In the preliminary stages of assessing a complaint, the Office of the Internal Ombudsman will seek to ensure that all reasonable efforts have been exhausted with the relevant business area within Council and/or a Group Manager if appropriate. Nothing in this policy prevents such a complaint being referred back to the appropriate business area for resolution.

6.1 Complaints regarding a potential breach of the Code of Conduct

Complaints that involve a possible act or behaviour which contravenes the Code of Conduct may be made directly to the Office of the Internal Ombudsman by whichever means suits the complainant. The complainant is encouraged to contact the Office at their earliest available opportunity.

6.2 Complaint requirements

Complaints from members of the public are requested in writing, either by letter, by email, or via an online complaint form on the Internal Ombudsman webpage on Council's web site. The exception to this is if the matter involves a reasonable belief that fraud or corruption has taken place, in which case, the complainant is encouraged to contact the Internal Ombudsman for a confidential discussion.

6.3 Complaints currently under investigation by Council

If a matter is currently being assessed by a business area of Council, which would render any investigation by the Office of the Internal Ombudsman premature, then it is likely that the matter will not be pursued at that time.

It is not for the Office of the Internal Ombudsman to intervene with Council processes or influence the usual course of Council's actions.

6.4 Complaints under investigation by an oversight body

In the event that the complainant intends to refer, or has referred their complaint to an oversight agency, such as the NSW Ombudsman or the ICAC, then it is likely that the Office of the Internal Ombudsman will suspend any action to allow that agency an opportunity to conduct its own inquiries.

7. Public Interest Disclosures Act 1994 (PID Act)

In accordance with the *Public Interest Disclosures Act 1994* (PID Act), the Internal Ombudsman is Council's PID Coordinator for the purpose of reporting requirements to the NSW Ombudsman. Any suspected wrongdoing in relation to corrupt conduct, maladministration, serious and substantial waste of public money, government information contravention and local government pecuniary interest contravention may be eligible for assessment in accordance with the PID Act.

The provisions of the PID Act are intended to support accountability and ethical conduct by encouraging and facilitating the disclosure of certain types of action, as outlined above. The PID Act provides for the protection of Council officers and Councillors from any reprisal action that may be taken against them for having made their disclosure. A requisite for assessment as a public interest disclosure is that the person making the report is a public official. This will predominately be limited to internal reports by employees of Council, or by Councillors, but should an external report be made by a public official (as defined by the PID Act), this report may also be assessed in accordance with

the PID Act. Notwithstanding, assessment of a complaint must satisfy all other criteria as required by the Act.

For further information, please refer to Council's Public Interest Disclosures Policy.

8. Liaison with oversight agencies and the police

The Internal Ombudsman is Council's contact point with relevant external oversight agencies, although agencies themselves may directly contact business areas within Council as part of their own investigations or inquiries. Such a scenario would not necessitate the involvement of the Internal Ombudsman.

Should a complaint raised with the Office of the Internal Ombudsman constitute an act of corruption, maladministration or criminal behaviour, the Internal Ombudsman will liaise with the appropriate agencies, which may include the police, ICAC, and other law enforcement or regulatory bodies as necessary.

9. Authorisation

The Complaints Management and Reporting Policy was adopted by Council on xx August 2015.

It is due for review in August 2017.

10. Who is responsible for implementing this policy?

Responsibility for implementation of the Complaints Management and Reporting Policy is with the Internal Ombudsman.

11. Document owner

The owner of the Complaints Management and Reporting Policy is the General Manager.

12. Legislation and references

Legislation that relates to Warringah Council's Complaints Management Reporting Policy is:

Public Interest Disclosures Act 1994

13. Glossary of terms

In this policy, except in so far as the context or subject matter otherwise indicates or requires:

- "Council" means the Council of Warringah and includes an administrator;
- "Council officer" means the appointed public officials of Warringah Council;
- "Councillor/s" means the Councillor/s of Warringah Council;
- "General Manager" means the General Manager of Warringah Council;
- "Internal Ombudsman" means the Office of the Internal Ombudsman and includes any personnel conducting activities associated with, or on behalf of, the Internal Ombudsman;
- "Mayor" means the elected Mayor of Warringah Council.

14. Contact details for external agencies

The contact details for external oversight agencies that potential complainants may refer to or seek advice from are outlined below under the relevant headings:

Maladministration

NSW Ombudsman: nswombo@ombo.nsw.gov.au

Corrupt conduct

Independent Commission Against Corruption (ICAC): icac@icac.nsw.gov.au

Serious and substantial waste in local government agencies

Office of Local Government (OLG): olg@olg.nsw.gov.au

Breaches of the GIPA Act

Information Commissioner: oicinfo@oic.nsw.gov.au

Code of Conduct

August 2015

(2015/01)

TABLE OF CONTENTS

Part 1: Introduction 3
Part 2: Purpose Of The Code Of Conduct 3
Part 3: General Conduct Obligations 3
General Conduct 3
Fairness and Equity 4
Harassment and Discrimination 4
Workplace Bullying 4
Development Decisions 4
Binding Caucus Votes 4
Electronic and Social Media 5
Fraud and Corruption 5
Salary Overpayments 5
Obligation to report criminal convictions or other factors that may affect your employment or ability to carry out your workplace duties 6
Child Protection 6
Part 4: Conflict Of Interests 6
What is a Pecuniary Interest? 6
What are Non-Pecuniary Interests? 7
Managing Non-Pecuniary Conflicts of Interest 7
Reportable Political Donations 8
Loss of Quorum as a Result of Compliance with this Part 9
Other Business or Employment 9
Personal Dealings With Council 10
Part 5: Personal Benefit 10
Gifts and Benefits 10
How are Offers of Gifts and Benefits to be Dealt With? 10
Token Gifts and Benefits 11
Gifts and Benefits of Value 11
Improper and Undue Influence 11
Council Resources 12
Part 6: Relationship Between Council Officials 12
Obligations of Councillors and Administrators 12
Obligations of Staff 12
Obligations During Meetings 12
Inappropriate Interactions 13
Part 7: Access To Information And Council Resources 13
Councillor and Administrator Access to Information 13
Councillors and Administrators to Properly Examine and Consider Information 14
Refusal of Access to Documents 14
Use of Certain Council information 14
Use and Security of Confidential Information 14
Personal Information 14
Use of Council Resources 15
Councillor Access to Council Buildings 15
Part 8: Maintaining The Integrity Of This Code 16
Complaints made for an Improper Purpose 16
Detrimental Action 16
Compliance with Requirements Under this Code 17
Disclosure of Information About the Consideration of a Matter Under This Code 17
Complaints Alleging a Breach of this Part (Part 8) 17
Complaints Generally Alleging a Breach 17
Part 9: Definitions 18

Part 1: Introduction

This Code of Conduct for Local Councils in NSW ("theCode of Conduct") is made for the purposes of section 440 of the *Local Government Act 1993* ("the Act"). Section 440 of the Act requires every council to adopt a Code of Conduct that incorporates the provisions of the Model Code. For the purposes of section 440 of the Act, the Model Code of Conduct comprises all parts of this document.

Councillors, administrators, members of staff of Council, independent conduct reviewers, members of council committees including the conduct review committee and delegates of the Council must comply with the applicable provisions of Council's Code of Conduct in carrying out their functions as council officials. It is the personal responsibility of council officials to comply with the standards in the Code and regularly review their personal circumstances with this in mind.

Failure by a councillor to comply with the standards of conduct prescribed under this Code constitutes misconduct for the purposes of the Act. The Act provides for a range of penalties that may be imposed on councillors for misconduct, including suspension or disqualification from civic office.

Failure by a member of staff to comply with Council's Code of Conduct may give rise to disciplinary action.

Part 2: Purpose Of The Code Of Conduct

The Model Code of Conduct published by the Office of Local Government sets the minimum requirements of conduct for council officials in carrying out their functions. The Model Code is prescribed by regulation.

The Code is a legal document that all officials are obliged to understand and follow. The Model Code forms the basis of each council's code of conduct.

The Code of Conduct has been developed to assist council officials to:

- Understand the standards of conduct that are expected of them.
- Enable them to fulfil their statutory duty to act honestly and exercise a reasonable degree of care and diligence. *(Section 439)*
- Act in a way that enhances public confidence in the integrity of local government.

Part 3: General Conduct Obligations

General Conduct

3.1 You must not conduct yourself in carrying out your functions in a manner that is likely to bring the Council or holders of civic office into disrepute. Specifically, you must not act in a way that:

(a) Contravenes the Act, associated regulations, Council's relevant administrative requirements and policies.

(b) Is detrimental to the pursuit of the charter of a council.

(c) Is improper or unethical.

(d) Is an abuse of power or otherwise amounts to misconduct.

(e) Causes, comprises or involves intimidation, harassment or verbal abuse.

(f) Causes, comprises or involves discrimination, disadvantage or adverse treatment in relation to employment.

(g) Causes, comprises or involves prejudice in the provision of a service to the community. *(Schedule 6A)*

3.2 You must act lawfully, honestly and exercise a reasonable degree of care and diligence in carrying out your functions under the Act or any other Act. (Section 439)

3.3 You must treat others with respect at all times.

Fairness and Equity

3.4 You must consider issues consistently, promptly and fairly. You must deal with matters in accordance with established procedures, in a non-discriminatory manner.

3.5 You must take all relevant facts known to you, or that you should be reasonably aware of, into consideration and have regard to the particular merits of each case. You must not take irrelevant matters or circumstances into consideration when making decisions.

Harassment and Discrimination

3.6 You must not harass, discriminate against, or support others who harass and discriminate against colleagues or members of the public. This includes, but is not limited to harassment and discrimination on the grounds of sex, pregnancy, age, race, responsibilities as a carer, marital status, disability, homosexuality, transgender grounds or if a person has an infectious disease.

Workplace Bullying

3.7 You must not engage in behaviour which constitutes workplace bullying.

3.8 Workplace bullying is defined as repeated behaviour directed towards another person which is unreasonable and/or unfair. Bullying comprises behaviours that a reasonable person would expect to victimise, harass, humiliate, offend, intimidate, belittle, demean, undermine, or threaten the other person, and which may create a risk to that person's health (physical or mental), safety, or welfare.

Development Decisions

3.9 You must ensure that development decisions are properly made and that parties involved in the development process are dealt with fairly. You must avoid any occasion for suspicion of improper conduct in the development ~~assessment~~ process.

3.10 In making development decisions, you must ensure that no action, statement or communication between yourself and applicants or objectors conveys any suggestion of willingness to provide improper concessions or preferential treatment.

Binding Caucus Votes

3.11 You must not participate in binding caucus votes in relation to matters to be considered at a Council or committee meeting.

3.12 For the purposes of clause 3.11, a binding caucus vote is a process whereby a group of councillors are compelled by a threat of disciplinary or other adverse action to comply with a predetermined position on a matter before the Council or committee irrespective of the personal views of individual members of the group on the merits of the matter before the Council or committee.

3.13 Clause 3.11 does not prohibit councillors from discussing a matter before the Council or committee prior to considering the matter in question at a Council or committee meeting or from voluntarily holding a shared view with other councillors on the merits of a matter.

3.14 Clause 3.11 does not apply to a decision to elect the Mayor or Deputy Mayor or to nominate a person to be a member of a Council committee.

Electronic and Social Media

3.15 You must not use Council's electronic communications (including, but not limited to the Internet, the email system, mobile phones, text messaging services, and social media access) in any manner which could be construed as disparaging or defamatory of colleagues or Council, or which could bring Council into disrepute.

3.16 You must not use any electronic communications or social media facilities, at work or otherwise, to engage in bullying or harassing behaviours towards colleagues or any other person.

3.17 You must not use any electronic communications or social media facilities, at work or otherwise, in a manner which identifies you as a Council official and which could be construed as bringing Council into disrepute.

Fraud and Corruption

3.18 You must not engage or participate in an act that may constitute fraud or corruption.

3.19 For the purpose of this part, fraud and corruption are defined by the Australian Standard for Fraud and Corruption Control (AS8001-2008).

(a) Fraud is defined as 'dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.'

(b) Corruption is defined as 'dishonest activity in which a director, executive, manager, employee or contractor of any entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity'.

(c) The general nature of corruption, and acts which may constitute corrupt conduct, are defined under sections 7, 8 and 9 of the *Independent Commission Against Corruption Act 1988* (ICAC Act).

3.20 You must not ignore or condone any act that you reasonably suspect to constitute fraud or corruption.

3.21 Should you have a reasonable belief or suspicion that a fraudulent or corrupt act has been committed, you must disclose this to the Internal Ombudsman or a Nominated Disclosure Officer (NDO) at the earliest opportunity (as detailed further within Council's Public Interest Disclosures Policy).

3.22 The General Manager has a statutory obligation, under section 11 of the ICAC Act 1988, to report suspicions of corrupt conduct to the Independent Commission Against Corruption. Therefore, any delegate of the General Manager, that being any employee of Council, is expected to report any reasonable suspicion of fraud or corruption to the General Manager, Legal Counsel or Internal Ombudsman.

Salary Overpayments

3.23 If you receive an over payment by Council and you know or believe that payment to be incorrect, you are expected to take such steps as are reasonable in the circumstances to ensure that the amount is returned in full.

Obligation to report criminal convictions or other factors that may affect your employment or ability to carry out your workplace duties

3.24 If, during the course of your employment at Council, you incur a criminal conviction, you are expected to report this to Human Resources at the earliest opportunity, but at the latest, within 10 working days of receiving the conviction.

3.25 If your working rights in Australia change during the course of employment, such that they may impact or influence your continued employment at Council, you are expected to report this to Human Resources within a reasonable timeframe, but at the latest, within 10 working days of the changes being made.

3.26 If you are required to operate a vehicle in the course of your employment, you are required to notify your supervisor if your driving licence is no longer valid even if only for any period of time

Child Protection

3.27 For the purpose of this part, the term “child abuse” is defined as “physical and/or emotional harm to a person who is under the age of 18 years”, and it typically takes the form of physical, psychological, sexual abuse, maltreatment and/or neglect. Further guidance on child abuse can be found on the NSW Office of Children’s Guardian website.

3.28 When dealing with a person (staff or customer) who is under the age of 18 years, you must not engage in behaviour which constitutes (or could be perceived to be) child abuse.

3.29 You are expected to take all reasonable steps to ensure that a person whom you interact with in your daily work and who is under the age of 18 years is not exposed to child abuse.

3.30 For those staff whose role is defined as a “mandatory reporter” under the Children and Young Persons (Care and Protection) Act 1998, you are expected to fulfil the requirements of you that are set out therein.

3.31 For all staff, whether defined as a “mandatory reporter” or not, you are expected to take all reasonable steps to ensure that you prevent and/or that you report known or suspected instances of child abuse by another staff member to the Internal Ombudsman.

3.32 For all staff, specific behaviours and procedures that are expected of you in relation to ensuring appropriate child protection measures in our services are further set out in the Protection of Children and Young People OMS.

Part 4: Conflict Of Interests

4.1 A conflict of interests exists where a reasonable and informed person would perceive that you could be influenced by a private interest when carrying out your public duty.

4.2 You must avoid or appropriately manage any conflict of interests. The onus is on you to identify a conflict of interest and take the appropriate action to manage the conflict in favour of your public duty.

4.3 Any conflict of interests must be managed to uphold the probity of Council decision-making. When considering whether or not you have a conflict of interests, it is always important to think about how others would view your situation.

4.4 Private interests can be of two types: pecuniary or non-pecuniary.

What is a Pecuniary Interest?

4.5 A pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person. (Section 442)

4.6 A person will also be taken to have a pecuniary interest in a matter if that person's spouse or de facto partner or a relative of the person or a partner or employer of the person, or a company or other body of which the person, or a nominee, partner or employer of the person is a member, has a pecuniary interest in the matter. (Section 443)

4.7 Pecuniary interests are regulated by Chapter 14, Part 2 of the Act. The Act requires that:

(a) Councillors and designated persons lodge an initial and an annual written disclosure of interests that could potentially be in conflict with their public or professional duties. *(Section 449)*

(b) Councillors and members of Council committees disclose an interest and the nature of that interest at a meeting, leave the meeting and be out of sight of the meeting and not participate in discussions or voting on the matter. *(Section 451)*

(c) Designated persons immediately declare, in writing, any pecuniary interest. *(Section 459)*

4.8 Where a change of circumstances affects a councillor's or designated person's disclosure of interests throughout a year this should be advised in writing to the Governance Manager as soon as practicable.

4.9 Designated persons are defined at section 441 of the Act, and include, but are not limited to, the General Manager and other senior staff of the Council.

4.10 Warringah Council has defined a "designated person" as a staff member who is*:*

- Senior Management (General Manager, Deputy General Manager, Chief Financial Officer, Chief Information Officer, Group Manager, Executive Legal Counsel, Legal Counsel or Internal Ombudsman)
- Directly involved in the determination of development applications and in exercising delegations in respect to planning proposals and/or rezoning requests
- Directly involved in enforcement and/or compliance activities
- Delegated with significant (set threshold, e.g. $50,000) financial delegations to order / purchase goods and services
- Able to approve secondary employment
- Working in the Procurement Group or Warringah Projects Group and regularly involved with contract management
- Working in the Property Team and involved in the negotiation of leases and licences.

4.11 Where you are a member of staff of Council you must disclose in writing to your supervisor or the General Manager, the nature of any pecuniary or conflict of interest you have in a matter you are dealing with as soon as practicable.

What are Non-Pecuniary Interests?

4.10 Non-pecuniary interests are private or personal interests the Council official has that do not amount to a pecuniary interest as defined in the Act. These commonly arise out of family, or personal relationships, or involvement in sporting, social or other cultural groups and associations and may include an interest of a financial nature.

4.11 The political views of a councillor do not constitute a private interest.

Managing Non-Pecuniary Conflicts of Interest

4.12 Where you have a non-pecuniary interest that conflicts with your public duty, you must disclose the interest fully and in writing, even if the conflict is not significant. You must do this as soon as practicable.

4.13 If a disclosure is made at a Council or committee meeting, both the disclosure and the nature of the interest must be recorded in the minutes. This disclosure constitutes disclosure in writing for the purposes of clause 4.12.

4.14 How you manage a non-pecuniary conflict of interest will depend on whether or not it is significant.

4.15 As a general rule, a non-pecuniary conflict of interest will be significant where a matter does not raise a pecuniary interest but it involves:

(a) A relationship between a Council official and another person that is particularly close, for example, parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descendant or adopted child of the person or of the person's spouse, current or former spouse or partner, de facto or other person living in the same household.

(b) Other relationships that are particularly close, such as friendships and business relationships. Closeness is defined by the nature of the friendship or business relationship, the frequency of contact and the duration of the friendship or relationship.

(c) An affiliation between the Council official and an organisation, sporting body, club, corporation or association that is particularly strong.

4.16 If you are a Council official, other than a member of staff of Council, and you have disclosed that a significant non-pecuniary conflict of interest exists, you must manage it in one of two ways:

(a) Remove the source of the conflict, by relinquishing or divesting the interest that creates the conflict, or reallocating the conflicting duties to another Council official.

(b) Have no involvement in the matter, by absenting yourself from and not taking part in any debate or voting on the issue as if the provisions in section 451(2) of the Act apply.

4.17 If you determine that a non-pecuniary conflict of interest is less than significant and does not require further action, you must provide an explanation of why you consider that the conflict does not require further action in the circumstances.

4.18 If you are a member of staff of Council, the decision on which option should be taken to manage a non-pecuniary conflict of interest must be made in consultation with your manager.

4.19 Despite clause 4.16(b), a councillor who has disclosed that a significant non-pecuniary conflict of interest exists may participate in a decision to delegate Council's decision-making role to Council staff through the General Manager, or appoint another person or body to make the decision in accordance with the law. This applies whether or not council would be deprived of a quorum if one or more councillors were to manage their conflict of interests by not voting on a matter in accordance with clause 4.16(b) above.

Reportable Political Donations

4.20 Councillors should note that matters before Council involving political or campaign donors may give rise to a non-pecuniary conflict of interests.

4.21 Where a councillor has received or knowingly benefited from a reportable political donation:

(a) Made by a major political donor in the previous four years, and

(b) Where the major political donor has a matter before council,then the councillor must declare a non-pecuniary conflict of interests, disclose the nature of the interest, and manage the conflict of interests in accordance with clause 4.16(b).

4.22 For the purposes of this Part:

(a) A "reportable political donation" is a "reportable political donation" for the purposes of section 86 of the Election Funding, Expenditure and Disclosures Act 1981.

(b) A "major political donor" is a "major political donor" for the purposes of section 84 of the Election Funding, Expenditure and Disclosures Act 1981.

4.23 Councillors should note that political donations below $1,000, or political donations to a registered political party or group by which a councillor is endorsed, may still give rise to a non-pecuniary conflict of interests. Councillors should determine whether or not such conflicts are significant and take the appropriate action to manage them.

4.24 If a councillor has received or knowingly benefited from a reportable political donation of the kind referred to in clause 4.21, that councillor is not prevented from participating in a decision to delegate Council's decision-making role to Council staff through the General Manager or appointing another person or body to make the decision in accordance with the law (see clause 4.19 above).

Loss of Quorum as a Result of Compliance with this Part

4.25 Where a majority of councillors are precluded under this Part from consideration of a matter the Council or committee must resolve to delegate consideration of the matter in question to another person.

4.26 Where a majority of councillors are precluded under this Part from consideration of a matter and the matter in question concerns the exercise of a function that may not be delegated under section 377 of the Act, the councillors may apply in writing to the Chief Executive to be exempted from complying with a requirement under this Part relating to the management of a non-pecuniary conflict of interests.

4.27 The Chief Executive will only exempt a councillor from complying with a requirement under this Part where:

(a) Compliance by councillors with a requirement under the Part in relation to a matter will result in the loss of a quorum, and

(b) The matter relates to the exercise of a function of the council that may not be delegated under section 377 of the Act.

4.28 Where the Chief Executive exempts a councillor from complying with a requirement under this Part, the councillor must still disclose any interests they have in the matter the exemption applies to in accordance with the requirements of this Part.

4.29 A councillor, who would otherwise be precluded from participating in the consideration of a matter under this Part because they have a non-pecuniary conflict of interests in the matter, is permitted to participate in consideration of the matter, if:

(a) the matter is a proposal relating to:

(i) The making of a principal environmental planning instrument applying to the whole or a significant part of the Council's area, or

(ii) The amendment, alteration or repeal of an environmental planning instrument where the amendment, alteration or repeal applies to the whole or a significant part of the Council's area, and

(b) The councillor declares any interest they have in the matter that would otherwise have precluded their participation in consideration of the matter under this Part.

Other Business or Employment

4.30 If you are a member of staff of Council, on any employment basis, considering outside employment or contract work, whether remunerated or not, that relates to the business of the Council or that might conflict with your Council duties, you must first notify and obtain the approval of the General Manager in writing. (Section 353)

4.31 If you are a full-time member of staff of Council considering outside paid employment of any sort, you must first notify and obtain the approval of the General Manager in writing.

4.32 As a member of staff, you must ensure that any outside employment or business you engage in will not:

(a) Conflict with your official duties.

(b) Involve using confidential information or Council resources obtained through your work with the Council.

(c) Require you to work while on Council duty.

(d) Discredit or disadvantage the Council.

Personal Dealings With Council

4.33 You may have reason to deal with your Council in your personal capacity (for example, as a ratepayer, recipient of a Council service or applicant for a consent granted by Council). You must not expect or request preferential treatment in relation to any matter in which you have a private interest because of your position. You must avoid any action that could lead members of the public to believe that you are seeking preferential treatment.

Part 5: Personal Benefit

For the purposes of this section, a reference to a gift or benefit does not include a political donation or contribution to an election fund that is subject to the provisions of the relevant election funding legislation.

Gifts and Benefits

5.1 You must avoid situations giving rise to the appearance that a person or body, through the provision of gifts, benefits or hospitality of any kind, is attempting to secure favourable treatment from you or from the Council.

5.2 You must take all reasonable steps to ensure that your immediate family members do not receive gifts or benefits that give rise to the appearance of being an attempt to secure favourable treatment. Immediate family members ordinarily include parents, spouses, children and siblings.

How are Offers of Gifts and Benefits to be Dealt With?

5.3 You must not:

(a) Seek or accept a bribe or other improper inducement.

(b) Seek gifts or benefits of any kind.

(c) Accept any gift or benefit that may create a sense of obligation on your part or may be perceived to be intended or likely to influence you in carrying out your public duty.

(d) Accept any gift or benefit of more than token value.

(e) Accept an offer of cash or a cash-like gift, regardless of the amount.

5.4 For the purposes of clause 5.3(e), a "cash-like gift" includes but is not limited to gift vouchers, credit cards, debit cards with credit on them, prepayments such as phone or internal credit, memberships or entitlements to discounts.

5.5 Warringah Council's first position is to refuse to accept any gifts or benefits that are offered.

5.6 Where you are offered, and refuse, or receive a gift or benefit, irrespective of its value this must be disclosed promptly through completing the Gift and Benefit disclosure form and sent to the Governance Manager for recommended action (refuse, return, keep, share with team or surrender to Council) and recorded in the Gifts Register. Do not use or consume the gift until the Governance Manager recommends an action. Staff should forward the Gift and Benefit disclosure form to their supervisor first who will forward onto the Governance Manager.

5.7 Where you receive a gift or benefit of value (more than token value) that cannot reasonably be refused or returned the gift or benefit must be surrendered to Council.

Token Gifts and Benefits

5.8 Generally speaking, token gifts and benefits include:

(a) free or subsidised meals, beverages or refreshments provided in conjunction with:

(i) The discussion of official business.

(ii) Council work related events such as training, education sessions, workshops.

(iii) Conferences.

(iv) Council functions or events.

(v) Social functions organised by groups, such as Council committees and community organisations.

(b) Invitations to and attendance at local social, cultural or sporting events.

(c) Gifts of single bottles of reasonably priced alcohol to individual Council officials at end of year functions, public occasions or in recognition of work done (such as providing a lecture/training session/address).

(d) Ties, scarves, coasters, tie pins, diaries, chocolates or flowers.

(e) Prizes of token value.

5.9 To be considered as a token gift or benefit, the item must not exceed $50 in value.

Gifts and Benefits of Value

5.10 Notwithstanding clause 5.8, gifts and benefits that have more than a token value include, but are not limited to:

- tickets to major sporting events (such as state or international cricket matches or matches in other national sporting codes [including the NRL, AFL, FFA, NBL])
- corporate hospitality at a corporate facility at major sporting events
- discounted products for personal use
- the frequent use of facilities such as gyms

- use of holiday homes
- free or discounted travel.

Improper and Undue Influence

5.11 You must not use your position to influence other Council officials in the performance of their public or professional duties to obtain a private benefit for yourself or for somebody else. A councillor will not be in breach of this clause where they seek to influence other Council officials through the appropriate exercise of their representative functions.

5.12 You must not take advantage (or seek to take advantage) of your status or position with or of functions you perform for Council in order to obtain a private benefit for yourself or for any other person or body.

Council Resources

5.13 In addition to the requirements of Part 7 of this Code, you must not use Council resources to obtain any personal benefit of a commercial or financial nature, either for yourself or any other party.

Part 6: Relationship Between Council Officials

Obligations of Councillors and Administrators

6.1 Each council is a body politic. The councillors or administrator/s are the governing body of the Council. The governing body has the responsibility of directing and controlling the affairs of the Council in accordance with the Act and is responsible for policy determinations, for example, those relating to workforce policy.

6.2 Councillors or administrators must not:

(a) Direct Council staff other than by giving appropriate direction to the General Manager in the performance of Council's functions by way of Council or committee resolution, or by the Mayor or administrator exercising their power under section 226 of the Act (Section 352).

(b) In any public or private forum, direct or influence or attempt to direct or influence, any other member of the staff of the Council or a delegate of the Council in the exercise of the functions of the member or delegate (Schedule 6A of the Act).

(c) Contact a member of the staff of the Council on Council related business unless in accordance with the policy and procedures governing the interaction of councillors and Council staff that have been authorised by the Council and the General Manager.

(d) Contact or issue instructions to any of Council's contractors or tenderers, including Council's legal advisers, unless by the Mayor or administrator or General Manager exercising their power under section 226 of the Act. This does not apply to Council's external auditors or the Chair of Council's audit committee who may be provided with any information by individual councillors reasonably necessary for the external auditor or audit committee to effectively perform their functions.

Obligations of Staff

6.3 The General Manager is responsible for the efficient and effective operation of the Council's organisation and for ensuring the implementation of the decisions of the Council without delay.

6.4 Members of staff of Council must:

(a) Give their attention to the business of Council while on duty.

(b) Ensure that their work is carried out efficiently, economically and effectively.

(c) Carry out lawful directions given by any person having authority to give such directions.

(d) Give effect to the lawful decisions, policies, and procedures of the Council, whether or not the staff member agrees with or approves of them.

(e) Ensure that any participation in political activities outside the service of the Council does not conflict with the performance of their official duties.

Obligations During Meetings

6.5 You must act in accordance with Council's Code of Meeting Practice, if Council has adopted one, and the Local Government (General) Regulation 2005 during Council and committee meetings.

6.6 You must show respect to the chair, other Council officials and any members of the public present during Council and committee meetings or other formal proceedings of the Council.

Inappropriate Interactions

6.7 You must not engage in any of the following inappropriate interactions:

(a) Councillors and administrators approaching staff and staff organisations, for example unions and associations, to discuss individual or operational staff matters other than broader workforce policy issues.

(b) Council staff approaching councillors and administrators to discuss individual or operational staff matters other than broader workforce policy issues.

(c) Council staff refusing to give information that is available to other councillors to a particular councillor.

(d) Councillors and administrators who have lodged a development application with Council, discussing the matter with council staff in staff-only areas of the Council.

(e) Councillors and administrators being overbearing or threatening to Council staff.

(f) Councillors and administrators making personal attacks on Council staff in a public forum.

(g) Councillors and administrators directing or pressuring Council staff in the performance of their work, or recommendations they should make.

(h) Council staff providing ad hoc advice to councillors and administrators without recording or documenting the interaction as they would if the advice was provided to a member of the community.

(i) Council staff meeting with applicants or objectors alone AND outside office hours to discuss development applications or proposals.

(j) Councillors attending on-site inspection meetings with lawyers and/or consultants engaged by Council associated with current or proposed legal proceedings unless permitted to do so by council's General Manager or, in the case of the Mayor or administrator, exercising their power under section 226 of the Act.

(k) Councillors and administrators approaching Council staff outside the Council building or outside hours of work to discuss Council business.

Part 7: Access To Information And Council Resources

Councillor and Administrator Access to Information

7.1 The General Manager and Public Officer are responsible for ensuring that members of the public, councillors and administrators can gain access to the documents available under the *Government Information (Public Access) Act 2009.*

7.2 The General Manager must provide councillors and administrators with information sufficient to enable them to carry out their civic office functions.

7.3 Members of staff of Council must provide full and timely information to councillors and administrators sufficient to enable them to carry out their civic office functions and in accordance with Council procedures.

7.4 Members of staff of Council who provide any information to a particular councillor in the performance of their civic duties must also make it available to any other councillor who requests it and in accordance with Council procedures.

7.5 Councillors and administrators who have a private (as distinct from civic) interest in a document of Council have the same rights of access as any member of the public.

Councillors and Administrators to Properly Examine and Consider Information

7.6 Councillors and administrators must properly examine and consider all the information provided to them relating to matters that they are dealing with to enable them to make a decision on the matter in accordance with Council's charter.

Refusal of Access to Documents

7.7 Where the General Manager and Public Officer determine to refuse access to a document sought by a councillor or administrator they must act reasonably. In reaching this decision they must take into account whether or not the document sought is required for the councillor or administrator to perform their civic duty (see clause 7.2). The General Manager or public officer must state the reasons for the decision if access is refused.

Use of Certain Council information

7.8 In regard to information obtained in your capacity as a Council official, you must:

(a) Only access Council information needed for Council business.

(b) Not use that Council information for private purposes.

(c) Not seek or obtain, either directly or indirectly, any financial benefit or other improper advantage for yourself, or any other person or body, from any information to which you have by virtue of your office or position with Council.

(d) Only release council information in accordance with established Council policies and procedures and in compliance with relevant legislation.

Use and Security of Confidential Information

7.9 You must maintain the integrity and security of confidential documents or information in your possession, or for which you are responsible.

7.10 In addition to your general obligations relating to the use of Council information, you must:

(a) Protect confidential information.

(b) Only release confidential information if you have authority to do so.

(c) Only use confidential information for the purpose it is intended to be used.

(d) Not use confidential information gained through your official position for the purpose of securing a private benefit for yourself or for any other person.

(e) Not use confidential information with the intention to cause harm or detriment to your Council or any other person or body.

(f) Not disclose any information discussed during a confidential session of a Council meeting.

Personal Information

7.11 When dealing with personal information you must comply with:

(a) *The Privacy and Personal Information Protection Act 1998*.

(b) *The Health Records and Information Privacy Act 2002*.

(c) The State Records Act 1998.

(d) The Government Information (Public Access) Act 2009.

(e) Council's privacy management plan.

(f) The Privacy Code of Practice for Local Government.

Use of Council Resources

7.12 You must use Council resources ethically, effectively, efficiently and carefully in the course of your official duties, and must not use them for private purposes (except when supplied as part of a contract of employment) unless this use is lawfully authorised or is considered reasonable personal use, and proper payment is made where appropriate.

7.13 Union delegates and consultative committee members may have reasonable access to Council resources for the purposes of carrying out their industrial responsibilities, including but not limited to:

(a) The representation of members with respect to disciplinary matters.

(b) The representation of employees with respect to grievances and disputes.

(c) Functions associated with the role of the local consultative committee.

7.14 You must be scrupulous in your use of Council property, including intellectual property, official services and facilities, and must not permit their misuse by any other person or body.

7.15 You must avoid any action or situation that could create the appearance that Council property, official services or public facilities are being improperly used for your benefit or the benefit of any other person or body.

7.16 You must not use Council resources, property or facilities for the purpose of assisting your election campaign or the election campaign of others unless the resources, property or facilities are otherwise available for use or hire by the public and any publicly advertised fee is paid for use of the resources, property or facility.

7.17 You must not use Council letterhead, Council crests and other information that could give the appearance it is official council material for:

(a) The purpose of assisting your election campaign or the election campaign of others, or

(b) For other non-official purposes.

7.18 You must not convert any property of the Council to your own use unless properly authorised.

7.19 You must not use Council's computer or electronic resources (including, but not limited to the Internet, the email system, mobile phones, text messaging services, and social media access) to search for, access, download, print, distribute or communicate any material of an offensive, obscene, discriminatory, pornographic, threatening, abusive or defamatory nature.

7.20 You must not use Council's electronic communications (including, but not limited to the Internet, the email system, mobile phones, text messaging services, and social media access) in any manner which could be construed as disparaging or defamatory of colleagues or Council, or which could bring Council into disrepute.

Councillor Access to Council Buildings

7.21 Councillors and administrators are entitled to have access to the Council chamber, committee room, mayor's office (subject to availability), councillors' rooms, and public areas of Council's buildings during normal business hours and for meetings. Councillors and administrators needing access to these facilities at other times must obtain authority from the General Manager.

7.22 Councillors and administrators must not enter staff-only areas of Council buildings without the approval of the General Manager (or delegate) or as provided in the procedures governing the interaction of councillors and Council staff.

7.23 Councillors and administrators must ensure that when they are within a staff area they avoid giving rise to the appearance that they may improperly influence Council staff decisions.

Part 8: Maintaining The Integrity Of This Code

8.1 You must not conduct yourself in a manner that is likely to undermine confidence in the integrity of this Code or its administration.

Complaints made for an Improper Purpose

8.2 You must not make a complaint or cause a complaint to be made under this Code for an improper purpose.

8.3 For the purposes of clause 8.2, a complaint is made for an improper purpose where it is trivial, frivolous, vexatious or not made in good faith, or where it otherwise lacks merit and has been made substantially for one or more of the following purposes:

(a) To intimidate or harass another Council official.

(b) To damage another Council official's reputation.

(c) To obtain a political advantage.

(d) To influence a Council official in the exercise of their official functions or to prevent or disrupt the exercise of those functions.

(e) To influence the Council in the exercise of its functions or to prevent or disrupt the exercise of those functions.

(f) To avoid disciplinary action under this Code.

(g) To take reprisal action against a person for making a complaint under this code except as may be otherwise specifically permitted under this Code.

(h) To take reprisal action against a person for exercising a function prescribed under the procedures for the administration of this code except as may be otherwise specifically permitted under this Code.

(i) To prevent or disrupt the effective administration of this Code.

Detrimental Action

8.4 You must not take detrimental action or cause detrimental action to be taken against a person substantially in reprisal for a complaint they have made under this Code except as may be otherwise specifically permitted under this Code.

8.5 You must not take detrimental action or cause detrimental action to be taken against a person substantially in reprisal for any function they have exercised under this Code except as may be otherwise specifically permitted under this Code.

8.6 For the purposes of clauses 8.4 and 8.5 detrimental action is an action causing, comprising or involving any of the following:

(a) Injury, damage or loss.

(b) Intimidation or harassment.

(c) Discrimination, disadvantage or adverse treatment in relation to employment.

(d) Dismissal from, or prejudice in, employment.

(e) Disciplinary proceedings.

Compliance with Requirements Under this Code

8.7 You must not engage in conduct that is calculated to impede or disrupt the consideration of a matter under this Code.

8.8 You must comply with a reasonable and lawful request made by a person exercising a function under this Code.

8.9 You must comply with a practice ruling made by the Office of Local Government.

8.10 Where you are a councillor or the General Manager, you must comply with any Council resolution requiring you to take action as a result of a breach of this Code.

Disclosure of Information About the Consideration of a Matter Under This Code

8.11 You must report breaches of this Code in accordance with the reporting requirements under this Code.

8.12 You must not make allegations of suspected breaches of this Code at Council meetings or in other public forums.

8.13 You must not disclose information about the consideration of a matter under this Code except for the purposes of seeking legal advice unless the disclosure is otherwise permitted under this Code.

Complaints Alleging a Breach of this Part (Part 8)

8.14 Complaints alleging a breach of this Part (Part 8) by a councillor, the General Manager or an administrator are to be made to the Office of Local Government.

8.15 Complaints alleging a breach of this Part by other council officials (including all staff except the General Manager) are to be made to the Internal Ombudsman.

Complaints Generally Alleging a Breach

8.16 The Complaints Coordinator for Council is the Internal Ombudsman (or, as delegated, an Assistant Internal Ombudsman, or the Executive Legal Counsel).

8.17 Complaints alleging a breach of this Code (other than Part 8) by a councillor, the General Manager or an administrator, are to be referred to the Complaints Coordinator for appropriate handling through the Conduct Reviewer process.

8.18 Complaints alleging any breach of this Code by other Council officials (including all staff except the General Manager) are to be referred to the Internal Ombudsman (and/or delegate).

8.19 The responsibility for investigating any alleged breaches of this Code by other Council officials (including all staff except the General Manager) rests with the Internal Ombudsman (and/or delegate).

Part 9: Definitions

In the Model Code of Conduct the following definitions apply:

the Act	the *Local Government Act 1993*
act of disorder	see the definition in clause 256 of the *Local Government (General) Regulation 2005*
administrator	an administrator of a council appointed under the Act other than an administrator appointed under section 66
Chief Executive	Chief Executive of the Office of Local Government, Department of Premier and Cabinet
colleagues	includes all council officials
Committee	a council committee
conflict of interests	a conflict of interests exists where a reasonable and informed person would perceive that you could be influenced by a private interest when carrying out your public duty
council committee	a committee established by resolution of council
"council committee member"	a person other than a councillor or member of staff of a council who is a member of a council committee
council official	includes councillors, members of staff of council, administrators, council committee members, conduct reviewers and delegates of council
councillor	a person elected or appointed to civic office and includes a Mayor
delegate of council	a person (other than a councillor or member of staff of a council) or body, and the individual members of that body, to whom a function of the council is delegated
designated person	see the definition in section 441 of the Act
development decisions	Includes any Planning Proposal, Voluntary Planning Agreement or application made under Part 4 of the Environmental Planning and Assessment Act
election campaign	includes council, State and Federal election campaigns
personal information	information or an opinion about a person whose identity is apparent, or can be ascertained from the information or opinion
the Regulation	the *Local Government (General) Regulation 2005*

The term "you" used in the Model Code of Conduct refers to council officials.

The phrase "this Code" used in the Model Code of Conduct refers also to the procedures for the administration of the Model Code of Conduct prescribed under the *Local Government (General) Regulation 2005*.