WARRINGAH COUNCIL

ATTACHMENT BOOKLET 1

ORDINARY COUNCIL MEETING

TUESDAY 27 AUGUST 2013

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Future of Local Government - National Summit

22-23 May 2013, Rydges Melbourne

The Future of Local Government National Summit covered a broad range of issues with regard to the future of local government. All speakers agreed that local government in its current form is not sustainable and reform is required but there was no consensus on how that change could be achieved.

Community participation and consultation was a strong theme that ran through the summit looking at how councils can capitalise on the knowledge, skills, needs and desires of constituents. I was particularly taken with the concept of participatory budgeting where a certain amount of the budget is set aside for the public to decide how to allocate those funds through a democratic presentation and voting system.

While amalgamation was discussed with speakers both for and against amalgamation, there was no clear consensus on the way forward. Mr Sansom discussed his report and advised Local Government to look at this as an opportunity to offer proposed models and suggestions for reform. He encouraged Councils to come up with their own solutions and submit them for consideration.

What did become evident at the end of the Summit was that meaningful and open conversations need to take place within each LGA as well as with other LGAs to look at feasible steps forward. Simply saying we don’t want change is not sustainable going forward and will not be accepted by the State Government long term and it would be wise to be on the front foot having some input into how we want to see local government in the future.

Following is summary notes from each of the speakers

The Future of Local Government: The Evolution and the Challenges
John Hennesy

Local Government is big business with annual expenditure of 29 billion dollars and employee numbers of 190,000 people and 300 billion dollars of assets. This makes it as big as the mining industry and twice as big as the manufacturing industry.

The future of local government lies in our hands. Either we do something ourselves or we will have it done to us by the powers that be. If we leave it to the Government to make changes they will make a one size fits all model that won’t actually work for anyone.

LG is a victim of vertical fiscal imbalance and is at the end of the money chain. LG is constantly under pressure to do more with less.

Objectives

- more responsive customer service
- improved productivity and sustainability
- improved resilience
- improved public value
- improved opportunity for LG

We need to transition from a community service role to a community governance role.

LG can't do everything. LG has too much to do and too little money to do it with. We have rising community expectations, other levels of government keep pushing things down to councils giving them more responsibility but most of these are unfunded.

Qld had an imposed amalgamation in 2008 and in the same year NT supported amalgamation but had a rushed implementation. Perth is reviewing the process and NSW now need to consider its future.

In its current state Local Government is constantly looking for a handout, struggling to keep our heads above water and dealing from the backfoot. So how do we move forward? What do we want for the future?

Change is imminent, it has happened and will continue to happen so don't resist change, embrace and drive change. Local government is capable of driving change so let's do it.

What are the game changers? We have lived through two industrial revolutions and now we are experiencing the technological revolution. Digital media and communication is driving change and driving the game.

Change management is challenging. It is a long term project. It requires good management and good leadership. It is essential that LG partners with the community rather than take on a 'parent' role.

Navigating in a fast changing world
Rowena Morrow, Boroondara Council

We need smarter use of resources, assets and systems. People are more urban now. There are more people living in smaller places. The population is ageing and the younger population will not be in a position to support the ageing population. So what does this mean? That things cost more and rates go up. Costs are shifting so we are spending more money.

We are moving from a model of regulation to community involvement and partnership. Waste is a huge problem for all developed countries. We need to look at waste and see if one person's waste is another person's resource. Try to make your waste to have value.

Look at alternative solutions to using power. Ie small solar generators or using roads to heat water etc.

Use data to drive change and productivity. This can be done if data is open. Look at Canberra connect for an example of open data and services that allow you to connect with the whole ACT government.

Landfill mining - buy a landfill, rip out all you can that can be recycled or used then use the rest to generate electricity. When it is used up turn the old landfill into a park.

Look at how you can barter your time by using a time bank to earn services.

Collaboration, cooperation and connections are the key to successful governance. It's so simple to say but so hard to do.

The National Reform Agenda
Terry Moran, President, Institute of Public Administration Australia (IPPA)
The public sector measured as a proportion of GDP has remained constant at about 35%. The cost of government as a percentage of GDP is one of the lowest in the world.

Public Sector employment as a total percentage of employment has gone from 25% to 16% over the past 30 years or so.

Australia and NSW has been experiencing government reforms since the beginning of time and reform needs to take place when the current systems either no longer work or are no longer efficient.

Five themes of this public sector reform:
1. *Strategic thinking for the long term*
- Allowing public servants to have more power over releasing information.
- Join up service delivery and consolidate the way we work.

2. *Need to find better ways to balance state and federal responsibilities including LG in this practice.*
- New accountability structures are needed across the board in terms of Government.
- Investigate the devolution of services.

3. *Public administration putting its own house into order.*
- A lot of functions could be decanted out of agencies and put into more specific and defined areas.
- There are points to having some larger governments but also having smaller more targeted agencies

4. *Accountability processes.*

- Supervisory bodies play a crucial role in accountability. Heads of agencies also need to be more directly accountable for delivery.
- Departmental advisory boards that include board members from outside the agency but have certain expertise.
- Ministerial advisers need to be accountable for imparting wisdom and knowledge to their Ministers not distracting them with spin doctoring.

5. Organisational readiness.

- Stop underinvesting in the general public service and over investing in armed services.
- More resources need to be invested in building capacity in their public sector staff.

Advice: At a local level Governments should try to get more involved at the COAG level so that they can be heard and be more integrated into decisions and reforms.

Next Localism:Five Trends for the Future of Local Government
Simon Parker, Director, New Local Government Network UK

Currently in England local government is taking a huge cut in funding to try to improve the current economic climate.

For as long as the Government continues to cut funds to local government the risk of them going under increases. England has never had a failed Council before but is having to look at the very real possibility in the near future.

The cost of social care will increase as the ageing population increases. This continues to put considerable strain on Councils' ability to stay afloat.

Health care and social care needs to be integrated to be more cost effective.

1. *from retrenching to redeveloping*
   - Councils have been forced to cut back on anything and everything. It's short term gain for long term pain.

2. *from wholesale provider to retail advisor*
   - Councils aren't about direct delivery anymore. Councils have very little grip on any of the services as they are run or managed by a range of different groups. This is disjointed and moving more to a user pays model where the money goes anywhere but the council.
   - Communities have been given much more power to take on council services such as time banking, meals on wheels, libraries etc.

3. *from social provision to leading growth*
   - Because of the prolonged depression in England, Councils are now moving from social provision alone to trying to stimulate and drive economic growth.

- A new homes bonus is given to Council for every new home they build in their area. Redevelop your town to bring in more business. Run your council more as a business with assets that provide a return and not - deplete your funds.

4. *from competition to collaborative governance*
    - The trend in England in the past was not to consult or collaborate with any other Council. Now that is starting to change. They have realised that they have to connect boundaries and collaborate (a bit like a ROC).
    - Be careful with centralised services. Your whole back office might only cost 5% of your total expenditure so merging services may not save as much money as you may originally think.

5. *from elected service providers to networked politics.*
    - Let people into your decision making process. Be a leader. Show change though leadership.

Where to next?

- Current trends suggest that councils will need to push sovereignty upward and outwards to survive.
- Can they overcome historic rivalries an collaborate, or will change be forced be upon them?
- Can politicians change the way they work, or are we doomed to low levels of legitimacy?
- Can we innovate fast enough to contain costs?

Citizen Engagement and Open Government
Daniel Clark, Deputy Director, AmericaSpeaks

We live in a highly indeterminate world so it is harder and harder to predict the future. The pace of change is becoming so quick in some areas we need to be open to all options out there.

- Adopt a philosophy of information transparency – provide open data (that the public understands)
- Be accountable – in a way that the public can hold the government to account for its policy and service delivery performance
- Utilise public engagement – ensure that the public can influence the working of their government by engaging in governmental policy processes.
  Why engage the public? So we can create a stronger public constituency and mandate for change. It also educates the electorate about the challenges facing government. Involve the public in being part of the solution.

Public engagement:

- Link to decision makers: advocacy, voting, talk about decisions that need to be made and inform on decisions that have been made.
- Democratic diversity: insure all community groups are involved.

- Informed participation - make sure you provide all the information that's necessary but don't overload with too much information. Keep communication simple but regular. Look at how you can provide that information electronically.
- Facilitated deliberation: make sure your public participation is facilitated appropriately and properly.
- In person meeting technology: keypad polling, poll everywhere (iPhone polling) good for capturing quantitative data, groupware computers (cloud) good for capturing qualitative data.
- GIS planning tools
- Crowd sourcing/crowd funding

Open your Council: planning for citizen participation and organisational change
Les Robinson, Enabling Change

Issues
- there is a mismatch between consultative practice and the pragmatic needs of both councils and communities
- a sense of can't do anything about it and may just have to soldier on with current models and practices. So how can we be innovative with our consultation?

What engages people
- Enjoyment and sociability: eg, to catch up with people we known while enjoying food in an attractive location.
- Meaningfulness: The more people feel they are genuinely contributing to important purposes or decisions, the more engaged they are, the more energy they give, the more they stick with a process, the more they respect the outcome, the more they work to protect their legacy (purpose + autonomy)

Level of influence
- What is negotiable and what is no negotiable?
- Don't consult with people if there is nothing to negotiate
- Ensure you are trained in consultation and negotiation
- Don't feel that public meetings are a good way to sell things. There are many other more effective ways to sell ideas.
- Be clear to people what their role is and what is not negotiable and let people to take ownership.

The implications are:
- Ask at the start of the planning and engagement process what's negotiable and what's not.
- Get clarity and then communicate that with people.
- What would make people break their schedules for it?
- How could we go about the task or innovating better approaches?

- Motivation and attention span go hand in hand. The more input and the more negotiation to take place will influence the motivation and attention span or ownership.
- Quick polls and questions on smart phones are a great way to engage a much larger proportion of the community.

- Give a minute – Chicago

Focusing on innovation
- innovation is the idea. Look for innovation from any angle or anyone.

Using technology to deliver a brave new world for local communities
Dominic Campbell, FutureGov (UK and USA)

You can't improve digital services in a piecemeal fashion. It has to be done in a holistic approach.

Only consult if you are going to show how the input was used.

Try to deliver some elegant solutions to the problems of humans. We need to bring humans back to the forefront.

Use the reach of technology to build the resilience of change.

Technology can be a wonderful tool in flat decision making over hierarchical decision making. (Read Spotify white paper)

Implement stand up meetings to make sure they are shorter.

Scaling Craft (@Monkships) - Casserole Club, Little Printer, Patchwork(social technology could connect social practitioners with their clients so that they have the big picture on their clients).

Use the people that you have. People in the job or the area are the experts. They have the knowledge. Embrace that.

Think about the needs that you have and then think about how technology can be used to solve that need
Or
Think about technology and how you can apply it in a different way.

Think creatively around technology. Use what you have.

The Participatory Budgeting project in New York: let the people decide
Maria Hadden, Project Coordinator, Participatory Budgeting Project.

Participatory budgeting is a way of empowering the community to make informed and democratic decisions on how to spend money for the community.

Participatory budgeting = bringing in the fullest amount of participation early in the process.
- It's an annual cycle
- It's usually for part of a budget
- Residents brainstorm ideas in a community forum setting
- Delegates are elected and develop proposals that are presented to the community for consideration,
- Residents vote on a proposal they support and want to see implemented in the community and the winner gets funding.
- Delegates need to meet on a more regular basis to develop proposals before presenting them to the community. This could be done with Council staff support.
- Once the project is decided then it is implemented with the support of the people and Council.

Can we trial it in Warringah?
Reinventing democracy through participatory budgeting.

Maria@participatorybudgeting.org
www.participatorybudgeting.org

An Emperor with no Clothes: local government amalgamation
Brian Dollery, Professor of Economics and Director, Centre for Local Government, University of New England

Larger councils will lead to better management and a greater scale with lower costs and improvements but there has been a recent shift away from cost saving to enhanced capacity.

There have been numerous state and national inquiries into amalgamations and some have found that amalgamation has not met expectations and find the costs of amalgamation is under estimated.

The 2006 PWC National Report found no differences in financial viability between the different states. Academic literature says that forced amalgamation does not meet expectations and that there is no relationship between council size and costs.

There is limited empirical evidence in support of an association between council size and total councils expenditure. But total expenditure is the most important category to consider as it measures how much ratepayers must pay for all their local government services.

The Review of Local Government in NSW
Professor Graham Sansom, Chair, Local Government Review Panel

- There is no correlation between council size and cost effectiveness.
- Costs of transitions are understated (but we need to look long term)
- NSW forced amalgamations were terrible but it's because it was forced and poorly planned. Having said that, none of them want to go back to what they had.

Task of the panel:

- To improve the strength and effectiveness of local government
- To drive key strategic directions in Destination 2036 and in the NSW 2021 State Plan.
- Look at linkage of local government and state government

The review is genuinely independent.

LG itself must find many of the answers themselves.

Strengthening communities must be at the forefront of any decision or business model going forward.

GOAL

- Local Government has a more sustainable system of democratic local government that has added capacity to address the needs of local and regional communities, and to be a valued partner of the State and Federal Governments.

  We must be looking towards the future. There are declining populations across most of inland NSW. There are the challenges of urban management and the increasing imbalance and inequity in metro LG areas.

  We must consider the importance of Sydney as a global city and consider emerging ideas about community governance.

  We can't use LG boundaries to contain privilege.

  We have a new State-Local Government agreement which says a lot of interesting things about partnerships. This needs to be nurtured and grown.

  Our Federal Government system is changing. We need to build better partnerships so that we can have better leverage and 'buy in' to result in better outcomes for residents.

  The fundamental goal is to enhance strategic capacity.

  - coping with challenges and unpredictable change
  - more robust revenue base
  - scope to undertake new functions
  - ability to employ wider range of skilled staff

- knowledge, creativity and innovation
- credible and real partner for State and federal agencies

The panel is not focused on economies of scale/cost savings it is about government and not just service delivery.

When looking at Council costs you must also look at the context of the Council (eg upper coastal councils with grey nomads, coastal and weather issues etc).

Structural reform is only part of the picture. Key aspects include:
- fiscal responsibility
- improvements to the rating system
- redistribution of grant funding
- state-wide finance agency
- better governance
- consistent data and benchmarking
- regulation of local government (over regulated)
- new approach to remote area governance (one size fits all currently in place is ludicrous)
- role of the local government association
- changes in how state government works

Structural reform:
- Establish around 20 new look multi-purpose County Councils to strengthen LG and facilitate partnerships with State/Federal
- New option of elected local boards to facilitate community governance and keep the local in LG
- Limited amalgamations across the State to strengthen major regional centres
- Reduce number of councils in system to about 15 to improve equity, reduce duplication, enable effective local representation foster partnerships with State
- Major new cities of Sydney, Parramatta and Liverpool to drive global city and metro strategy of implementation.

Amalgamation: The Queensland experience to date
Simon Talbot, LG Association of Queensland

From then to now
Councils have been amalgamating for years

Compare similarities and differences over 20 years
- The ALP amalgamated 166 - 157 councils in a structured comprehensive, considered, consultative, planned collaborative way
- Then Coalition looked at amalgamation and result was 3-9 so no change
- In 2007-2008 ALP took a club fist approach which was concocted and closed door. The result was 157 - 73 councils
- Now we have a LNP government and they held de-amalgamation polls.
- 16/31 sought polls, 4 were referred and 4 were successful. The community has to burden the cost of deamalgamation.

- Learning's from history is that a heavy handed forced approach does not work. So respect the residents, let them genuinely participate. Bad process = rejected outcomes.

How do we measure success:
- Twice as many residents said the outcomes were considered successful than those who said it was not
- Service delivery - three times as many felt performance had improved than those who said it was worse
- Only 7% wanted the clock turned back to previous boundaries.
- It started with huge opposition but now is hugely successful.
- Even with the forced amalgamations there were reported improvements in performance, customer satisfaction, etc.

Objectives of Amalgamations:
- facilitate optimum service delivery
- improved regional economies
- better planning with regional communities of interest
- partnering with other level s of government
- stronger resource base, better economies of scale and improved capability and capacity.
- better services and infrastructure, economic and regional development, growth management, bigger picture approach.

Starting point in 2008
- QTC (equivalent to TCorp) assessed the financial sustainability of each council through FSRs.

Current point 2012
- Move from many in weak, very weak and severely challenged to more in very strong, strong and acceptable (self-assessed).
- You MUST look at the context of the council. For example some of the Councils with a majority of indigenous people were more distressed than those in with wealthier residents. Other councils were in a strong position because of significant state and federal funding.

What impacts on sustainability
- operating surplus ratio of less than 10% for both amalgamated and non-amalgamated
- net financial liabilities ratio of less than 60%
- debt funded capital expenditure is grown
- operating deficit problems ex depreciation
- inconsistency in valuation of assets
- natural disaster
- infrastructure burden is growing

Other impacts
- reduction and removal of capital grants and subsidies
- capping of infrastructure charges

- SEQ water reforms (capping dividends)
- lost revenue - $800m per annum
- primary impacts - very large and large council

Amalgamation hasn't done this, the context and consequence of policy and government action has. On the whole the people of Queensland trust and support their councils more than any other state. LGAQ's $2m Public Image Campaign has seen support levels increase over 3 years.
Conclusion:
- There does not appear to be a change in vulnerability
- Current sustainability challenges are shared across both amalgamated and non-amalgamated councils driven by state government policy decision
- Public acceptance of amalgamated councils confirmed by election results
- Amalgamation is an opportunity not an outcome.
- Time will tell if the Qld amalgamations will be successful but political clout is evident and LG is seen as a Partner in Government. Some smaller councils would definitely have been worse off.

The brilliant local authority of the future: a report
John Tizard, strategic advisor and commentator, former Director of the Centre for Public Service Partnerships (UK)

Change and more change
- global economic change
- public expenditure pressures
- demographic change/ technological advance
- climate change
- changing public expectations
- huge uncertainty
- constitutional position of local government

Yes change is constant but it is getting speedier and more unpredictable. Think about the uncertainty, that is the more worrying factor rather than change itself.

Strength of local government
- local government not delegated administration
- democratic mandate
- councillors from, in and of their communities
- community leader and place shaper
- custodian of place
- critical friend to businesses and voluntary sector
- voice to other governmental agencies and legislators

What matters most
- social and economic wellbeing
- economic growth and sustainability
- sustainable and cohesive communities
- fairness, equity equality and opportunity

- active citizens
- strong and effective civil society
- different in different places
- local 'post code choice'

Local Government as a leader of place
- setting vision and strategic objectives for place
- securing excellent service outcomes:
    - o commissioning
    - o partnership and collaborating
    - o supporting voluntary and third sectors
    - o procuring and contracting
    - o ‘in house' services
- collaborating and coordinating with other agencies
- enabling others in all sectors to contribute.

So what might councillors do?
- be strategic politicians and value driven
- listen to people: consult, engage and communicate
- have a clear focus and policy objectives
- be place shapers and neighbourhood leaders
- work with and in wider civil society
- be collaborative leaders
- appoint excellent officials and hold them to account.

What councils might do
- be strategic
- establish local partnership architecture
- influence not always control
- adopt strategic commissioning: identifying needs and means to address these within available resources (not same as procurement or contracting
- run exemplar in house services
- be excellent at contracting and supply chain management

Sustainability Transformation Conference

17-19 June, Novotel St Kilda

This was a fantastic eye opening experience looking at how to create healthy sustainable cities. While the conference did address economic and environmental sustainability it also addressed social sustainability and the importance of looking at people and how they are perhaps the most critical part of the sustainability equation.

The conference also looked at change and how businesses, corporations and governments can manage change effectively.

Interestingly some speakers addressed the need for looking after our young people as much as we look after our elderly. While the conference widely acknowledged that the population is aging and therefore infrastructure and services must plan for this speakers also addressed the need to consider young people when investing in infrastructure and services.

While there were many motherhood statements that were inspiring and thought provoking some of the best messages were simple ones:

- Build things that last and that will be used into the future
- Activate your sites!
- Don't always think big. Sometimes it's better to think small.
- Allow all your staff to be innovators should they show the initiative
- Show up to things
- Get the community involved

The following notes have been takes from the speakers attending the conference. They do not represent my opinion on what Council should or should not be doing but merely represent food for thought and points for discussion when considering town planning or urban design.

Social Sustainability

Social sustainability is the capacity of a society to provide for the safety care and creative expression of its people. It also relates to protecting what we have and not damaging what we have.

The speakers who focused on social sustainability addressed several main issues which included:

- Society and social connections cannot be overlooked when addressing economic growth.
- Social sustainability critical.
- Place humans at the centre of the discussion
- Robust social sustainability leads to environmental sustainability which leads to economic sustainability.

Four principles of Social Sustainability

1. Engaged governance

Make it more participatory including more stakeholders in decision making. Warringah is streets ahead of other Councils in terms of their consultation and connection to community.

2.

Social capital
Build strong, resilient communities tapping into community networks. Value the relationships you form and find new ways to engage marginal communities.

3. Social justice and equity
Ensure you have an ethical foundation for policy creation and ensure it extends to the strategy and implementation of the strategy. Always plan for an equitable division of services. Don't just answer to the 'squeaky wheel'.

4. Social infrastructure
This makes up the operational perspective of social sustainability. The provision of law and order, roads, services, arts and culture, education, transport, parks, health etc. Most social infrastructure is a state or federal government responsibility but local government has to keep the pressure on these upper governments to keep them doing their job.

Local government has the potential to deliver immediate and grass roots solutions as they are closer to the constituents but they are often blinded but the restraints of higher governments and bogged down answering the noisy minority. Neglecting social sustainability leads to longer term and more detrimental pressures on society.

Managing Change

So what does this mean for society at large? That change is always and will always be present and we need to be constantly evolving and changing to meet the needs of a growing and aging population.

Change is the hardest thing we have to deal with. People don't really like change and often find it hard to deal with so Councils need to help become change agents and promote the benefits of change. How change is promoted and managed is critical.

Brochures don't sell change

- Discussion is critical when changing culture
- Fear doesn't work, facts doesn't work, guilt doesn't work and nor does enforcement
- We retain 5% of what we hear when lectured
- We learn from interaction and discussion
- Controlled information is simple but not effective
- Conversations are harder but more effective. Nurturing change is very complex but has the best impact.
- We are social beings so need social interactions.
- We can't opt out of the world. Everything we do has an impact on other people (stone and ripple)
- Focus on the people who will embrace change and will teach others to follow.
- Change happens when we excite, engage and challenge others.
- We will fail a lot but don't give up.
- Relate, reframe and repeat. Telling somebody something once is not good enough. You have to keep reminding and keep reinforcing messages. Practice and repetition hard wires the change to the brain

Urban Sprawl and Human Health

While most people live in urban settings it may not be the best solution for a healthy, sustainable community. The sustainability, liveability and productivity of cities are all foundations for human health.

More than 1 million people a week will be added to the world population over the next 30 years. Australia will double in the next 85 years and most of that will be in urban environments.

With rapid urbanisation come epidemics of infections and respiratory disease. It was true in the past and is still true now. Historically urban health issues were predominantly infectious disease. However, over time that has now moved to urban air pollution, road trauma, greenhouse gasses and obesity.

'Garden cities', what we now consider a suburban environment, was a public health response in the UK to reduce density and initially it worked but that was the beginning of urban sprawl which soon put a strain on public transport and access to amenities and services which in turn increased reliance on cars.

So how do we get the density right to make cities liveable? Density is all relative. With higher density there are often better amenities and more connection to community (if town planning is good). However, growth is not simply about housing or houses. That's just adding fat to the community. Growth is also about infrastructure, local business, community spaces etc. And density cannot be just about building out or building up.

Urban sprawl is associated with:

- Obesity
- Less walking
- Less use of public transport
- More cars driven
- More phosphorous fuels
- More sedentary behaviours etc
- Longer compute times/more time in the car
- Less access to community amenity and spaces
- Less access to services. Health services can't keep up with sprawl as they all need to be duplicated more and father away
- Urban sprawl is not affordable housing and is not always safe.
- Urban sprawl is not sustainable

What is a possible solution? Higher density, mixed use developments with connected street networks. This does not mean high-rise. In fact many issues, if not more can arise if a building is too high. There must be a connection to the street so 3-5 storeys really is the optimum level. BUT infrastructure is needed and infrastructure must be built before or at the same time as the housing developments. It can't be an afterthought or 'retrofitted' at a later date.

What factors are important when planning for housing?

- Building with ambient light, ventilation, insulation,
- Opportunities for interaction and recreation, not too high (not higher than 5)
- Designed with children and families in mind, does it have green space nearby and recreation etc?
- Be careful not to fall into the high rise sprawl trap.
- Services and infrastructure need to be planned for at the same time
- Look at building factors, social environment and neighbourhood environment when planning.
- Begin with the end in mind.

- Serve more than one primary function and
- Keep blocks short.

Badly designed places impose costs on everyone.

Look at Disneyland. It is actually a fantastic model. It's street based, walkable, connected, activated and engaging.

Children and Youth are part of our Community

Design community space with children and young people in mind. If you build it, they will come! A well planned activated space will bring people. Activate a space and it becomes safer. The more people, the safer a place. If someone sees a child playing they automatically believe the place to be safe so design spaces that are inclusive, social and accessible. Make sure what you design has flexible multiuser spaces and include incidental seating as part of your plan to encourage longer visits. Eg Geelong youth space and St Kilda skate space.

Provide opportunities for play for children in any planning. Children will play with and play on anything. They need to be able to move and explore freely. They need open space and some kind of structured place to explore. Children of all ages need somewhere they can congregate and socialise this is true for young people as well. Look at Kids Copenhagen, Play streets for some great examples of catering for children and young people in an already very established urban setting.

Streets drive development not the other way around so let’s try to make more of streets. Look for opportunities where streets can be closed for certain events to allow for play and socialisation for all age groups. Allow streets to be public places. With ownership comes responsibility, commitment and a sense of community. Look for ways streets can be used as active open communal spaces. For example, Angel place Sydney. This has installations that activate and revitalise space. See also, Little Hay Street Chinatown, Sydney.

It doesn’t always cost a lot of money and you can often use the skills of the community to design and create a site activation project. Strong community engagement in public projects is crucial.

Warringah Council
Annual Financial Statements
2012 - 2013

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WARRINGAH COUNCIL

FINANCIAL COMMENTARY 2012/13

This commentary provides the highlights of Council's 2012/13 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 21). The Financial Statements are made up of the following:

- Plain English explanation of the General Purpose Financial Statements – page 1
- LGMA Financial Health Check – pages 2 to 4
- General Purpose Financial Statements – pages 5 to 61
- Special Purpose Financial Statements – pages 66 to 73
- Special Schedules – pages 76 to 81

The General Purpose and Special Purpose Financial Statements are independently audited by Hill Rogers Spencer Steer Pty Ltd, reported to Council, placed on public exhibition and lodged with the Division of Local Government.

2012/13 HIGHLIGHTS

• Total Income from Continuing Operations $151.386m
• Total Expenses from Continuing Operations $136.563m
• Net Operating Surplus for the year $14.823m
• Net Operating Surplus for the year before Capital Grants and Contributions $10.853m
• Total Assets $2.537b
• Total Liabilities $44.507m
• Net Assets $2.492b
• Unrestricted Current Ratio of 4.07:1 (2012 3.35:1)
• Debt Service Ratio of 0.38% (2012 0.54%)
• Building & Infrastructure Renewals Ratio 154.2%
• Revaluation Increment Operational Land and Buildings $33.494m

The highlights of the Financial Statements indicate that Council is in a sound financial position having delivered a strong performance which was ahead of budget.

FINANCIAL STATEMENTS

in Plain English

Introduction
The General Purpose Financial Statements which are comprehensive statements that meet all reporting requirements and show how the Council performed financially during the 2012/2013 financial year and presents the financial position as at the end of the financial year.

Council presents its financial statements in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act (1993) and Regulation and the Local Government Code of Accounting Practice and Financial Reporting. Particular terms required by these Standards may not be familiar to some readers. Council is a "not-for-profit" organisation and some of the generally recognised terms used in the private sector corporate reports are not ideally transferable to the Local Government Environment.

Warringah Council is mindful of its role of acting in the public interest and it is in this context that the Plain English guide is provided to assist readers in understanding and analysing the financial report.

What is Contained in the General Purpose Financial Statements?
Council's Financial Statements have two sections, namely:

(1) The Principal Financial Statements
(2) The Notes to and Forming Part of the Principal Financial Statements.

There are five (5) Principal Financial Statements and twenty seven (27) Notes. These are prepared by Council staff, examined by the Council's Audit & Risk Committee and by Council and then audited by an independent Auditor. The five Principal Financial Statements appear immediately after the statement by Council on Pages 3-7 of the General Purpose Financial Report and comprise the following:

- Income Statement
- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Cash Flow Statement

The Notes detail Council's accounting policies and the make up of values contained in the Principal Financial Statements.

Statement by Councillors and Management
The Statement is made by the Council, the General Manager and the Responsible Accounting Officer to indicate that, in their opinion, the General Purpose Financial Report has met all the statutory and professional reporting requirements and has been prepared in accordance with Council's records.

Income Statement
The Income Statement shows:

- The sources of Council's revenue under various income headings
- The expenses incurred in running the Council during the year

These expenses relate only to the operations and do not include the costs associated with the purchase or the building of assets. While asset purchase costs are not included in expenses there is an item for depreciation. This is the annual allocation of the cost of assets by reference to the remaining useful life of assets.

Emphasis is placed on the net operating result before capital grants and contributions and indicates that revenues from operations exceeded expenses.

Statement of Financial Position
This statement is a snap shot of the financial position of the Council as at 30 June 2013. It shows what the Council owns as assets and what it owes as liabilities. The bottom line of this statement is net assets and is equivalent to the net worth of Council that has built up since incorporation in 1906.

The assets and liabilities are separated into current and non-current. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Statement of Comprehensive Income
Council is required to present all items of income and expense recognised during the year. Council has chosen to present this information in two statements. The first is the Income Statement explained above. The second statement is the Statement of Comprehensive Income. This begins with Net Operating Result for the year from the Income Statement and then details other comprehensive income which represents other gains and losses of Council such revaluations not recognised in the Income Statement.

Statement of Changes in Equity
During the course of the year the value of total equity as set out in the Balance Sheet changes. This Statement shows the values of such changes and how these changes arose.

The main reasons for a change in equity are as follows:

- Surplus from operations as disclosed in the Income Statement
- Changes in minority interest of the subsidiary.

Cash Flow Statement
Statement of Cash Flows summarises Council's cash payments and cash receipts for the year. This statement is presented according to a very specific accounting standard and needs some care and analysis. The values differ from those shown in the Income Statement because the Income Statement is prepared on an accrual accounting basis.

Cash in this statement refers to bank deposits and other forms of highly liquid investments that can be readily converted to cash.

Council's cash arises from and is used in three main areas:

- Operating activities
- Investing activities – this term relates to only assets such as new capital plant and other long-term revenue producing assets.
- Financing activities – this is used to record the receipt and repayment of external financing such as loans and leases.

The bottom line of the Cash Flow Statement is the cash at the end of the financial year.

Notes to the Accounts
The Notes are a very important and informative section of the Report. Rather than expecting the reader to have a working knowledge of the numerous and forever-changing Australian Accounting Standards, the Notes are provided to enable the reader to understand the basis on which the values shown in the Statements are established. These are described in Note 1.

Apart from the Accounting Policies, the Notes also give details behind many of the summary figures contained in the Statements. The Note numbers are shown beside the relevant items in the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Cash Flow Statement.

The Notes should be read at the same time as, and together with, other parts of the Financial Statements to get a clear picture of the accounts.

Auditor's Report on the Financial Statements and on the Conduct of the Audit
The independent Audit Report is the external and independent opinion on the Financial Statements. It provides the reader with a totally independent opinion and covers both the statutory and professional requirements and also the fairness aspects of the Financial Statements.

Local Government Financial Health Check
Attached to this Plain English guide is Council's Sustainable Financial Health Check prepared in accordance with the industry accepted guidelines. Note 13 also includes performance measures prescribed by the Division of Local Government and those used by NSW Treasury Corporation (TCorp) in assessing the financial sustainability of NSW Councils..

FINANCIAL HEALTH CHECK PERFORMANCE INDICATORS

CASH/LIQUIDITY POSITION

Indicator # 1

Cash /Liquidity Position – after accounting for external reserves

1.1 Unrestricted Current Ratio

Indicator / Local Government Benchmark:

Greater than 2:1	Between 1:1 and 2:1	Less than 1:1	Successive years > 10:1

Indicator Definition:

Current Assets less Externally Restricted Current Liabilities
Current Liabilities less Specific Purpose Current Liabilities

June 2012	June 2013	June 2014	June 2015	June 2016
3.35	4.07	4.22	2.74	2.34

Commentary: Council's liquidity is more than satisfactory. Council can easily pay its debts as they fall due.

1.2 Available Cash Position

Indicator Definition:

		June 2012	June 2013	June 2014	June 2015	June 2016
(a) Available Cash Assets / Cash Assets less Externally Restricted Assets	(a)	$46,233	$50,322	$64,366	$38,308	$31,051
(b) Unrestricted Available Cash Assets / Available Cash Assets less Internally Restricted Assets	(b)	$36,289	$41,670	$54,067	$27,892	$20,518

Commentary: This indicator is used to interpret indicator 1.1 in $ amount. More than adequate funds are available, providing the capacity to respond to opportunities to react to unforeseen commitments that may arise.

1.3 Availability of Cash Assets as a % of total Revenue

Indicator Definition:

		June 2012	June 2013	June 2014	June 2015	June 2016
(a) Available Cash Assets / Total Ordinary Revenue before Capital	(a)	33.30%	34.14%	39.25%	23.42%	17.21%
(b) Unrestricted Available Cash Assets / Total Ordinary Revenue before Capital	(b)	26.13%	28.27%	32.97%	17.05%	11.37%

Commentary: This indicator is used to interpret indicator 1.2[b] in % amount. This demonstrates that Council funds are available either for unplanned works, commitments or for unforeseen occurrences.

OPERATING RESULT

Indicator # 2 – Operating Result – using trend analysis

Result from Continuing Operations before Capital Grants & Contributions

Indicator / Local Government Benchmark:

Three (3) successive surplus`	Surplus	Deficit

Indicator Definition:

Result from ordinary operations before receipt of Capital Grants and Contributions ie. Operating Result or 'Profit' after depreciation

June 2009	June 2010	June 2011	June 2012	June 2013
$2,278	$7,938	$2,266	$4,578	$10,853

Commentary: Council continues to generate sufficient revenue to cover its operating expenditure, including depreciation.

Note: In respect of prospective financial information for 2014 to 2016 this relates to events and actions that have not yet occurred and may not occur. While evidence is available to support the assumptions on which prospective financial information is based, such evidence is generally future oriented and therefore speculative in nature.

FINANCIAL HEALTH CHECK PERFORMANCE INDICATORS

ASSET RENEWAL EXPENDITURE

Indicator # 3 – Asset Renewal Expenditure

Indicator Definition:
Capital Renewal Capacity – amount of funds spent on renewing assets (as opposed to maintaining them)

Capital Expenditure on Existing Assets / Annual Depreciation

Indicator / Local Government Benchmark:

1 to 1	Less than 1:1

June 2012	June 2013	June 2014	June 2015	June 2016
2.05	2.10	1.45	1.71	1.10

Commentary: This is a longer term indicator of the condition and cost to maintain public infrastructure assets. A strategic approach to asset management has been adopted and applied to Council's Delivery Program.

DEBT SERVICE RATIO

Indicator # 4 – Debt Service Ratio

Indicator Definition:

Net Debt Service Cost / Total Revenue from Ordinary Activities

Indicator / Local Government Benchmark:

<10%	10%-15%	>15%

June 2012	June 2013	June 2014	June 2015	June 2016
0.53%	0.38%	0.16%	0.63%	0.58%

Commentary: This indicator shows the amount of annual revenue necessary to service annual debt obligations (loan repayments). Council's ability to service its debt is excellent. Council's only existing debts are finance leases.

COLLECTION PERFORMANCE

Indicator # 5 – Collection Performance

5.1 Outstanding Rates, Charges & Fees
5.2 Rates, Annual Charges, Interest and Extra charges outstanding

Indicator / Local Government Benchmark:

<4%	4%-5%	>5%

Indicator Definition:

5.1 Total Outstanding Rates Charges and Fees / Invoices raised plus Arrears Brought Fwd

5.2 Rates, Annual Charges, Interest and Extra charges outstanding / Rates Annual Charges, Interest and Extra Charges Collectible

	June 2012	June 2013	June 2014	June 2015	June 2016
5.1	4.06%	4.88%	3.90%	3.90%	3.90%
5.2	3.18%	3.45%	3.35%	3.35%	3.35%

Commentary: 5.1 Outstanding rates, charges & fees indicator measures the effectiveness of Council in recovering all debts legally owed to it whereas;

5.2 Rates, Annual, Interest and Extra charges outstanding assesses only the impact of Rates, Annual Interest and Extra charges on liquidity and the adequacy of recovery efforts.

Note: In respect of prospective financial information for 2014 to 2016 this relates to events and actions that have not yet occurred and may not occur. While evidence is available to support the assumptions on which prospective financial information is based, such evidence is generally future oriented and therefore speculative in nature.

FINANCIAL HEALTH CHECK PERFORMANCE INDICATORS

RE-VOTES OF EXPENDITURE

Indicator # 6 – Re – Votes of Expenditure

Indicator Definition: Revotes / Ordinary and Capital Expenditure

Indicator / Local Government Benchmark:

<2%	2%-5%	>5%

June 2009	June 2010	June 2011	June 2012	June 2013
0.00%	2.12%	0.55%	0.24%	0.10%

Commentary: The existence of re-votes at year end indicates funded projects/outcomes were not delivered in accordance with the Community Strategic Plan. Council had a small level of re-votes (0.10%) due to factors outside of its control.

ACCURACY / TIMELINES OF FINANCIAL DATA / BUDGET / COMPLIANCE

Indicator # 7 – Management Practices

Indicator Definition:

Indicator / Local Government Benchmark:

8 to 10 Achieved	5 to 7 Achieved	< or = 4 Achieved

	June 2009	June 2010	June 2011	June 2012	June 2013
1. Financial Bottom Line (before capital) matched to forecasts to a level of + or – 10%	Yes	No	No	No	No
2. Receipt of an unqualified Audit Report	Yes	Yes	Yes	Yes	Yes
3. Statements lodged to meet compliance deadline	Yes	Yes	Yes	Yes	Yes
4. Do you report monthly to management within 5 days of month end	Yes	Yes	Yes	Yes	Yes
5. Do you report quarterly – within 21 days of quarter end	No	No	No	No	No
6. Do you report annually – within 21 days of year end	No	No	No	No	No
7. Budgets incorporate a 3 year plan where the 2nd year becomes the base for the following year	Yes	Yes	Yes	Yes	Yes
8. Rigour of budget review and then ongoing monthly/quarterly budget to actual results analysis	Yes	Yes	Yes	Yes	Yes
9. Does RAO (Responsible Accounting Officer) formally report to Council on the sign off of Financial Statements – Section 413 (2) (c)	Yes	Yes	Yes	Yes	Yes
10. Has the Council established an Audit Committee comprising elected members and community representatives in the interests of best corporate governance practice.	Yes	Yes	Yes	Yes	Yes
	8	7	7	7	7

Note: While No has been answered against Items 5 and 6 Council reports on a timely basis and due to the timing of meetings it is not practicable to achieve these timeframes.

Warringah Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Leading our community
Protecting our environment
Creating our future

General Purpose Financial Statements

for the financial year ended 30 June 2013

CONTENTS | **PAGE**

OVERVIEW

(i) These Financial Statements are general purpose financial statements for Warringah Council and its controlled entities and are presented in Australian currency.

(ii) Warringah Council is a body corporate of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is specified in Section 8 of the LGA and includes;

- carrying out activities and providing goods, services and facilities appropriate to the current & future needs of the Local community and of the wider public;
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, and
- a role in the management, improvement and development of the resources of the local government area.

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

(iii) The Financial Statements are authorised for issue by the Council on 7 August 2013. Council has the power to amend and reissue the Financial Statements.

(iv) 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.

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 Statements have been prepared in accordance with:
- The Local Government Act 1993 (as amended) and the Regulations made thereunder
- The Australian Accounting Standards and professional pronouncements.
- 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 6 August 2013.

Michael Regan
MAYOR

Jose Menano-Pires
COUNCILLOR

Rik Hart
GENERAL MANAGER

David Walsh
RESPONSIBLE ACCOUNTING OFFICER

ANNUAL FINANCIAL STATEMENTS

Income Statement
for the year ended 30 June 2013

Budget[1] 2013	$ '000	Notes	Actual 2013	Actual 2012
	INCOME FROM CONTINUING OPERATIONS			
	Revenue:			
88,240	Rates & Annual Charges	3a	88,201	83,119
32,035	User Charges & Fees	3b	32,301	31,792
3,932	Interest & Investment Revenue	3c	4,437	5,329
9,468	Other Revenues	3d	10,408	9,356
7,243	Grants & Contributions provided for Operating Purposes	3e,f	7,288	8,677
4,785	Grants & Contributions provided for Capital Purposes	3e,f	3,970	4,160
	Other Income:			
4,355	Net gains from the disposal of assets	5	4,781	205
-	Net Share of interests in Joint Ventures & Associated Entities using the Equity Method	19	-	377
150,058	TOTAL INCOME FROM CONTINUING OPERATIONS		151,386	143,015
	EXPENSES FROM CONTINUING OPERATIONS			
56,465	Employee Benefits & On-Costs	4a	55,776	54,434
729	Borrowing Costs	4b	902	312
48,048	Materials & Contracts	4c	48,002	49,522
14,286	Depreciation & Amortisation	4d	14,127	13,880
-	Impairment	4d	-	-
16,991	Other Expenses	4e	17,644	16,129
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	-	-
693	Net Share of interests in Joint Ventures & Associated Entities using the Equity Method	19	113	-
137,212	TOTAL EXPENSES FROM CONTINUING OPERATIONS		136,563	134,277
12,846	OPERATING RESULT FROM CONTINUING OPERATIONS		**14,823**	**8,738**
	DISCONTINUED OPERATIONS			
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
12,846	**NET OPERATING RESULT FOR THE YEAR**		**14,823**	**8,738**
	Attributable to:			
11,887	- Council		13,694	7,459
959	- Non-controlling Interests		1,129	1,279
8,061	**Net Operating Result for the year before Grants and Contributions provided for Capital Purposes**		**10,853**	**4,578**

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

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

ANNUAL FINANCIAL STATEMENTS

Statement of Comprehensive Income
for the year ended 30 June 2013

$'000	Notes	Actual 2013	Actual 2012
Net operating result for the year - from Income Statement		14,823	8,738
Other Comprehensive Income			
Gain on revaluation of infrastructure, property, plant and equipment	20b	33,494	-
Movement in revaluation reserve from disposal	20b	(111)	-
Total other Comprehensive Income for the year		33,383	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**48,206**	**8,738**
Attributable to:			
- Council		47,077	7,459
- Non-controlling Interests		1,129	1,279

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

ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position

as at 30 June 2013

$ '000	Notes	Actual 2013	Actual 2012
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	4,311	6,544
Investments	6b	76,511	68,537
Receivables	7	6,922	6,584
Inventories	8	93	96
Other	8	1,180	1,037
Non-current assets classified as "held for sale"	22	9,309	2,944
Total Current Assets		**98,326**	**85,742**
Non-Current Assets			
Investments	6b	3,287	4,318
Receivables	7	515	497
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	2,429,738	2,383,286
Investments accounted for using the equity method	19	1,113	1,226
Investment Property	14	1,900	2,100
Intangible Assets	25	1,991	1,840
Other	8	-	-
Total Non-Current Assets		**2,438,544**	**2,393,267**
TOTAL ASSETS		**2,536,870**	**2,479,009**
LIABILITIES			
Current Liabilities			
Payables	10	13,719	13,766
Borrowings	10	261	491
Provisions	10	13,071	12,457
Total Current Liabilities		**27,051**	**26,714**
Non-Current Liabilities			
Payables	10	-	600
Borrowings	10	13	274
Provisions	10	17,443	6,752
Investments accounted for using the equity method	19	-	-
Total Non-Current Liabilities		**17,456**	**7,626**
TOTAL LIABILITIES		**44,507**	**34,340**
NET ASSETS		**2,492,363**	**2,444,669**
EQUITY			
Retained Earnings	20	2,339,980	2,326,286
Revaluation Reserves	20	144,312	110,929
Council Equity Interest		2,484,292	2,437,215
Non - Controlling Interest		8,071	7,454
TOTAL EQUITY		**2,492,363**	**2,444,669**

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

ANNUAL FINANCIAL STATEMENTS

Statement of Changes in Equity

for the financial year ended 30 June 2013

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Non-controlling Interest	Total Equity
2013						
Opening Balance	20	2,326,286	110,929	2,437,215	7,454	**2,444,669**
Correction of Errors		-	-	-	-	**-**
Changes in Accounting Policies	20	-	-	-	-	**-**
Restated Opening Balances	20	**2,326,286**	**110,929**	**2,437,215**	**7,454**	**2,444,669**
Net Operating Result for the year	20	13,694	-	13,694	1,129	**14,823**
Other Comprehensive Income	20	-	33,383	33,383	-	**33,383**
Total Comprehensive Income		**13,694**	**33,383**	**47,077**	**1,129**	**48,206**
Dividends Paid to Minority Interests		-	-	-	(512)	(512)
Closing Balance		**2,339,980**	**144,312**	**2,484,292**	**8,071**	**2,492,363**

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Non-controlling Interest	Total Equity
2012						
Opening Balance	20	2,318,827	110,929	2,429,756	6,605	**2,436,361**
Correction of Errors		-	-	-	-	**-**
Changes in Accounting Policies		-	-	-	-	**-**
Restated Opening Balances	20	**2,318,827**	**110,929**	**2,429,756**	**6,605**	**2,436,361**
Net Operating Result for the year	20	7,459	-	7,459	1,279	**8,738**
Other Comprehensive Income	20	-	-	-	-	**-**
Total Comprehensive Income		**7,459**	**-**	**7,459**	**1,279**	**8,738**
Dividends Paid to Minority Interests		-	-	-	(430)	(430)
Closing Balance		**2,326,286**	**110,929**	**2,437,215**	**7,454**	**2,444,669**

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

ANNUAL FINANCIAL STATEMENTS

Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	$ '000	Notes	Actual 2013	Actual 2012
	Cash Flows from Operating Activities			
	Receipts:			
88,240	Rates & Annual Charges		87,846	83,146
32,035	User Charges & Fees		31,950	32,631
3,932	Interest & Investment Revenue Received		4,452	5,641
12,028	Grants & Contributions		11,629	13,630
-	Deposits & Retentions Received		1,216	1,205
9,469	Other		10,817	9,648
	Payments:			
(56,465)	Employee Benefits & On-Costs		(55,051)	(53,375)
(48,048)	Materials & Contracts		(48,819)	(53,650)
(729)	Borrowing Costs		(82)	(82)
-	Deposits & Retentions Refunded		(1,344)	(1,526)
(16,991)	Other		(17,375)	(16,233)
23,471	**Net Cash provided (or used in) Operating Activities**	11b	**25,239**	**21,035**
	Cash Flows from Investing Activities			
	Receipts:			
-	Sale of Investments		154,465	146,925
-	Sale of Investment Property		-	-
7,534	Sale of Infrastructure, Property, Plant & Equipment		7,687	1,575
	Payments:			
-	Purchase of Investment Securities		(161,385)	(143,369)
(30,321)	Purchase of Infrastructure, Property, Plant & Equipment		(27,085)	(29,487)
-	Purchase of Intangibles		(151)	(570)
(22,787)	**Net Cash provided (or used in) Investing Activities**		**(26,469)**	**(24,926)**
	Cash Flows from Financing Activities			
	Receipts:			
-	Proceeds from Borrowings & Advances		-	330
	Payments:			
-	Repayment of Borrowings & Advances		-	-
(575)	Repayment of Finance Lease Liabilities		(491)	(647)
(372)	Dividends Paid to Minority Interests		(512)	(430)
(947)	**Net Cash Flow provided (used in) Financing Activities**		**(1,003)**	**(747)**
(263)	**Net Increase/(Decrease) in Cash & Cash Equivalents**		**(2,233)**	**(4,638)**
7,708	**Cash & Cash Equivalents at beginning of the year**	11a	6,544	11,182
7,445	**Cash & Cash Equivalents - end of the year**	11a	**4,311**	**6,544**

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 2013

CONTENTS OF THE NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

Notes to the Financial Statements

for the financial year ended 30 June 2013

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 Interpretations issued by the Australian Accounting Standards Board, the Local Government Act (1993) and Regulations, 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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(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 2012.

(iii) Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(iv) Critical Accounting Estimates

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.

- Critical judgements in applying the entity's accounting policies

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

(b) Revenue Recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to 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:

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 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.

The 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.

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.

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

Interest and rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

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

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

- General Purpose Operations
- Kimbriki Environmental Enterprises Pty Limited

Other joint ventures and associated entities in which Council is involved are included to the extent set out in (iv), Joint Ventures.

(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) Associates

Associates are all entities over which the Council has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(iv) Joint Venture
Jointly Controlled Assets

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated throughout the financial statements under the appropriate headings. Details of the activity are set out in Note 19.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the Council's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

(v) County Councils

Council is not a member of any County Councils

(d) 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.

(e) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(f) Impairment of assets

Goodwill and 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 cash flow statement 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. 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

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

(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, except for assets such as those arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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.

Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, Council may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

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

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

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

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

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established.

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 position 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 Division 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 (Internal Valuation)
- Drainage assets – (Internal Valuation)
- Community Land – (Internal Valuation)
- Land Improvements (as approximated by depreciated historical cost).
- Other structures (as approximated by depreciated historical cost).
- 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. 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

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 residual 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	100 years
Transportation Assets	
Sealed Roads – Surface	20 years
Sealed Roads – Structure	100 years
Bridge – Concrete	100 years
Bridge – Other	100 years
Road Pavements	100 years
Kerb, Gutter & Paths	100 years
Other Assets	
Library Books	5 – 15 years
Artworks	Indefinite

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial 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 2013, 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 2013.

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.

(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 services and amortised over the period of the facility to which it relates.

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

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

(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.

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 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.

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 (see below).

The Local Government Superannuation Scheme – Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119. Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2013 was $1,189,134. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20 February 2013 and covers the period ended 30 June 2013. However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 a deficit still exists. Effective from 1 July 2013, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of additional contributions included in the total employer contribution advised above is $588,369.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of $2,735,531 as at 30 June 2013.

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. As a result, they have asked for significant increases in contributions to recover that deficiency. Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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.

Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June 2013.

(t) Rounding of amounts

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

(u) 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 July 2008 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.

(v) Provisions for close down, restoration and for environmental clean up costs – Tips and Quarries

(i) Restoration

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the 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

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, Restoration and Remediation costs are a normal consequence of tip and quarry 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.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period. The amortisation of the discount is shown as a borrowing cost.

Other movements in the provisions for Close down, Restoration and Remediation 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.

(ii) 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 statement of financial position 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 statement of financial position 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 unwind 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.

Specific Information relating to Council's provisions for Close Down, Restoration and Environmental Clean Up costs can be found at Note 26.

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

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

(x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. Warringah Council's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013). The suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules. As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iv) Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)

This revised standard on accounting for employee benefits requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

(v) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

(vi) AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014)

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

(vii) AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013)

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - Clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

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

(y) Self insurance

Council has determined 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).

(z) Intangible assets

Alternative Waste Technology
Costs incurred in acquiring licences and rights that will contribute to future period

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

(aa) 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.

(bb) 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 continue to recognise Rural Fire Service assets including land, buildings, plant and vehicles and depreciation charges within the Financial Statements.

(cc) 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.

(dd) Taxes

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

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

(ee) Comparative Figures

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

Notes to the Financial Statements

for the year ended 30 June 2013

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	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Corporate Support	13,705	12,360	7,218	22,450	19,755	20,118	(8,745)	(7,395)	(12,900)	10	19	1,851,166	1,821,397
Good Governance	210	217	9	7,326	7,165	6,967	(7,116)	(6,948)	(6,958)	-	20	-	-
Certification	326	222	281	756	671	767	(430)	(449)	(486)	-	-	-	-
Child Care	5,455	5,325	5,106	7,015	7,043	6,745	(1,560)	(1,718)	(1,639)	598	635	-	-
Community & Safety	1,688	2,080	1,758	6,028	6,359	6,076	(4,340)	(4,279)	(4,318)	368	159	481	479
Compliance	4,334	4,021	3,604	5,343	5,246	4,971	(1,009)	(1,225)	(1,367)	-	-	-	-
Cultural Services	63	109	92	975	1,089	1,096	(912)	(980)	(1,004)	-	-	37	-
Development Assessment	1,956	1,651	1,593	5,089	5,144	5,572	(3,133)	(3,493)	(3,979)	-	-	-	-
Glen Street Theatre	1,769	1,446	1,623	2,865	2,724	3,172	(1,096)	(1,278)	(1,549)	-	-	-	-
Information & Library	675	591	628	6,146	6,051	6,291	(5,471)	(5,460)	(5,663)	362	393	1,546	1,573
Kimbriki Environmental Enterprises	16,592	18,255	17,978	18,287	20,054	18,099	(1,695)	(1,799)	(121)	-	-	20,561	-
Natural Environment	542	488	825	9,426	9,609	9,629	(8,884)	(9,121)	(8,804)	178	459	235,981	237,293
Parks, Reserves & Foreshores	611	685	679	9,932	10,040	9,733	(9,321)	(9,355)	(9,054)	87	89	80,326	73,444
Roads, Traffic & Waste	24,541	23,630	21,978	28,811	28,533	28,665	(4,270)	(4,903)	(6,687)	1,225	1,225	346,067	344,014
Strategic Planning	527	570	625	2,727	2,828	2,542	(2,200)	(2,258)	(1,917)	-	-	-	-
Warringah Aquatic Centre	2,389	2,341	1,950	4,036	4,139	3,834	(1,647)	(1,798)	(1,884)	-	-	532	541
Total Functions & Activities	**75,383**	**73,991**	**65,947**	**137,212**	**136,450**	**134,277**	**(61,829)**	**(62,459)**	**(68,330)**	**2,828**	**2,999**	**2,536,697**	**2,478,741**
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	377	-	113	-	-	(113)	377			173	268
General Purpose Income [1]	74,675	77,395	76,691	-	-	-	74,675	77,395	76,691	4,864	6,021		
Totals	**150,058**	**151,386**	**143,015**	**137,212**	**136,563**	**134,277**	**12,846**	**14,823**	**8,738**	**7,692**	**9,020**	**2,536,870**	**2,479,009**
Operating Result attributable to Council							**11,887**	**13,694**	**7,459**				
Operating Result attributable to Minority Interest							**959**	**1,129**	**1,279**				

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

Notes to the Financial Statements

for the year ended 30 June 2013

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 family 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 2013

NOTE 3 INCOME FROM CONTINUING OPERATIONS

$ '000	Notes	Actual 2013	Actual 2012
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		55,954	53,788
Business		13,675	13,339
Total Ordinary Rates		**69,629**	**67,127**
Special Rates			
Nil			
Annual Charges (pursuant to s496, s501 & s611)			
Domestic Waste Management Services		18,498	15,992
Section 611 Charges		74	-
Total Annual Charges		**18,572**	**15,992**
TOTAL RATES & ANNUAL CHARGES		**88,201**	**83,119**

Council has used 2009 year valuations provided by the NSW Valuer General in calculating its rates.

$ '000	Notes	Actual 2013	Actual 2012
(b) User Charges & Fees			
User Charges (pursuant to s.502)			
Waste Management Services (non-domestic)		445	405
Total User Charges		**445**	**405**
Fees			
Planning & Building Regulation		1,846	1,720
Regulatory Fees		326	395
Section 149 Certificates (EPA Act)		483	503
Section 603 Certificates		198	197
Section 611 Charges		-	70
Dog Registration		65	28
Road & Shop Inspection		100	115
Child Care		5,344	4,924
Community Centres		1,182	1,341
Glen Street Theatre		1,075	1,040
Kimbriki Waste & Recycling Centre		15,886	14,693
Libraries		152	211
Parking Areas		961	879
Restoration Charges		959	1,945
Swimming Centres		2,087	1,735
Other		1,192	1,591
Total Fees		**31,856**	**31,387**
TOTAL USER CHARGES & FEES		**32,301**	**31,792**

Notes to the Financial Statements
for the year ended 30 June 2013

NOTE 3 INCOME FROM CONTINUING OPERATIONS (continued)

$ '000	Notes	Actual 2013	Actual 2012
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		233	226
- Interest earned on Investments (interest & coupon payment income)		4,181	5,353
Fair Value Adjustments			
- Fair Valuation Movements in Investments unrealised capital gains/(losses)		23	(250)
TOTAL INTEREST & INVESTMENT REVENUE		**4,437**	**5,329**
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		233	226
General Council Cash & Investments		2,650	3,292
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		1,286	1,481
- Section 94A		268	330
Total Interest & Investment Revenue Recognised		**4,437**	**5,329**
(d) Other Revenues			
Ex Gratia Rates		19	25
Insurance Claim Recoveries		332	302
Legal Fees Recovery - Rates & Charges (Extra Charges)		101	80
Legal Fees Recovery - Other		50	120
Other Fines		331	211
Parking Fines		2,213	1,942
Recycling Income (non domestic)		1,461	1,435
Rental Income - Investment Properties		151	191
Rental Income - Other Council Properties		2,167	2,021
Sales - General		171	24
Sullage Income/Sponsorship		27	17
Waste Performance Improvement		918	812
Other Revenues		2,467	2,176
TOTAL OTHER REVENUE		**10,408**	**9,356**

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 3 INCOME FROM CONTINUING OPERATIONS (continued)

$ '000	Notes	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(e) Grants					
General Purpose (Untied)					
Financial Assistance - General Component		2,906	3,709	-	-
Financial Assistance - Local Roads Component		1,157	1,510	-	-
Pensioners' Rates Subsidies - General Component		801	802	-	-
Total General Purpose		**4,864**	**6,021**	**-**	**-**
Specific Purpose					
Pensioners' Rates Subsidies:					
- Domestic Waste Management		231	214	-	-
Bushfire & Emergency Services		48	170	-	-
Child Care		598	635	-	-
Coast & Estuaries		76	114	-	-
Community Care		135	148	-	-
Community Centres		102	34	131	-
Environmental Protection		10	5	-	-
Library		90	89	272	270
Noxious Weeds		35	43	-	-
Recreation & Culture		67	77	30	64
Sport & Recreation		-	17	-	63
Street Lighting		349	348	-	-
Transport (Roads to Recovery)		-	-	608	608
Transport (Other Roads & Bridges Funding)		37	64	-	-
Local Environmental Planning		-	14	-	-
Other		10	22	-	-
Total Specific Purpose		**1,787**	**1,994**	**1,041**	**1,005**
Total Grants		**6,651**	**8,015**	**1,041**	**1,005**
Grant Revenue is attributable to:					
- Commonwealth Funding		4,423	5,540	608	608
- State Funding		2,228	2,475	433	397
		6,651	**8,015**	**1,041**	**1,005**

Notes to the Financial Statements
for the financial year ended 30 June 2012

NOTE 3 INCOME FROM CONTINUING OPERATIONS (continued)

$ '000	Notes	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(f) Contributions					
Developer Contributions:					
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):					
S 94 - Contributions towards amenities/services		-	-	206	-
S 94A - Fixed Development Consent Levies		-	-	1,941	2,531
Total Developer Contributions	17	**-**	**-**	**2,147**	**2,531**
Other Contributions:					
Bushfire Services		150	10	-	-
Coast & Estuaries		117	124	-	-
EPA Rebate		-	-	-	8
Other Councils - Joint Works/Services		27	166	-	-
Recreation & Culture		-	9	396	-
RTA Contributions (Regional/Local, Block Grant)		343	341	360	616
Other		-	12	26	-
Total Other Contributions		**637**	**662**	**782**	**624**
Total Contributions		637	662	2,929	3,155
TOTAL GRANTS & CONTRIBUTIONS		7,288	8,677	3,970	4,160

(g) Restrictions relating to Grants and Contributions

	2013	2012
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	32,293	31,460
add: Grants and contributions recognised in the current period which have not been spent:	4,235	4,774
less: Grants an contributions recognised in a previous reporting period which have been spent in the current reporting period:	(5,439)	(3,941)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	**(1,204)**	**833**
Unexpended at the Close of this Reporting Period and held as Restricted Assets	31,089	32,293
Comprising:		
- Specific Purpose Unexpended Grants	498	700
- Developer Contributions	30,591	31,593
- Other Contributions		-
	31,089	**32,293**

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS

$ '000	Notes	Actual 2013	Actual 2012
(a) Employee Benefits & On-Costs			
Salaries and Wages		46,059	43,225
Employee Termination Costs		15	234
Travelling		34	35
Employee Leave Entitlements (ELE)		4,604	5,513
Superannuation		4,998	4,793
Workers' Compensation Insurance		(35)	365
Fringe Benefit Tax (FBT)		298	386
Training Costs (other than Salaries & Wages)		817	851
Recruitment Costs		113	115
Other		704	625
Total Employee Costs		**57,607**	**56,142**
Less: Capitalised Costs		(1,831)	(1,708)
TOTAL EMPLOYEE COSTS EXPENSED		**55,776**	**54,434**
Number of "Full Time Equivalent" Employees at year end		560	545
(b) Borrowing Costs			
Interest on Loans		-	-
Charges on Finance Leases		82	82
Amortisation of Discounts and Premiums			
- Remediation Liabilities		820	230
Less: Capitalised Costs		-	-
TOTAL BORROWING COSTS EXPENSED		**902**	**312**

Notes to the Financial Statements
for the year ended 30 June 2013

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (continued)

$ '000	Notes	Actual 2013	Actual 2012
(c) Materials & Contracts			
Raw Materials & Consumables		9,186	8,772
Contractor & Consultancy Costs			
- Bush Regeneration		839	886
- Cleaning		951	948
- Garbage		4,753	4,726
- Recycling		3,533	3,381
- External Roadwork		799	1,758
- Waste Disposal		4,540	4,473
- Other		22,042	23,708
Remuneration of Auditors [1]			
- Audit Services		90	87
- Other Services		7	5
Legal Fees:			
- Planning & Development		353	597
- Other		807	572
Operating Leases:			
- Printers		102	85
Less: Capitalised Costs		-	(476)
TOTAL MATERIALS & CONTRACTS		**48,002**	**49,522**

(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	83	80
Other assurance services:		
- Review of Budget and Long Term Financial Plan	7	7
Total remuneration for audit and other assurance services	**90**	**87**
(ii) Other services		
Attendance at Audit and Risk Committee Meetings	3	5
- Other	4	-
Total remuneration for other services	**7**	**5**
Total remuneration of Council's auditors - Hill Rogers Spencer Steer	**97**	**92**

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (continued)

		Depreciation/Amortisation		Impairment Costs	
		Actual	Actual	Actual	Actual
$ '000	Notes	2013	2012	2013	2012
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		1,664	1,756	-	-
Office Equipment		869	942	-	-
Furniture & Fittings		208	163	-	-
Property, Plant & Equipment - Leased		475	655	-	-
Land Improvements (depreciable)		81	71	-	-
Buildings - Non Specialised		1,923	1,884	-	-
Buildings - Specialised		316	306	-	-
Other Structures		571	509	-	-
Infrastructure:					
- Roads, Bridges & Footpaths		3,719	3,581	-	-
- Stormwater Drainage		3,531	3,453	-	-
Other Assets					
- Library Books		526	519	-	-
Tip Asset		244	41	-	-
Less: Capitalised Costs		-	-	-	-
TOTAL DEPRECIATION & TOTAL IMPAIRMENT		**14,127**	**13,880**	**-**	**-**

		Actual	Actual
$ '000	Notes	2013	2012
(e) Other Expenses			
Other Expenses for the year include the following:			
Fair Value Adjustments - Investment Properties		200	-
Advertising		634	692
Bad & Doubtful Debts		49	(12)
Carbon Tax Expense		667	-
Mayoral Fee		58	56
Councillors' Fees		217	212
Councillors' (incl. Mayor) Expenses - Other (excluding fees above)		177	113
Contributions to Other Levels of Government			
- Planning Levy		278	269
- Waste Levy		5,322	4,732
- Emergency Services Levy		2,897	2,854
- Other Levies		-	50
Contributions & Donations (Section 356)		234	295
Data Services		388	328
Electricity & Heating		2,864	2,481
Insurance		1,032	1,467
Interest on Bonds & Deposits		7	4
SHOROC Contributions		169	142
Street Lighting		1,558	1,535
Telephone & Communications		509	550
Valuation Fees		209	196
Other		174	165
TOTAL OTHER EXPENSES		**17,644**	**16,129**

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 5 GAINS OR LOSSES FROM THE DISPOSAL OF ASSETS

$ '000	Notes	Actual 2013	Actual 2012
Property (excl. Investment Property)			
Proceeds from Disposal		5,722	-
less: Carrying Amount of Property Assets Sold		(1,537)	-
Net Gain/(Loss) on Disposal		**4,185**	**-**
Plant & Equipment			
Proceeds from Disposal		1,549	1,575
less: Carrying Amount of P&E Assets Sold		(1,284)	(1,370)
Net Gain/(Loss) on Disposal		**265**	**205**
Infrastructure			
Proceeds from Disposal		3	-
less: Carrying Amount of Infrastructure Assets Sold		(114)	-
plus: Reversal of Revaluation Reserve		111	
Net Gain/(Loss) on Disposal		**-**	**-**
Financial Assets			
Proceeds from Disposal		154,465	146,925
less: Carrying Amount of Financial Assets Sold		(154,465)	(146,925)
Net Gain/(Loss) on Disposal		**-**	**-**
Non Current Assets Classified as "Held for Sale"			
Proceeds from Disposal		413	-
less: Carrying Amount of "Held for Sale" Assets Sold		(82)	-
Net Gain/(Loss) on Disposal		**331**	**-**
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		**4,781**	**205**

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 6(a) CASH AND CASH EQUIVALENTS

		2013		2012	
		Actual		Actual	
$ '000	Notes	Current	Non Current	Current	Non Current
Cash on Hand and at Bank		4,311	-	6,544	-
Total Cash & Cash Equivalents		**4,311**	**-**	**6,544**	**-**

NOTE 6(b) INVESTMENTS

		2013 Current	2013 Non Current	2012 Current	2012 Non Current
Financial Assets at fair value through Profit and Loss - Held for Trading[1]		992	1,287	1,998	2,318
Held to Maturity Investments		75,519	2,000	66,539	2,000
Total		**76,511**	**3,287**	**68,537**	**4,318**
Financial Assets at fair value through Profit and Loss - Held for Trading					
At beginning of year		1,998	2,318	1,498	4,623
Revaluation to Income Statement		2	21	28	(278)
Additions		-	-	-	-
Disposals		(2,000)	(60)	(1,500)	(55)
Transfers between Current/Non Current		992	(992)	1,972	(1,972)
At end of year		**992**	**1,287**	**1,998**	**2,318**
Comprising of:					
FRNs		992	-	1,998	958
Mortgage Backed Securities		-	1,287	-	1,360
		992	**1,287**	**1,998**	**2,318**
Held to Maturity Investments					
At beginning of year		66,539	2,000	69,540	1,000
Amortisation of discounts and premiums		-	-	-	-
Additions		161,385	-	141,369	2,000
Disposals		(152,405)	-	(145,370)	-
Transfers between Current/Non Current		-	-	1,000	(1,000)
At end of year		**75,519**	**2,000**	**66,539**	**2,000**
Comprising of:					
Term Deposits		75,519	2,000	65,539	2,000
FRNs		-	-	1,000	-
		75,519	**2,000**	**66,539**	**2,000**

Notes to the Financial Statements

for the year ended 30 June 2013

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

		2013		2012	
		Actual		Actual	
$ '000	Notes	Current	Non Current	Current	Non Current
Total Cash, Cash Equivalents and Investments		**80,822**	**3,287**	**75,081**	**4,318**
External Restrictions (refer below)		30,500	3,287	28,848	4,318
Internal Restrictions (refer below)		8,498	-	9,944	-
Unrestricted		41,824	-	36,289	-
		80,822	**3,287**	**75,081**	**4,318**

2013 $ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
External Restrictions - Included in Liabilities				
Nil				
External Restrictions - Other				
Developer Contributions - General (A)	31,593	3,702	(4,704)	30,591
Specific Purpose Unexpended Grants (B)	700	534	(736)	498
Domestic Waste Management (C)	739	1,976	(151)	2,564
Subdivision and Duffy's Forest Concurrence	134	-	-	134
External Restrictions - Other	33,166	6,212	(5,591)	33,787
Total External Restrictions	**33,166**	**6,212**	**(5,591)**	**33,787**

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.

2013 $ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Beach Parking	118	-	-	118
Compulsory Open Space Acquisition	156	-	-	156
Deposits, Retentions & Bonds	4,239	26	(154)	4,111
Employees Leave Entitlement	2,363	350	-	2,713
Insurance	1,187	-	(150)	1,037
Long Reef SLSC Renewal	171	-	-	171
Road Reserve	-	95	-	95
SES Building Capital Works	-	97	-	97
Stormwater Management	1,183	4,881	(6,064)	-
Sportsfield	527	1,415	(1,942)	-
Infrastructure	-	4,598	(4,598)	-
Total Internal Restrictions	**9,944**	**11,462**	**(12,908)**	**8,498**
TOTAL RESTRICTIONS	43,110	17,674	(18,499)	42,285

Notes to the Financial Statements

for the year ended 30 June 2013

Note 7

NOTE 7 RECEIVABLES

	2013		2012	
$ '000	Current	Non Current	Current	Non Current
Purpose				
Rates & Annual Charges	2,390	323	2,048	310
Interest & Extra Charges	237	192	198	187
User Charges & Fees	2,569	-	1,934	-
Accrued Revenues				
- Interest on Investments	924	-	983	-
Government Grants & Subsidies	94	-	465	-
Net GST Receivable	808	-	1,051	-
Other Debtors	-	-	-	-
Total	**7,022**	**515**	**6,679**	**497**
less: Provision for Impairment				
Rates & Annual Charges	-	-	-	-
User Charges & Fees	(100)	-	(95)	-
Total Provision for Impairment - Receivables	**(100)**	**-**	**(95)**	**-**
TOTAL NET RECEIVABLES	**6,922**	**515**	**6,584**	**497**
Externally Restricted Receivables				
Domestic Waste Management	553	101	462	104
Other	-	-	-	-
Total External Restrictions	**553**	**101**	**462**	**104**
Internally Restricted Receivables				
Nil				
Unrestricted Receivables	**6,369**	**414**	**6,122**	**393**
TOTAL NET RECEIVABLES	**6,922**	**515**	**6,584**	**497**

Notes on Debtors above:

(i) Rates & Annual Charges Outstanding are secured against the property.

(ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.

(iii) Interest is charged on overdue rates & charges at 9.00% (2012 9.00%).

(iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Notes to the Financial Statements

for the year ended 30 June 2013

Note 8 INVENTORIES & OTHER ASSETS

	2013		2012	
$ '000	Current	Non Current	Current	Non Current
Inventories				
Stores & Materials	61	-	66	-
Trading Stock	32	-	30	-
Total Inventories	**93**	**-**	**96**	**-**
Other Assets				
Prepayments	1,180	-	1,037	-
Total Other Assets	**1,180**	**-**	**1,037**	**-**
TOTAL INVENTORIES & OTHER ASSETS	**1,273**	**-**	**1,133**	**-**

(i) Externally Restricted Assets

Water

Nil

Sewerage

Nil

Domestic Waste Management

Nil

Other

Nil

Total Externally Restricted Assets	-	-	-	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	1,273	-	1,133	-
TOTAL INVENTORIES & OTHER ASSETS	**1,273**	**-**	**1,133**	**-**

Notes to the Financial Statements

for the year ended 30 June 2013

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

	At 30/6/2012				Asset Movements during the Reporting Period					At 30/6/2013			
$ '000	Cost	At Fair Value	Accumulated Depreciation & Impairment	Carrying value	Additions	WDV of Disposals	Depreciation and Impairment	Adjustments & Transfers	Revaluation Increments/ (decrements)[1]	Cost	At Fair Value	Accumulated Depreciation & Impairment	Carrying value
Capital Work in Progress	3,644	-	-	3,644	2,481	-	-	(2,658)	-	3,467	-	-	3,467
Plant & Equipment	-	11,435	5,551	5,884	2,455	(1,284)	(1,664)	(51)	-	-	10,772	5,434	5,338
Office Equipment	-	11,959	9,188	2,771	1,295	-	(869)	162	-	-	13,428	10,068	3,360
Furniture & Fittings	-	2,944	2,473	471	5	-	(208)	82	-	-	3,433	3,083	350
Plant & Equipment (under Finance Lease)	-	1,592	865	727	-	-	(475)	-	-	-	940	688	252
Land:													
- Operational Land	-	147,265	-	147,265	-	(137)	-	(5,385)	1,721	-	143,464	-	143,464
- Community Land	-	1,429,191	-	1,429,191	-	(1,400)	-	(219)	-	-	1,427,572	-	1,427,572
- Land Under Roads	-	1,806	-	1,806	-	-	-	142	-	-	1,948	-	1,948
Land Improvements - depreciable	-	24,853	1,182	23,671	1,663	-	(81)	(228)	-	-	26,281	1,256	25,025
Buildings - Non Specialised	-	191,103	76,297	114,806	5,683	-	(1,923)	(644)	29,017	-	188,869	41,930	146,939
Buildings - Specialised	-	31,306	13,088	18,218	357	-	(316)	-	2,756	-	31,372	10,357	21,015
Other Structures	-	61,142	8,750	52,392	4,547	-	(571)	1,682	-	-	67,389	9,338	58,051
Infrastructure:													
- Roads, Bridges, Footpaths	-	407,769	66,335	341,434	5,929	(114)	(3,719)	(73)	-	-	413,456	70,000	343,456
- Stormwater Drainage	-	336,503	98,178	238,325	1,942	-	(3,531)	744	-	-	339,189	101,709	237,480
Other Assets:													
- Library Books		7,505	5,932	1,573	500	-	(526)	-	-		8,005	6,458	1,547
- Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)													
- Tip Asset	-	2,019	911	1,108	9,610	-	(244)	-	-	-	11,629	1,155	10,474
TOTAL	**3,644**	**2,668,392**	**268,750**	**2,383,286**	**36,467**	**(2,935)**	**(14,127)**	**(6,446)**	**33,494**	**3,467**	**2,687,747**	**261,476**	**2,429,738**

Asset acquisitions were apportioned between		
	New Assets	16,864
	Renewals	19,603
	Total Additions	**36,467**

[1] Operational Land was independently valued by Scott Fullarton FAPI CPP Certified Practising Valuer, Registration No. VAL2144 on 30 June 2013 and Buildings were independently valued by Michelle Cross B. App Sci (Property Ecc.) Registered Valuer No. NSW VAL023057 on 30 June 2013.

Notes to the Financial Statements

for the year ended 30 June 2013

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

$ '000		Actual 2013				Actual 2012		
$ '000 Class of Asset	At Cost	At Fair Value	A/Dep & Impairment	Carrying Value	At Cost	At Fair Value	A/Dep & Impairment	Carrying Value
Domestic Waste Management								
- 35.5% of 7 Kimbriki Rd Ingleside		852		**852**	-	4,476	-	**4,476**
Total DWM	**-**	**852**	**-**	**852**	**-**	**4,476**	**-**	**4,476**
Other Restricted Assets								
- 64.5% of 7 Kimbriki Rd Ingleside - 100% of 8,8A & 10 Kimbriki Rd Ingleside		6,052		**6,052**	-	8,133	-	**8,133**
- Non-Cash S94 Contribution		716		**716**	-	716	-	**716**
Total Other Restrictions	**-**	**6,768**	**-**	**6,768**	**-**	**8,849**	**-**	**8,849**
TOTAL RESTRICTED I,PP&E	**-**	**7,620**	**-**	**7,620**	**-**	**13,325**	**-**	**13,325**

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 10(a) PAYABLES, BORROWINGS AND PROVISIONS

		Actual 2013		Actual 2012	
$ '000	Notes	Current	Non Current	Current	Non Current
Payables					
Goods & Services		1,605	-	1,674	-
Accrued Expenses					
- Wages and Salaries		1,066	-	960	-
- Other		3,978	-	4,357	600
Payments Received In Advance		1,908	-	1,640	-
Deposits & Retentions		4,111	-	4,239	-
Fringe Benefits Tax Payable		80	-	96	-
Other Payables		971	-	800	-
Total Payables		**13,719**	**-**	**13,766**	**600**
Current Payables not expected to be settled within the next 12 months					
Deposits & Retentions		2,596	-	2,545	-
Total		**2,596**	**-**	**2,545**	**-**
Borrowings					
Loans - Secured[1]		-	-	-	-
Finance Lease Liability		261	13	491	274
Total Borrowings		**261**	**13**	**491**	**274**
Provisions[2]					
Employee Benefits;					
Annual Leave		4,302	-	3,916	-
Sick Leave		340	-	391	-
Long Service Leave		7,682	1,031	7,378	1,017
Gratuities		4	34	5	35
Redundancies		172	-	204	-
Sub Total - Aggregate Employee Benefits		**12,500**	**1,065**	**11,894**	**1,052**
Self Insurance - Workers Compensation		222	528	197	860
- Public Liability		318	719	366	775
- Other					
Asset Remediation	26	-	14,495	-	4,065
Carbon Tax		31	636	-	-
Total Provisions		**13,071**	**17,443**	**12,457**	**6,752**
Current Provisions not expected to be settled within the next 12 months		7,459	-	6,673	-

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 2013

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

	Actual 2013		Actual 2012	
$ '000	Current	Non Current	Current	Non Current
Liabilities relating to Restricted Assets				
Externally Restricted Assets				
Domestic Waste Management	483	-	633	-
Total	483	-	633	-
Internally Restricted Assets				
Security Bonds, Deposits & Retentions	4,265		4,239	-
Employee Leave Entitlements	2,500	213	2,218	196
Self Insurance Claims - Reserve	222	528	197	860
Total	6,987	741	6,654	1,056
Total Liabilities relating to restricted assets	**7,470**	**741**	**7,287**	**1,056**
Liabilities related to unrestricted assets	**19,579**	**16,715**	**19,427**	**6,570**
Total	**27,049**	**17,456**	**26,714**	**7,626**

NOTE 10(b) DESCRIPTION OF AND MOVEMENTS IN PROVISIONS

Class of Provision $'000	Opening Balance	Additional Provisions	Payments	Remeasurement	Closing Balance
Annual Leave	3,916	3,688	(3,344)	42	**4,302**
Sick Leave	391	309	(360)	-	**340**
Long Service Leave	8,395	1,071	(783)	30	**8,713**
Gratuities	40	(2)	-	-	**38**
Redundancies	204	12	(44)	-	**172**
Self Insurance	2,198	(267)	(144)	-	**1,787**
Asset Remediation	4,065	10,430	-	-	**14,495**
Carbon Tax	-	667	-	-	**667**
TOTAL	**19,209**	**15,908**	**(4,675)**	**72**	**30,514**

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

b. 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.

c. Asset Remediation Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

d. Specific uncertainties relating to the final costs and the assumptions made in determining Provisions for Self Insurance include:
- Claims Escalation of between 1.993% and 4% per annum and Bond Yields of between 2.471% and 3.955% 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 2013;
- Workers Compensation Claim payments projected into the future by the adopted actuarial model will be in "standardised" values as at June 2013; and
- The outstanding estimates for Public Liability & Professional Indemnity claims include medical, legal and other claim related costs.

e. The Carbon Tax liability is separate and distinct from the liability for remediation of the landfill site. Landfill deposits made during 2012/2013 are deemed not to commence emitting CO_2e gases until 1 July 2012 and hence actual payments to discharge the carbon tax liability will not commence until after that date. The estimation of the future liability is complex and the calculation of the estimate involves estimation of the amount of CO_2e gases in each future reporting period.

Notes to the Financial Statements

for the year ended 30 June 2013

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

$ '000	Notes	Actual 2013	Actual 2012
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	4,311	6,544
Balances as per Statement of Cash Flows		**4,311**	**6,544**
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		**14,823**	**8,738**
Add:			
Depreciation and Amortisation		14,127	13,880
Increase in Provision for Doubtful Debts		5	-
Decrease in Receivables		-	1,764
Decrease in Inventories		3	-
Decrease in Equity Share in Joint Venture		113	-
Increase in Provision for Leave Entitlements		619	881
Increase in Other Provisions		256	178
Increase in Other Current Liabilities		417	45
Unwinding of Discount Rates on Reinstatement Provisions		820	230
Fair Value Adjustments to Investment Property		200	-
Fair Value Adjustments to Financial Assets through Profit and Loss		-	250
		31,383	25,966
Less:			
Increase in Receivables		(361)	-
Decrease in Provision for Doubtful Debts		-	(54)
Increase in Inventories		-	(6)
Increase in Other Current Assets		(143)	(175)
Increase in Equity Share in Joint Venture		-	(377)
Decrease in Payables		(836)	(4,114)
Gain on Disposal of Assets		(4,781)	(205)
Fair Value Adjustments to Financial Assets through Profit and Loss		(23)	-
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from CASH FLOW STATEMENT		**25,239**	**21,035**

Notes to the Financial Statements
for the year ended 30 June 2013

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

$ '000	Notes	Actual 2012	Actual 2011
(c) Non-Cash Investing & Financing Activities			
Land		-	-
		-	**-**
(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		1,500	1,500
		2,150	**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.

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 12 COMMITMENTS FOR EXPENDITURE

$ '000	Notes	Actual 2013	Actual 2012
(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		5,692	2,298
- Plant & Equipment		-	-
- Office Equipment		-	103
- Other Structures		176	1,066
- Infrastructure		7,141	6,812
Total		**13,009**	**10,279**
(b) Finance Lease Commitments			
Commitments under Finance Leases at the Reporting Date are payable as follows:			
- Not later than one year		272	533
- Later than one year and not later than 5 years		14	285
- Later than 5 years			
Total		**286**	**818**
Minimum Lease Payments		**286**	**818**
less: Future Finance Charges		(12)	(53)
Lease Liability		**274**	**765**
Representing lease liabilities			
- Current Liabilities		261	491
- Non-Current Liabilities		13	274
Total		**274**	**765**

Description of leases

Information Technology Equipment Leases due to expire 2017

(c) Non-cancellable Operating Lease Commitments			
- Not later than one year		54	109
- Later than one year and not later than 5 years		97	37
- Later than 5 years		-	-
Total		**151**	**146**

Description of leases

Information Technology Equipment Leases due to expire 2016

(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 2013

NOTE 13 STATEMENT OF PERFORMANCE MEASURES - CONSOLIDATED RESULTS

	Amounts	Indicator		
$ '000	2013	2013	2012	2011
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions [1]	67,273	4.07	3.35	2.74
Current Liabilities less Specific Purpose Liabilities [2,3]	16,513			
2. Debt Service Ratio				
Debt Service Cost	573	0.40%	0.54%	1.54%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	144,992			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	88,201	58.26%	58.12%	57.51%
Revenue from Continuing Operations	151,386			
4a. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	3,142	3.44%	3.18%	3.31%
Rates, Annual & Extra Charges Collectible	91,278			
4b. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage *				
Rates, Annual & Extra Charges Outstanding	2,631	2.88%	2.36%	2.51%
Rates, Annual & Extra Charges Collectible	91,278			

* It is Council's policy not to pursue pensioners for outstanding rates
This calculation is used to demonstrate to users the effect
of actively pursuing outstanding amounts from pensioners.

5. Building & Infrastructure Renewals Ratio				
Asset Renewals[4] [Buildings & Infrastructure]	14,632	154.20%	154.60%	186.13%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	9,489			

Notes

(1) Refer Notes 6-8 inclusive.
Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months
(2) Refer to Note 10(a).
(3) Refer to Note 10(c) - excludes all ELE not expected to be paid in the next 12 months.
(4) Asset Renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 13 STATEMENT OF TCORP PERFORMANCE MEASURES - CONSOLIDATED RESULTS

$ '000	Amounts 2013	Indicator 2013	2012	2011
1. Operating Performance				
Operating Revenue excluding Capital Grants and Contributions less Operating Expenses	10,853	7.36%	3.30%	1.73%
Operating Revenue excluding Capital Grants and Contributions	147,416			
2. Own Source Operating Revenue				
Rates, Utilities and Charges[1]	120,502	79.60%	80.35%	79.48%
Total Operating Revenue (inclusive of Capital Grants and Contributions	151,386			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions	67,273	4.07	3.35	2.74
Current Liabilities less Specific Purpose Liabilities	16,513			
4. Debt Service Cover Ratio				
Operating Results before Interest and Depreciation (EBITDA)	573	0.40%	0.54%	1.54%
Principal Repayments (from the Statement of Cash Flows) plus Borrowing Interest Costs (from the Income Statement)	144,992			
5. Capital Expenditure Ratio				
Annual Capital Expenditure	36,467	2.58	2.08	2.42
Annual Depreciation	14,127			
6. Building & Infrastructure Renewals Ratio				
Asset Renewals	14,632	154.20%	154.60%	186.13%
Depreciation of Building & Infrastructure Assets	9,489			
7. Cash Expense Cover Ratio[2]				
Cash and Cash Equivalents	4,311	0.43	0.65	1.17
(Total Expenses less Depreciation less Interest Costs) ÷ 12	10,128			
8. Interest Cover Ratio				
Operating Results before Interest and Depreciation (EBITDA)	29,852	33.10	73.49	69.95
Borrowing Interest Costs (from the Income Statement)	902			

Notes

(1) Rates & Annual Charges plus User Charges and Fees

(2) In order to maximise interest earning Council maintains a minimum balance of Cash and Cash Equivalents and had $41.67m of unrestricted current investments to support its liquidity position.

Notes to the Financial Statements
for the year ended 30 June 2013

NOTE 14 INVESTMENT PROPERTIES

$ '000	Notes	Actual 2013	Actual 2012
(a) Investment Properties at Fair value		1,900	2,100
Investment Properties on Hand		1,900	2,100
Reconciliation of Annual Movement:			
Opening Balance		2,100	2,100
- Net Gain/(Loss) from Fair Value Adjustments		(200)	-
CLOSING BALANCE - INVESTMENT PROPERTIES		**1,900**	**2,100**

(b) Valuation Basis

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

The 2013 revaluations were based on Independent Assessments made by: Scott Fullarton Valuations Pty Ltd., Director Scott Fullarton, FAPI, Certified Practicing Valuer, Registered Valuer No. 2144.

(c) Contractual Obligations at Reporting Date

Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.

(d) Leasing Arrangements

Details of leased Investment Properties are as follows;

Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are due:			
Within 1 year		81	193
Later than 1 year but less than 5 years		-	498
Later than 5 years		-	-
Total Minimum Lease Payments Receivable		**81**	**691**
(e) Investment Property Income & Expenditure - summary			
Rental Income from Investment Properties:			
- Minimum Lease Payments		151	184
Direct Operating Expenses on Investment Properties:			
- that generated rental income		(14)	(22)
Net Revenue Contribution from Investment Properties		**137**	**162**
plus:			
Fair Value Movement for year		(200)	-
Total Income attributable to Investment Properties		**(63)**	**162**

Notes to the Financial Statements

for the year ended 30 June 2013

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 Section under policies approved by the Council.

Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
$'000	**2013**	**2012**	**2013**	**2012**
Financial Assets				
Cash and Cash Equivalents	4,311	6,544	4,311	6,544
Receivables	7,437	7,081	7,437	7,081
Financial Assets at Fair value through profit or loss - Held for Trading	2,279	4,316	2,279	4,316
Held-to-Maturity Investments	77,519	68,539	77,519	68,539
Total Financial Assets	**91,546**	**86,480**	**91,546**	**86,480**
Financial Liabilities				
Payables	11,811	12,726	11,811	12,726
Loans / Advances	274	765	274	765
Total Financial Liabilities	**12,085**	**13,491**	**12,085**	**13,491**

Fair Value is determined as follows:
- **Cash & Cash Equivalents, Receivables, Payables** - estimated to be the carrying value which approximates market value.
- **Borrowings** & **Held to Maturity** Investments - estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles.
- **Financial Assets classified at Fair Value through profit and loss** - based upon quoted market prices in active markets for identical investments.

Fair Value Hierarchy
The fair values of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.
The levels of the hierarchy are as follows:
- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The value of financial instruments carried at fair value shown in the relevant level of the hierarchy is shown below:

		Actual	Actual
$ '000	**Notes**	**2013**	**2012**
Level 1		992	2,956
Level 2		1,287	1,360
Level 3		-	-

Notes to the Financial Statements

for the year ended 30 June 2013

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 Section manages its Cash & 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 major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether the changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is 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 independent advisers before placing any cash and investments.

$'000	2013	2012
Impact of a 10%[1] movement in price of Investments		
- Equity	228	432
- Income Statement[2]	228	432
Impact of a 1%[1] movement in Interest Rates on Cash and Investments		
- Equity	841	794
- Income Statement[2]	841	794

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 2013

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 procedures.

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.

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

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

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

	2013	2012
Percentage of Rates and Annual Charges		
- Current	-	-
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	93%	77%
- Overdue	7%	23%

Notes to the Financial Statements
for the year ended 30 June 2013

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
2013					
Payables	11,809	-	-	11,809	11,809
Borrowings	272	14	-	286	274
Total Financial Liabilities	**12,081**	**14**	**-**	**12,095**	**12,083**
2012					
Payables	12,126	600	-	12,726	12,726
Borrowings	533	285	-	818	765
Total Financial Liabilities	**12,659**	**885**	**-**	**13,544**	**13,491**

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

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

	2013 Weighted Average Interest Rate	2013 Balance $'000	2012 Weighted Average Interest Rate	2012 Balance $'000
Overdraft	-	-	-	-
Bank Loans - Fixed	0.0%	-	0.0%	-
- Variable[*]	0.0%	-	0.0%	-
		-		-

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

Notes to the Financial Statements

for the financial year ended 30 June 2013

NOTE 16 MATERIAL BUDGET VARIATIONS

Council's Original Financial Budget for 2012/13 was incorporated as part of its Strategic Community Plan and was adopted by the Council on 28 June 2012.

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	2013 Budget	2013 Actual	2013 ------ Variance ------		
REVENUES					
Rates & Annual Charges	88,240	88,201	(39)	0%	**U**
User Charges & Fees	32,035	32,301	266	1%	**F**
Interest & Investment Revenue	3,932	4,437	505	13%	**F**
This variance is principally due to the strong performance of the Council's investment portfolio which has exceeded the bank bill benchmark return by over 1% and higher than anticipated cash balances due to lower than budgeted expenditure on Capital Projects.					
Other Revenues	9,468	10,408	940	10%	**F**
This variance is due to positive variances in a range of areas including parking and other fines, legal and insurance claim recoveries, recycling income and waste performance improvement payments.					
Operating Grants & Contributions	7,243	7,288	45	1%	**F**
Capital Grants & Contributions	4,785	3,970	(815)	(17%)	**U**
This variance is principally due to a lower than anticipated level of developer contributions					
Net Gains on the Disposal of Assets	4,355	4,781	426	10%	**F**
This gain reflects the positive nature of the disposal of fleet vehicles, land held for resale and the Northern Beaches Hospital site at Frenchs Forest which were all slightly higher than anticipated.					
Share of Net Gain - Joint Ventures & Associates	-	-	-	0%	**-**
EXPENSES					
Employee Benefits & On-Costs	56,465	55,776	689	1%	**F**
Borrowing Costs	729	902	(173)	(24%)	**U**
This variance reflects a higher amortisation of the discount as a result of revised costs for Council's remediation responsibilities at the Kimbriki Waste Landfill site					
Materials & Contracts	48,048	48,002	46	0%	**F**
Depreciation & Amortisation	14,286	14,127	159	1%	**F**
Other Expenses	16,991	17,644	(653)	(4%)	**U**
Share of Net Loss - Joint Ventures & Associates	693	113	581	84%	**F**
This variance relates to a lower than anticipated level of expenses for the Warringah/Pittwater Rural Fire Service.					

Notes to the Financial Statements

for the year ended 30 June 2013

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	997	7	-	48	-	-	**1,052**	-	(1,052)	-	-
Parking	5,779	-	-	287	(16)	-	**6,050**	-	(6,050)	-	-
Open Space	12,382	194	-	622	-	-	**13,198**	-	(13,198)	-	-
Community Facilities	4,257	5	-	202	(1,560)	-	**2,904**	-	(2,904)	-	-
Other	2,519	-	-	126	-	-	**2,645**	-	(2,645)	-	-
S94 Contributions - under a Plan	**25,934**	**206**	**-**	**1,285**	**(1,576)**	**-**	**25,849**	**-**	**(25,849)**	**-**	**-**
S94A Levies - under a Plan	**5,564**	**1,941**	**-**	**268**	**(3,082)**	**-**	**4,691**	**10,000**	**(14,691)**	**-**	**-**
Total S94 Revenue Under Plans	**31,498**	**2,147**	**-**	**1,553**	**(4,658)**	**-**	**30,540**	**10,000**	**(40,540)**	**-**	**-**
S94 not under Plans	811	-	-	1	(45)	-	**767**	-	(767)	-	-
Total Contributions	**32,309**	**2,147**	**-**	**1,554**	**(4,703)**	**-**	**31,307**	**10,000**	**(41,307)**	**-**	**-**
Less: Land	(716)	-	-	-	-	-	**(716)**	-	716	-	-
Total Cash Contributions	**31,593**	**2,147**	**-**	**1,554**	**(4,703)**	**-**	**30,591**	**10,000**	**(40,591)**	**-**	**-**

Notes to the Financial Statements

for the year ended 30 June 2013

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	997	7	-	48	-	-	1,052	-	(1,052)	-	-
Parking	5,779	-	-	287	(16)	-	6,050	-	(6,050)	-	-
Open Space	12,382	194	-	622	-	-	13,198	-	(13,198)	-	-
Community Facilities	4,257	5	-	202	(1,560)	-	2,904	-	(2,904)	-	-
Other	2,519	-	-	126	-	-	2,645	-	(2,645)	-	-
Total	**25,934**	**206**	**-**	**1,285**	**(1,576)**	**-**	**25,849**	**-**	**(25,849)**	**-**	**-**

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	5,564	1,941	-	268	(3,082)	-	4,691	10,000	(14,691)	-	-
Total	5,564	1,941	-	268	(3,082)	-	4,691	10,000	(14,691)	-	-

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)
Drainage	44	-	-	1	(45)	-	-	-	-	-	-
Child Care Reserve-Austlink	48	-	-	-	-	-	48	-	(48)	-	-
Other	3	-	-	-	-	-	3	-	(3)	-	-
Land	716	-	-	-	-	-	716	-	(716)	-	-
Total	811	-	-	1	(45)	-	767	-	(767)	-	-

Notes to the Financial Statements

for the year ended 30 June 2013

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

"The Local Government Superannuation Scheme – Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119. Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2013 was $1,189,134. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20 February 2013 and covers the period ended 30 June 2013. However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 a deficit still exists. Effective from 1 July 2013, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of additional contributions payable until the deficit is extinguished is $588,369.

(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 has provided a $1.5 million guarantee to WorkCover as a provision for all known liabilities disclosed in an Actuarial Report prepared by David Zaman Pty Ltd. as at 6 May 2013.

(iv) Other Guarantees

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

2. Other Liabilities

(i) Third Party Claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services. Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

(ii) S94 Plans

Council levies Section 94 and 94A Contributions upon various developments across the Council area through the required Contributions Plans. As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans. As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds. These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the manner and timing set out in those Plans.

(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 two (2) 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 2013

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 representing issued but unpaid Infringement Notices.

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

(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 2013

NOTE 19 INTERESTS IN SUBSIDIARIES AND JOINT VENTURES

Council's objectives can and in some cases are best met through the use of separate entities and operations. These operations and entities range from 51% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils. The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Council's interest and control and the type of entity as follows:

Subsidiary Note 19(a)

Operational Arrangements where Council's ownership exceeds 50%

Joint Venture Entities Note 19(b)

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under the Joint Venture Entities, Council jointly controls the operations with other parties.

Accounting Recognition:

(i) The subsidiary disclosed under Note 19(a), is accounted for on a Consolidation basis within the Income and Balance Sheet.

(ii) Joint Venture Entities as per Notes 19(b) are accounted for using the Equity Accounting Method - and are disclosed as a one line entry in the Income Statement and Balance Sheet.

(a) Subsidiary

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

$ '000	Notes	Actual 2013	Actual 2012
Current Assets			
Cash and Cash Equivalents		2,628	2,256
Investments		11,519	10,539
Receivables		1,696	1,590
Total Current Assets		15,843	14,385
Non-Current Assets			
Infrastructure, Property, Plant & Equipment		2,727	2,123
Intangibles		1,991	1,840
Total Non-Current Assets		4,718	3,963
Total Assets		20,561	18,348
Current Liabilities			
Payables		1,869	2,044
Provisions		563	491
Total Current Liabilities		2,432	2,535
Non-Current Liabilities			
Payables		1,020	600
Provisions		636	-
Total Non-Current Liabilities		1,656	600
Total Liabilities		4,088	3,135
Net Assets		16,473	15,213
Equity			
Share Capital		10,033	10,033
Retained Earnings		6,440	5,180
Total Equity		**16,473**	**15,213**
Share of Subsidiary's revenue, expenses and results			
Revenues		12,379	11,454
Expenses		11,204	10,122
Operating Result		1,175	1,331
Share of Subsidiary's commitments			
Expenditure Commitments		14,600	4,016
Operating Lease Commitments		20,786	20,940
Other Commitments		2,002	1,567
Total Commitments		37,388	26,523

Notes to the Financial Statements
for the year ended 30 June 2013

NOTE 19 INTERESTS SUBSIDIARIES AND JOINT VENTURES (continued)

(b) Joint Venture Entity

Council has a Joint Venture with Pittwater Council for the Warringah - Pittwater District Rural Fire Service.

$ '000	Notes	Actual 2013	Actual 2011
Current Assets			
Cash and Cash Equivalents		1,023	1,091
Receivables		3	1
Total Current Assets		1,026	1,092
Non-Current Assets			
Infrastructure, Property, Plant & Equipment		87	134
Total Non-Current Assets		87	134
Total Assets		1,113	1,226
Current Liabilities			
Payables		-	-
Total Current Liabilities		-	-
Total Liabilities		-	-
Net Assets		1,113	1,226
Share of Joint Venture's revenue, expenses and results			
Revenues		563	1,060
Expenses		675	683
Operating Result		(113)	377
Share of Joint Venture's commitments			
Expenditure Commitments		-	-
Total Commitments		-	-

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 20 RETAINED EARNINGS AND REVALUATION RESERVES

$ '000	Notes	Actual 2013	Actual 2012
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year		2,326,286	2,318,827
Adjustment to correct Prior Period Errors	20 (d)	-	-
Adjustment for Changes in Accounting Policies	20 (e)	-	-
Net Operating Result for the Year		13,694	7,459
Balance at end of Year		2,339,980	2,326,286
(b) Reserves			
Infrastructure, Property, Plant & Equipment Revaluation Reserve		144,312	110,929
Total		**144,312**	**110,929**
Movements			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
Balance at beginning of Year		110,929	110,929
Adjustment to correct Prior Period Errors	20 (d)	-	-
Disposals		(111)	-
Revaluations for the year	9(a)	33,494	-
Balance at end of Year		**144,312**	**110,929**

(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

There has not been any correction of errors in previous periods

(e) Changes in Accounting Policies

There has not been any changes in accounting policies impacting on retained earnings.

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 21 RESULTS BY FUND

Council does not have any Water or Sewer Funds.

NOTE 22 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Actual 2013		Actual 2012	
$ '000	Current	Non Current	Current	Non Current
Land	7,952	-	2,571	-
Buildings	1,357	-	373	-
Total Non Current Assets Held for Sale	**9,309**	**-**	**2,944**	**-**
Reconciliation of Non Current Assets Held for Sale				
Opening Balance	**2,944**		**2,944**	**-**
less: Carrying Value of Assets/Operations Sold	(82)		-	-
Balance still unsold after 12 months:	2,862	-	2,944	-
plus New Transfer in:				
Assets "Held for Sale"	6,447	-	-	-
Closing Balance of "Held for Sale" Non Current Assets & Operations	9,309	-	2,944	-

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 23 EVENTS OCCURRING AFTER BALANCE SHEET DATE

Events that occur after the reporting date of 30 June 2013, 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 Report.

Accordingly, the "authorised for issue" date is 07/08/13.

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 2013.

(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 2013 and which are only indicative of conditions that arose after 30 June 2013.

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

NOTE 24 DISCONTINUED OPERATIONS

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

NOTE 25 INTANGIBLE ASSETS

$ '000	Notes	Actual 2013	Actual 2012
At Cost		1,991	1,840
Accumulated Amortisation & Impairment		-	-
Net Book Amount		1,991	1,840
Movements for the year			
Opening Net Book Amount		1,840	1,270
Additions - internal development		151	570
Amortisation Charge		-	-
Closing Net Book Amount [1]		1,991	1,840

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 2013

NOTE 26 REINSTATEMENT, REHABILITATION & RESTORATION LIABILITIES

$ '000	Note

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

			NPV of Provision	
Asset/Operation	Estimated year of restoration		2013	2012
Recycling Tip	2056		14,495	4,065
Balance at End of the Reporting Period		10	14,495	4,065

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:
- Estimation of the closure and post closure cost was limited to the extent that there was uncertainty in the cost amount. It was assumed that the closure and post closure costs would be incurred
- The probablistic approach used in the remediation plan assumes that there is virtually no upper limit to the cost distributions used in the model and that for each cost estimate distribution that higher costs have lower likelihoods of being incurred. The costs are estimates and there is some chance (extremely low) that the costs could be substantially exceeded.
- Environmental laws and relevant codes, guidelines and standards of any authority, applicable at the time the remediation plan was undertaken continue to apply.

Reconciliation of movement in Provision for year:

	2013	2012
Balance at beginning of year	4,065	3,835
Revised Costs	9,610	-
Effect of a change in discount rates used in PV calculations	-	-
Amortisation of discount (expensed to borrowing costs)	820	230
Total - Reinstatement, rehabilitation and restoration provision	**14,495**	**4,065**

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.

Notes to the Financial Statements
for the year ended 30 June 2013

NOTE 27 ADDITIONAL DISCLOSURES - COUNCIL INFORMATION AND CONTACT DETAILS

Principal Place of Business:
725 Pittwater Road
Dee Why NSW 2099

Contact Details
Mailing Address:
DX 9118
Dee Why NSW 2099

Telephone: 02 9942 2111
Facsimile: 02 9971 4522

Officers
GENERAL MANAGER
Rik Hart

RESPONSIBLE ACCOUNTING OFFICER
David Walsh

PUBLIC OFFICER
John Warburton

AUDITORS
Hill Rogers Spencer Steer

Other Information
ABN: 31 565 068 406

Opening Hours
Monday to Friday
8.30am - 5.00pm

Internet: www.warringah.nsw.gov.au
Email: council@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

INDEPENDENT AUDITORS' REPORT

for the year ended 30 June 2012

GENERAL PURPOSE FINANCIAL STATEMENTS

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 2013, 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

G V STEER
Partner

Dated at Sydney this 7th day of August 2013

7 August 2013

The Mayor
Warringah Council
Pittwater Road
DEE WHY NSW 2099

Audit Report - Year Ended 30 June 2013

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2013 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 accounts have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) 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 $13.694 million as compared with $7.459 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.

	2013	% of Total	2012	% of Total	Increase (Decrease
	$000		$000		$000
Revenues before capital items					
Rates & annual charges	88,201	60%	83,119	60%	5,082
User charges, fees & other revenues	47,490	32%	41,730	30%	5,760
Grants & contributions provided for operating purposes	7,288	5%	8,677	6%	(1,389)
Interest & investment revenue	4,437	3%	5,329	4%	(892)
	147,416	100%	**138,855**	100%	**8,561**
Expenses					
Employee benefits & costs	55,776	41%	54,434	41%	1,342
Materials, contracts & other expenses	65,758	48%	65,651	49%	107
Depreciation, amortisation & impairment	14,127	10%	13,880	10%	247
Borrowing costs	902	1%	312	0%	590
	136,563	100%	**134,277**	100%	**2,286**
Surplus before capital items	**10,853**		**4,578**		**6,275**
Grants & contributions provided for capital purposes	3,970		4,160		(190)
Surplus including non-controlling interests	**14,823**		**8,738**		**6,085**
Attributable to non-controlling interests	(1,129)		(1,279)		150
Net Surplus for the year	**13,694**		**7,459**		**6,235**

The above table shows an overall increase of $6.235 million from the previous year. Rates and annual charges increased by $5.082 million and represented 58% of Council's total income. Other income includes gains the on disposal of property and plant assets that contributed $4.781 million to the operating result for the year.

1.2 *Funding Result*

The operating result does not take into account all revenues and all expenditures and in reviewing the overall financial performance of Council it is useful to take into account the total source of revenues and where they were spent during the year which is illustrated in the table below.

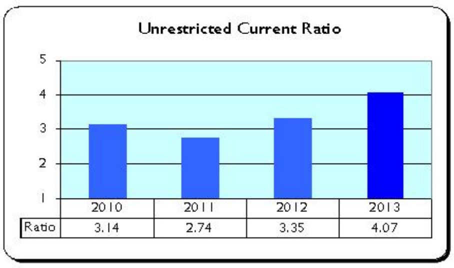
	2013	2012
Funds were provided by:-	$000	$000
Operating Result (as above)	**13,694**	**7,459**
Add back non funding items:-		
- Depreciation, amortisation & impairment	14,127	13,880
- Book value of non-current assets sold	2,824	1,370
- (Gain)/Loss of fair value to investment properties	200	0
- (Surplus)/Deficit in joint ventures	113	(377)
	30,958	22,332
Decrease/Redemption of non-current Investments	1,031	1,305
Finance Leases	0	330
Transfers from externally restricted assets (net)	0	6,425
Transfers from internal reserves (net)	1,446	0
Increase in minority interests	617	849
Net Changes in current/non-current assets & liabilities	7,396	1,168
	41,448	32,409
Funds were applied to:-		
Purchase and construction of assets	(27,008)	(29,490)
Finance lease instalments	(491)	(647)
Transfers to externally restricted assets (net)	(1,893)	0
Transfers to internal reserves (net)	0	(578)
	(29,392)	(30,715)
Increase/(Decrease) in Available Working Capital	**12,056**	**1,694**

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 $50.76 million representing a factor of 4.07 to 1.



2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at $49.65 million as detailed below::

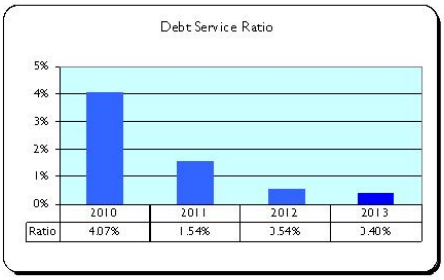
	2013	2012	Change
	$000	$000	$000
Net Current Assets (Working Capital) as per Accounts	**71,275**	**59,028**	12,247
Add Payables & provisions not expected to be realised in the next 12 months included above	10,055	9,218	837
Adjusted Net Current Assets	81,330	68,246	13,084
Add Budgeted & expected to pay in the next 12 months			
- Borrowings	261	491	(230)
- Employees leave entitlements	5,041	5,221	(180)
- Self insurance claims	540	563	(23)
- Deposits & retention moneys	1,515	1,694	(179)
Less Externally restricted assets	(30,570)	(28,677)	(1,893)
Less Internally restricted assets	(8,498)	(9,944)	1,446
Available Working Capital as at 30 June	**49,650**	**37,594**	**12,056**

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

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 0.4%.

After repaying principal and interest of $573,000, total debt as at 30 June 2013 stood at $274,000 (2012 - $765,000).



2.4 Summary

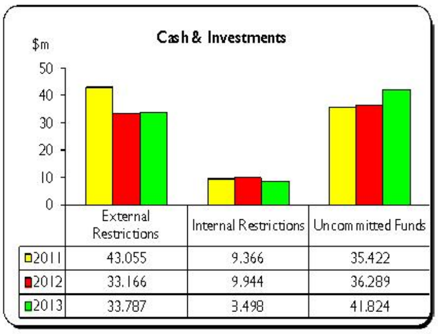
Council's overall financial position, when taking into account the above financial indicators is, in our opinion, sound.

3. CASH ASSETS

3.1 Cash & Investment Securities

Cash and investments amounted $84.109 million at 30 June 2013 as compared with $79.399 million in 2012 and $87.843 million in 2011.

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 ($30.591 million), domestic waste management charges ($2.564 million) and specific purpose grants and contributions ($632,000).

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 $8.498 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

Unrestricted cash and investments amounted to $41.824 million, which is available to provide liquidity for day to day operations and forms the basis of Council's sound financial position.

3.2 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 $2.233 million to $4.311 million at the close of the year.

In addition to operating activities which contributed net cash of $25.239 million were the proceeds from the sale of investment securities ($154.465 million) and sale of assets ($7.687 million). Cash outflows other than operating activities were used to purchase investment securities ($161.385 million), pay finance lease instalments ($491,000), pay dividends to minority interests in Kimbriki Environmental Enterprises Pty Limited ($512,000) and to purchase and construct assets ($27.236 million).

4. RECEIVABLES

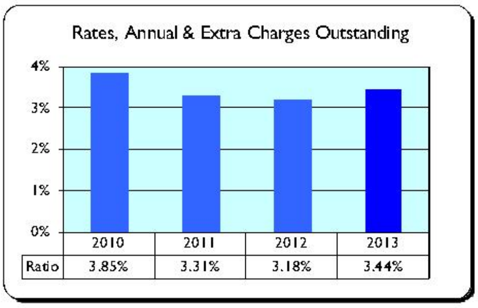
4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled $88.201 million and represented 58.26% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was $90.559 million of which $87.846 million (97%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at $3.142 million at the end of the year and represented 3.44% of those receivables.



4.3 Other Receivables

Receivables (other than rates & annual charges) totalled $4.395 million. Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to $100,000.

5. PAYABLES

5.1 Self Insurance

Workers Compensation insurance claims have been actuarially assessed at $750,000 (2012 - $1.057 million) and a bank guarantee of $1.5 million is held to cover these 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 $1.037 million (2012 - $1.141 million) 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 $13.565 million. Internally restricted cash and investments of $2.713 million was held representing 20% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

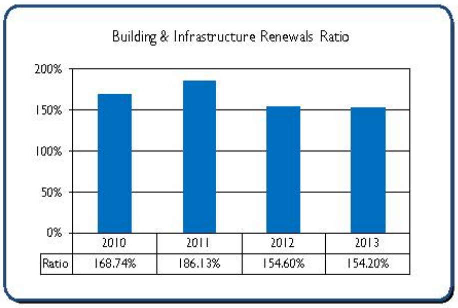
5.3 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to $4.111 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.

The ratio indicates that asset renewals for 2013 represented 154% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



7. MANAGEMENT LETTER

An audit management letter addressing the findings from our first interim audit was issued on 4 March 2013. This included our recommendations on possible ways to strengthen and/or improve procedures and management's comments and proposed actions. An additional management letter was issued on 12 July 2013 advising of findings from our second interim audit visit.

7. 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.

Yours faithfully,
HILL ROGERS SPENCER STEER

G V STEER
Partner

Warringah Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Leading our community
Creating our future
Protecting our environment

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

CONTENTS — **PAGE**

BACKGROUND

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

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market particularly between private and public sector competitors. Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

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

(iv) In preparing these financial 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).

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 6 August 2013.

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 2013

	Children Services		Kimbriki	
$ '000	Actual 2013	Actual 2012	Actual 2013	Actual 2012
Income from continuing operations				
Access charges	4,745	4,507	21,208	19,530
User charges	-	-	-	-
Fees	-	-	-	-
Interest	-	-	573	658
Grants and contributions provided for non capital purposes	452	531	714	520
Profit from the sale of assets	-	-	26	31
Other income	26	10	1,752	1,719
Total income from continuing operations	**5,223**	**5,048**	**24,273**	**22,458**
Expenses from continuing operations				
Employee benefits and on-costs	4,351	4,099	3,178	2,805
Borrowing costs	-	-	-	-
Materials and contracts	519	756	9,662	9,628
Depreciation and impairment	173	212	339	270
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	292	1	8,790	7,145
Total expenses from continuing operations	**5,335**	**5,068**	**21,969**	**19,848**
Surplus (deficit) from Continuing Operations before capital amounts	**(112)**	**(20)**	**2,304**	**2,610**
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	**(112)**	**(20)**	**2,304**	**2,610**
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	**(112)**	**(20)**	**2,304**	**2,610**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(691)	(783)
SURPLUS (DEFICIT) AFTER TAX	**(112)**	**(20)**	**1,613**	**1,827**
plus Opening Retained Profits	2,700	2,720	15,213	13,480
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Allocation Adjustments related to IPPE	516	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	691	783
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	(1,044)	(877)
Closing Retained Profits	**3,104**	**2,700**	**16,473**	**15,213**
Return on Capital %	-3.3%	-0.6%	84.5%	122.9%
Subsidy from Council	112	119	-	-

SPECIAL PURPOSE FINANCIAL STATEMENTS

Income Statement of Council's Other Business Activities

for the year ended 30 June 2013

$ '000	Glen Street Theatre Actual 2013	Glen Street Theatre Actual 2012	Construction Certificate Certification Actual 2013	Construction Certificate Certification Actual 2012
Income from continuing operations				
Access charges	-	-	-	-
User charges	-	-	222	281
Fees	1,079	1,601	-	-
Interest	23	22	-	-
Grants and contributions provided for non capital purposes	1	3	-	-
Profit from the sale of assets	-	-	-	-
Other income	366	-	-	-
Total income from continuing operations	**1,469**	**1,627**	**222**	**281**
Expenses from continuing operations				
Employee benefits and on-costs	976	1,156	428	480
Borrowing costs	-	-	-	-
Materials and contracts	872	907	10	72
Depreciation and impairment	97	181	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	207	338	2	74
Total expenses from continuing operations	**2,152**	**2,582**	**439**	**626**
Surplus (deficit) from Continuing Operations before capital amounts	**(684)**	**(955)**	**(217)**	**(345)**
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	**(684)**	**(955)**	**(217)**	**(345)**
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	**(684)**	**(955)**	**(217)**	**(345)**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-	-
SURPLUS (DEFICIT) AFTER TAX	**(684)**	**(955)**	**(217)**	**(345)**
plus Opening Retained Profits	1,070	2,025	107	107
plus/less: Prior Period Adjustments	(42)	-	-	-
plus/less: Allocation Adjustments related to IPPE	1,379	-	(107)	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	217	345
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	**1,723**	**1,070**	**-**	**107**
Return on Capital %	-8.5%	-19.5%	0.0%	-322.4%
Subsidy from Council	684	1,104	217	348

SPECIAL PURPOSE FINANCIAL STATEMENTS

Balance Sheet of Council's Other Business Activities
as at 30 June 2013

	Children Services		Kimbriki	
	Category 1		Category 1	
	Actual	Actual	Actual	Actual
$ '000	2013	2012	2013	2012
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	2,628	2,256
Investments	-	-	11,519	10,539
Receivables	-	-	1,696	1,590
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	529	-	-
Total Current Assets	**-**	**529**	**15,843**	**14,385**
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	3,382	3,100	2,727	2,123
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	1,991	1,840
Total Non-Current Assets	**3,382**	**3,100**	**4,718**	**3,963**
TOTAL ASSETS	**3,382**	**3,629**	**20,561**	**18,348**
LIABILITIES				
Current Liabilities				
Payables	-	-	1,869	2,044
Interest bearing liabilities	-	-	-	-
Provisions	-	-	563	491
Total Current Liabilities	**-**	**-**	**2,432**	**2,535**
Non-Current Liabilities				
Payables	-	-	1,020	600
Interest bearing liabilities	-	-	-	-
Provisions	-	-	636	-
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	**-**	**-**	**1,656**	**600**
TOTAL LIABILITIES	**-**	**-**	**4,088**	**3,135**
NET ASSETS	**3,382**	**3,629**	**16,473**	**15,213**
EQUITY				
Retained earnings	3,104	2,700	16,473	15,213
Revaluation reserves	278	929	-	-
Council equity interest	3,382	3,629	16,473	15,213
Non-controlling interest	-	-	-	-
TOTAL EQUITY	**3,382**	**3,629**	**16,473**	**15,213**

SPECIAL PURPOSE FINANCIAL STATEMENTS

Balance Sheet of Council's Other Business Activities
as at 30 June 2013

	Glen Street Theatre		Construction Certificate Certification	
	Category 1		Category 2	
	Actual	Actual	Actual	Actual
$ '000	2013	2012	2013	2012
ASSETS				
Current Assets				
Cash and cash equivalents	58	678	-	-
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	13	8	-	-
Other	-	51	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	**71**	**737**	**-**	**-**
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	8,087	4,891	-	107
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	**8,087**	**4,891**	**-**	**107**
TOTAL ASSETS	**8,158**	**5,628**	**-**	**107**
LIABILITIES				
Current Liabilities				
Payables	987	756	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	9	-	-
Total Current Liabilities	**987**	**765**	**-**	**-**
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	**-**	**-**	**-**	**-**
TOTAL LIABILITIES	**987**	**765**	**-**	**-**
NET ASSETS	**7,171**	**4,863**	**-**	**107**
EQUITY				
Retained earnings	1,723	1,070	-	107
Revaluation reserves	5,448	3,793	-	-
Council equity interest	7,171	4,863	-	107
Non-controlling interest	-	-	-	-
TOTAL EQUITY	**7,171**	**4,863**	**-**	**107**

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

Note 1

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 SPFS prepared for use by the Council and the Division of Local Government.

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 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 **$406,000** of combined land values attracts **0%**. From $406,001 to $2,482,000 the rate is **1.6% + $100**. For the remaining combined land value that exceeds $2,482,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of $689,000 from 1 July 2012 to 30 June 2013.

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 balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges
A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

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.

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2013

Note 1

(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 3.755% at 30 June 2013.

(iv) Dividends

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

INDEPENDENT AUDITORS' REPORT

for the year ended 30 June 2012

SPECIAL PURPOSE FINANCIAL STATEMENTS

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 2013, 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

G V STEER
Partner

Dated at Sydney this 7th day of August 2013

Warringah Council

SPECIAL SCHEDULES
for the year ended 30 June 2013

Leading our community
Protecting our environment
Creating our future

SPECIAL SCHEDULES

for the financial year ended 30 June 2013

CONTENTS **PAGE**

Special Schedules[1]

[1] Special Purpose Schedules are not audited.

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, Division of Local Government (DLG).
- 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 2013

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	5,429	57	-	(5,372)
Administration	31,031	11,647	3,567	(15,817)
Public Order and Safety				
Fire Service Levy, Fire protection, Emergency Services	716	-	-	(716)
Beach Control	1,657	33	-	(1,624)
Enforcement of Local Govt Regs	1,631	2,570	-	939
Animal Control	113	68	-	(45)
Other	-	-	-	-
Total Public Order and Safety	4,117	2,671	-	(1,446)
Health	2,101	231	-	(1,870)
Environment				
Noxious Plants and Insects/ Vermin control	818	104	-	(714)
Other Environmental Protection	7,924	632	-	(7,292)
Solid Waste Management	13,199	20,087	-	6,888
Street Cleaning	813	6	-	(807)
Drainage	468	67	-	(401)
Stormwater Management	749	37	-	(712)
Total Environment	23,971	20,933	-	(3,038)
Community Services and Education				
Administration & Education	3,120	861	-	(2,259)
Social Protection (Welfare)	-	-	-	-
Aged Persons & Disabled	329	88	-	(241)
Childrens Services	5,074	5,223	-	149
Total Community Services and Education	8,523	6,172	-	(2,351)
Housing and Community Amenities				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	2,512	349	-	(2,163)
Town Planning	7,781	1,797	-	(5,984)
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	10,293	2,146	-	(8,147)
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

SPECIAL SCHEDULES
for the financial year ended 30 June 2013

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	4,077	311	272	(3,494)
Community Centres and Halls	1,484	984	131	(369)
Performing Arts Venues	2,043	1,446	-	(597)
Other Cultural Services	5,324	116	-	(5,208)
Sporting Grounds and Venues	4,356	325	-	(4,031)
Swimming Pools	4,139	2,341	-	(1,798)
Parks and Gardens (Lakes)	2,265	69	-	(2,196)
Other Sport and Recreation	-	-	-	-
Total Recreation and Culture	23,688	5,592	403	(17,693)
Fuel and Energy	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1,925	1,327	-	(598)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Construction	1,925	1,327	-	(598)
Transport and Communication				
Urban Roads (UR) - Local	5,101	1,075	-	(4,026)
Bridges on RU - Local	-	-	-	-
Total Transport and Communication	5,101	1,075	-	(4,026)
Economic Affairs				
Other Economic Affairs	20,272	18,405	-	(1,867)
Total Economic Affairs	20,272	18,405	-	(1,867)
TOTALS - FUNCTIONS	**136,451**	**70,256**	**3,970**	**(62,225)**
General Purpose Revenues[2]	-	**77,161**	-	-
Share of interests - joint ventures & associates using the equity method[1]	113			113
NET OPERATING RESULT FOR YEAR[1]	**136,564**	**147,417**	**3,970**	**14,823**

Notes: [1] Includes: Rates & Annual Charges (incl. Ex Gratia), Untied General Purpose Grants & Interest on Investments (excl. Restricted Assets)

SPECIAL SCHEDULES
for the year ended 30 June 2013

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	491	274	765	-	491	-	-	42	261	13	274
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	491	274	765	-	491	-	-	42	261	13	274
Total Debt	491	274	765	-	491	-	-	42	261	13	274

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the Face Value of debt obligations, rather than Fair Value (as per the GPFR's).

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							-	-	-

SPECIAL SCHEDULES
as at 30 June 2013

Special Schedule No. 7
Condition of Public Works

$'000 Asset Class	Asset Condition	Depn Rate (%)	Depn Expense $	Cost	Valuation	Accumulated Depreciation, Amortisation and Impairment	Carrying Amount (WDV)	Asset Condition#	Estimated cost to bring to a satisfactory standard [1]	Required[2] Annual Maintenance	Current[3] Annual M'ntce
		per Note 1	per Note 4			per Note 9			per Section 428(2d)		
Buildings	Poor	1.00%	9	-	873	324	549	Poor	324	7	39
	Fair	1.00%	2	-	237	151	86	Fair	152	2	12
	Average	1.00%	102	-	10,020	4,229	5,791	Average	3,660	89	112
	Good	1.00%	750	-	73,792	21,385	52,407	Good		581	611
	Excellent	1.00%	1,376	-	135,317	26,197	109,120	Excellent		1,065	1,033
			2,239	**-**	**220,239**	**52,286**	**167,953**		**4,136**	**1,744**	**1,807**
Public Roads	Poor	1.00%	38	-	4,254	1,012	3,242	Poor	851	255	30
	Fair	1.00%	9	-	947	408	539	Fair	95	38	5
	Average	1.00%	525	-	58,420	16,783	41,637	Average	2,921	584	782
	Good	1.00%	1,503	-	167,100	21,521	145,579	Good	-	835	892
	Excellent	1.00%	1,644	-	182,734	30,276	152,458	Excellent		548	804
			3,719	**-**	**413,455**	**70,000**	**343,455**		**3,867**	**2,260**	**2,513**
Other Structures	Poor	1.00%		-	101	59	42	Poor	20	10	11
	Fair	1.00%	21	-	2,528	614	1,914	Fair	379	190	199
	Average	1.00%	100	-	12,182	2,973	9,209	Average	1,218	609	640
	Good	1.00%	275	-	33,372	4,286	29,086	Good	-	167	176
	Excellent	1.00%	158	-	19,135	1,343	17,792	Excellent	-	57	60
			554	**-**	**67,318**	**9,275**	**58,043**		**1,617**	**1,033**	**1,086**
Drainage Works	Poor	1.00%	30	-	2,985	1,645	1,340	Poor	2,887	10	-
	Fair	1.00%	15	-	1,478	570	908	Fair	702	23	10
	Average	1.00%	334	-	33,251	14,363	18,888	Average	3,292	151	201
	Good	1.00%	2,583	-	256,990	77,012	179,978	Good	-	621	774
	Excellent	1.00%	430	-	42,736	7,869	34,867	Excellent	-	21	20
			3,392	**-**	**337,440**	**101,459**	**235,981**		**6,881**	**826**	**1,005**
	Total - All Assets		**9,904**	**-**	**1,038,452**	**233,020**	**805,432**	**-**	**16,501**	**5,863**	**6,411**

SPECIAL SCHEDULES

for the financial year ended 30 June 2013

Special Schedule No. 8
Financial Projections

$ million	Actual[1] 12/13	Forecast 13/14	Forecast 14/15	Forecast 15/16	Forecast 16/17
(i) RECURRENT BUDGET					
Income from continuing operations	151	168	167	184	192
Expenses from continuing operations	136	151	157	174	179
Operating Result from Continuing Operations	**15**	**17**	**10**	**10**	**13**
(ii) CAPITAL BUDGET					
New Capital Works [2]	17	14	32	22	21
Replacement/Refurbishment of Existing Assets	19	22	27	18	18
Total Capital Budget	**36**	**36**	**59**	**41**	**38**
Funded by:					
– Loans	-	2	6	-	-
– Asset sales	-	3	2	2	2
– Reserves	13	10	11	9	9
– Grants/Contributions	2	2	1	1	1
– Recurrent revenue	2	5	21	13	12
– Other	19	15	18	16	15
	36	**36**	**59**	**41**	**38**

Notes:

[1] From 2012/2013 Income Statement.

[2] New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

ANNUAL REPORT 2011-2012

Internal Audit

OFFICE OF THE
INTERNAL OMBUDSMAN

Table of Contents

Document Control

Version	Author	Date of Issue	Brief Description of Changes
1.0	Grp Mgr - B&ER	7 March 2013	Draft
2.0	Grp Mgr - B&ER	23 May 2013	Input from ARC Chair Exec Summary Cover

Executive Summary

In 2011-2012, Internal Audit at Warringah Council has successfully completed a range of audits to ensure that management practices and governance continues to be strong. This has included oversight by the Audit and Risk Committee (ARC).

The Internal Audit Annual Plan was coordinated by the Internal Auditor, who reported to the Internal Ombudsman. The implementation and of the Plan was overseen by the ARC and Internal Audit Management Committee.

In 2011-2012, eight audits were undertaken. A further two audits commenced but had not reached completion by June 30. Three of the eight audits were unscheduled.

The audits contained 107 recommendations for improvement. 15% of these are considered a 'high' priority for implementation, and a further 65% are considered a 'moderate' priority.

Generally, the audits found that:

- Overall, Council is compliant with legislation and policy, although there were some specific opportunities for improvement identified;
- There is a need to continue strengthening effective internal controls as well as systems and processes generally; and
- There is a need for more consistent and effective documentation of procedures and processes.

In 2011-2012, the Warringah Council Internal Audit Manual was produced. It is a comprehensive suite of governance, process maps and tools that form the basis of Council's Internal Audit framework. The ARC have reviewed it and provided strong support, including recommending that the Manual be made available to other local government agencies (for a fee).

In 2011-2012, Council's Business and Enterprise Risk group prepared and had approved Council's Enterprise Risk Management Framework. An integrated program of risk and audit is the cornerstone of good governance in any organisation. In adopting this approach to consistently identify and manage risks across the business, Council can take advantage of the Internal Audit function to review any perceived weaknesses and to strengthen controls and processes.

In 2012-2013, the Internal Audit and Enterprise Risk Management functions at Warringah will work collaboratively to ensure that Internal Audit is considering those risks of material consequence and highest impact to the organisation.

Introduction

Internal Audit at Warringah Council

Framework

Audit & Risk Committee

Council has in place an Audit and Risk Committee (ARC), whose charter states that their objectives are to:

1. *"… provide independent assurance and assistance to Warringah Council on risk management, control, governance and external accountability responsibilities"* and
2. *"… ensure that there is an adequate and effective system of internal control throughout Council and to assist in the operation and implementation of the Internal and External Audit Plans"*

The ARC typically meets quarterly, and reports at least annually to Council. Its charter was most recently reviewed and adopted by Council in March 2012. Membership of the ARC in 2011-2012 was as follows:

1. Chair – Mr. Bryce McNair, independent member
2. Committee member – Mr. John Gordon, independent member
3. Committee member – Councillor Michael Regan
4. Committee member – Councillor Jason Falinski

Council voted to elect the councillor members of the ARC.

In addition, the following were 'non-voting attendees' to ARC meetings – the General Manager, one Deputy General Manager, the Chief Financial Officer, the Internal Ombudsman, the Internal Auditor, Governance staff (as minute takers) and a representative of Council's appointed External Auditors – Hill Rogers Spencer Steer. From time to time, other staff were invited to attend to speak towards specific areas of their control.

Internal Audit Management Committee

Council also has in place an Internal Audit Management Committee (IAMC), whose focus is more operational than the Audit and Risk Committee.

Membership of the IAMC in 2011-2012 was as follows:

1. Chairman – Mr. Bryce McNair, independent member
2. Committee member – Mr. John Gordon, independent member
3. Committee member – General Manager (Rik Hart)
4. Committee member – Deputy General Manager, Community (John Warburton)

In addition, the following were 'non-voting attendees' to IAMC meetings – the Internal Auditor, Governance staff (as minute takers), the Chief Financial Officer, the Internal Ombudsman and a representative of Council's appointed External Auditors – Hill Rogers Spencer Steer. From time to time, other staff were invited to attend to speak towards specific areas of their control.

Internal Audit

In 2011-2012 Internal Audit at Warringah was coordinated by the Internal Auditor – Ann Manewell. The Internal Auditor reports to the Internal Ombudsman and their activities (detailed below) are reviewed by the Audit and Risk Committee and Internal Audit Management Committee.

Internal Audit Function

Purpose

An effective Internal Audit function is a valuable resource for Warringah Council, management and employees, as well as for the Warringah community. Internal Audit is an essential component of good governance; therefore Council's proactive approach to the establishment and support of an Internal Audit function demonstrates its commitment to improved governance and better practice.

As described by The Institute of Internal Auditors (IIA), 'an effective, professional internal audit activity can provide meaningful insights and assurance on all areas of risk, internal controls and governance'.[1]

Internal Audit encompasses Warringah's core values of respect, integrity, teamwork, excellence and responsibility, and helps to instil them throughout Council.

The Internal Auditor is governed by the Internal Audit Charter (approved by the ARC and IAMC), and has an Internal Audit Manual that outlines the procedures and processes that are undertaken to fulfill the Internal Audit Charter.

Activities

The Internal Auditor uses the Audit Universe and Risk Assessment tools to investigate and understand the entire organisation, and to identify all of the various functions, processes and deliverables throughout. An organisation-wide risk assessment process is undertaken on a 2-yearly basis to identify all of the operational and strategic risks associated with the Audit Universe view. The risk assessment process assigns a high/medium/low category to each risk, and therefore provides the Internal Auditor with a view of those 'high risk' categories.

Based on the above work, the Internal Auditor prepares the following suite of documents to schedule their work on a 4-year horizon:

1. Strategic Internal Audit Plan – a 4-year document that gives the ARC and IAMC visibility of how the Internal Auditor proposes to undertake their work. This includes an indication of the areas of work that are proposed to be audited, and also the methodologies that are proposed. This is reviewed annually, and is therefore in effect a 'rolling' 4-year document.
2. Annual Audit Plans – yearly documents that provide a detailed break down of each year's proposed program of audits.
3. Annual Report – reporting on the year completed and status of outstanding audit recommendations.

All of these documents are reviewed by the ARC and IAMC.

Since risks are not static, the Internal Auditor and the Audit and Risk Committees assess requests for changes to Internal Audit priorities, based on input from Council's Executive Management team and on advice from the Internal Auditor.

As a result, some previously scheduled work may be re-assigned to different periods if it is deemed appropriate by management advice or the Audit and Risk Committee.

The Internal Auditor also works cooperatively with Council's External Auditors (Hills Rogers Spencer Steer) to ensure that both internal and external resources are used to the best effect and that efforts are not duplicated. To help ensure that work is not duplicated, the Internal Auditor issues all Internal Audit Plans, working papers and reports to the External Auditors.

Scope of Annual Report

The purpose of this Internal Audit Annual Report (IAAR) is to summarise the Internal Audit activity over the period 01 July 2011 to 30 June 2012. In particular, the IAAR addresses:

[1] The Institute of Internal Auditors, Tone at the Top, issue 36, December 2007

1. Summarising the audit work undertaken during the year 2011/2012,
2. Reporting progress against the Strategic Internal Audit Plan 2011 - 2015, and
3. Reporting on the ongoing implementation of audit recommendations.

Program Of Works

Internal Audit Plan 2011-2012

Table 1 below lists the audits that were proposed to be undertaken in the 2011-2012 Internal Audit Plan.

#	Audit Title
1	Contracts and Contractors
2	Asset Management
3	Customer Service
4	Child Care
5	Payroll and Personnel
6	Noise Complaints referred to Environmental Health & Protection
7	Development Assessment – use of the new self-assessment ICAC tool
8	Records Management
9	Fraud Control Health Check
10	Accounts Payable (deferred from 2010/11)
11	Animal management
12	Pollution Control/Management

Status of Audits Undertaken in 2011-2012

Table 2 below lists the status of all audits that were either completed, started but not complete at June 30 2012, or deferred out of 2011-2012.

#	Audit Title	Status
1	Asset Management	Completed
2	Customer Service	Completed
3	Child Care	Completed
4	Payroll and Personnel	Completed
5	Noise Complaints referred to Environmental Health & Protection	Completed
6	Procurement (unscheduled)	Completed
7	Building Certification and Safety Team (unscheduled)	Completed
8	Credit card utilisation (unscheduled)	Completed
9	Records Management	Commenced (not finalised by 30/6/2012)
10	Bilas Knight (Contract Management)	Unscheduled and commenced (not finalised by

#	Audit Title	Status
		30/6/2012) This audit was requested by the ARC following the Bilas Knight constuction company being placed in administration and Council potentially being at risk.
11	Contracts and Contractors	Deferred (to 2012-2013) The unscheduled Procurement and Bilas Knight audits took precedence in 2011-2012.
12	Accounts Payable	Deferred (to 2012-2013) Recent upgrades to the Tech1 Finance module were being reviewed in 2011-2012. Therefore, this audit was deferred to 2012-2013 to follow that review.
13	Animal management	Deferred (to 2012-2013) Deferred due to workload demands of the Internal Auditor (including the addition of unscheduled audits).
14	Pollution Control/Management	Deferred (to 2013/14) It was considered that gaps identified / recommendations would be similar to the recently completed Noise Complaints audit, and may therefore be duplication in the short term.
15	Development Assessment – use of the new self-assessment ICAC tool	Deferred (to 2014/15) The Development Assessment Unit have been customising the tool to get maximum benefit, and subsequently requested that this audit be deferred to 2014/15.
16	Fraud Control Health Check	Deferred (removed) This work will be undertaken by the Internal Ombudsman in 2012-2013 and 2013/14 as part of their Fraud and Corruption Prevention project, and was therefore removed from the Internal Auditor's Annual Plan.

As can be seen in Table 2 above, three unscheduled audits were requested of the Internal Auditor in 2011-2012 – Procurement, the Building Certification and Safety Team, and credit card utilisation.

Council's Internal Audit function used a mix of in-house and outsourced resources to conduct the audits, depending on several factors (subject matter, timing, size and scope of each audit). Since the Internal Auditor project manages all audits, findings are consistent across all reviews, whether conducted in-house or by outsourced contractors.

Synopsis of Recommendations

The recommendations contained in the eight completed audits are generally consistent with previous years. Principally:

- Overall, Council was compliant with legislation and policy, although there were some specific opportunities for improvement identified;
- There is a need to continue strengthening effective internal controls as well as systems and processes generally; and

- There is a need for more consistent and effective documentation of procedures and processes.

In summary, some of the benefits of the internal audits conducted for the financial year 2011/ 2012 include:

- Improved compliance with Council policy and legislation
- Consistent application of Council policy and procedures
- More clearly defined roles and responsibilities
- Strengthened internal controls
- Demonstrated need for a consistent approach to considering and planning for risk
- Improved management practices and administration
- Improvement of Council's systems and processes
- Protection of Council's reputation

Recommendation Register

The eight completed audits in 2011-2012 included 107 discrete recommendations for Council to consider improving how they operate.

Approximately 15% of these were considered 'high' priority recommendations for Council to consider and implement, whilst the bulk (approximately 65%) were 'moderate' recommendations for implementation. Many were interrelated and/or complemented other improvements already occurring throughout the business. Several will take up to 24 months to fully scope and resolve due to the complexity of the issue at hand. At June 30 2012, approximately 75 audit recommendations remained 'outstanding' for implementation. These were incorporated into the business planning of the relevant Business Units in 2012-2013.

Updates to Internal Audit Framework

In 2011-2012, the Warringah Council Internal Audit Manual was produced. It is a comprehensive suite of governance, process maps and tools that form the basis of Council's Internal Audit framework. The Manual is based on the framework prescribed by the Australian National Audit Office, and consists of roles and responsibilities, relevant standards, templates and process maps, methodologies for undertaking audits, planning for audits, and quality assurance.

The ARC have reviewed it and provided strong support, including recommending that the Manual be made available to other local government agencies (for a fee).

Other Relevant Organisational Developments

In 2011-2012, Council's Business and Enterprise Risk group prepared and had approved Council's Enterprise Risk Management Framework. The Framework is based on ISO 31000, and consists of:

- a policy (statement to the community that Council will adopt a risk-based approach to its decision making),
- an operational management standard (OMS) that provides tools and guidance to staff on how and when to consider and escalate risks that they face,
- a risk register framework so that all of Council's strategic and operational risks can be captured, measured, considered and reported against in one place.

An integrated program of risk and audit is the cornerstone of good governance in any organisation. In adopting this approach to consistently identify and manage risks across the business, Council can take advantage of the Internal Audit function to review any perceived weaknesses and to strengthen controls and processes.

In 2012-2013, the Internal Audit and Enterprise Risk Management functions at Warringah will work collaboratively to ensure that Internal Audit is considering those risks of material consequence and highest impact to the organisation.

Conclusion - Audit and Risk Committee Chair

Internal audit is a tool aimed at improving management performance. The concept is that a trained investigator – or auditor – reviews how a particular function is managed.

The review covers financial aspects but goes far beyond that to consider the policy behind what happens, whether legal and ethical requirements are met and the efficiency of the operation. The audit asks whether "best practice" is being followed.

The internal auditor may be employed by the organisation or sourced through outside contractors but the important thing is that they are independent of the management of the area being reviewed.

The real power behind internal audit is that it is about achieving improvement rather than apportioning blame.

Warringah was one of the first councils in NSW to appoint an internal auditor and has led the way in a number of areas. The internal audit function is overseen by a committee of Council comprising two independent members with audit expertise, one of whom chairs the committee, and two councillors. The Audit and Risk Committee ensures that the internal audit function is properly resourced and managed and that the recommendations of internal audit reports, once accepted by senior management, are implemented.

Since 2006, internal audit has not only reduced the waste of ratepayers' funds, it has helped to improve the quality of management in virtually every area of council operation.

My independent colleague, John Gordon, and I are pleased to be able to assure Warringah stakeholders that internal audit is appropriately resourced, well managed and respected by senior management and that Warringah is a leader in the field amongst NSW councils.

Bryce McNair

Independent Chair

Warringah Council Audit & Risk Committee

PROGRAM OUTLINE

TUESDAY 10 SEPTEMBER 2013

18.00 - 20.00	**Welcome Reception and Meet the D.N. Foster Award Recipients**

WEDNESDAY 11 SEPTEMBER 2013

07.00	**Registration Opens**
08.30 - 09.10	**Conference Opening** Welcome to Country Conference Chair Welcome Official Conference Opening
09.10 - 10.10	**KEYNOTE ADDRESS** **Sustainable Development of Nourished Shorelines** **Stefan Aarninkhof** *Senior Engineer Hydronamic, Royal Boskalis Westminster N.V.* *Program Manager, EcoShape, The Netherlands*
10.10 - 10.40	Morning Tea and Trade Exhibition

10.40 - 12.30	**Concurrent Sessions**				
	1 COASTAL PROCESSES	2 COASTAL STRUCTURES & FACILITIES	3 PORT ENGINEERING	4 DREDGING	5 COASTAL PLANNING, POLICY & MANAGEMENT
10.40 - 11.10					
11.10 - 11.30					
11.30 - 11.50					
11.50 - 12.10					
12.10 - 12.30					

12.30 - 13.30	Lunch and Trade Exhibition

13.30 - 15.10	**Concurrent Sessions**				
	6 COASTAL PROCESSES	7 COASTAL STRUCTURES & FACILITIES	8 PORT ENGINEERING	9 DREDGING	10 COASTAL PLANNING, POLICY & MANAGEMENT
13.30 - 13.50					
13.50 - 14.10					
14.10 - 14.30					
14.30 - 14.50					
14.50 - 15.10					

15.10 - 15.40	Afternoon Tea and Trade Exhibition

15.40 - 17.20	**Concurrent Sessions**				
	11 COASTAL PROCESSES	12 COASTAL STRUCTURES & FACILITIES	13 PORT ENGINEERING	14 DREDGING	15 COASTAL PLANNING, POLICY & MANAGEMENT
15.40 - 16.00					
16.00 - 16.20					
16.20 - 16.40					
16.40 - 17.00					
17.00 - 17.20					
17.30 - 19.00	nextGEN Poster Forum				

THURSDAY 12 SEPTEMBER 2013

07.30	Registrations Open
08.30 - 09.30	KEYNOTE ADDRESS **PIANC's Working with Nature Philosophy: An Introduction and Case Studies** Jan Brooke *Jan Brooke Environmental Consultant Ltd, United Kingdom*

09.40 - 10.40	**Concurrent Sessions**				
	16 COASTAL PROCESSES	17 COASTAL STRUCTURES & FACILITIES	18 PORT ENGINEERING	19 DREDGING	20 COASTAL PLANNING, POLICY & MANAGEMENT
09.40 - 10.00					
10.00 - 10.20					
10.20 - 10.40					
10.40 - 11.10	Morning Tea and Trade Exhibition				

11.10 - 12.10	**Concurrent Sessions**				
	21 COASTAL PROCESSES	22 COASTAL STRUCTURES & FACILITIES	23 PORT ENGINEERING	24 DREDGING	25 COASTAL PLANNING, POLICY & MANAGEMENT
11.10 - 11.30					
11.30 - 11.50					
11.50 - 12.10					
12.10	Collect Take-Away Lunch				

12.30 - 17.00	**Field Trips**		
	1 NORTHERN BEACHES	2 PORT BOTANY	3 SAND NOURISHMENT FORUM

18.30 - 19.00	**Pre-Dinner Drinks**
19.00 - 23.00	**Conference Dinner & Award Presentations** Kevin Stark Award PIANC Young Authors Award D.N. Foster Award nextGEN Poster Award

FRIDAY 13 SEPTEMBER 2013

07.30	Registrations Open				
08.30 - 09.30	KEYNOTE ADDRESS **Troubled Waters: The Interpretation of Good Faith in Statutory Immunities for Coastal Land Use Planning Decisions** Dr. Rob Stokes MP *Parliamentary Secretary for Renewable Energy* *Member for Pittwater, NSW*				
09.40 - 10.40	**Concurrent Sessions**				
	26 COASTAL PROCESSES	27 COASTAL STRUCTURES & FACILITIES	28 PORT ENGINEERING	29 DREDGING	30 COASTAL PLANNING, POLICY & MANAGEMENT
09.40 - 10.00					
10.00 - 10.20					
10.20 - 10.40					
10.40 - 11.10	Morning Tea and Trade Exhibition				
11.10 - 12.30	**Concurrent Sessions**				
	31 COASTAL PROCESSES	32 COASTAL STRUCTURES & FACILITIES	33 PORT ENGINEERING	34 DREDGING	35 COASTAL PLANNING, POLICY & MANAGEMENT
11.10 - 11.30					
11.30 - 11.50					
11.50 - 12.10					
12.10 - 12.30					
12.30 - 13.30	Lunch and Trade Exhibition				
13.30 - 15.10	**Concurrent Sessions**				
	36 COASTAL PROCESSES	37 COASTAL STRUCTURES & FACILITIES	38 PORT ENGINEERING	39 DREDGING	40 COASTAL PLANNING, POLICY & MANAGEMENT
13.30 - 13.50					
13.50 - 14.10					
14.10 - 14.30					
14.30 - 14.50					
14.50 - 15.10					
15.10 - 15.40	Afternoon Tea and Trade Exhibition				
15.40 - 16.40	**Concurrent Sessions**				
	41 COASTAL PROCESSES	42 COASTAL STRUCTURES & FACILITIES	43 PORT ENGINEERING	44 DREDGING	45 COASTAL PLANNING, POLICY & MANAGEMENT
15.40 - 16.00					
16.00 - 16.20					
16.20 - 16.40					
16.50 - 17.20	Conference Close C&P2015 Conference Announcement				

This program is subject to change. Please visit the Conference website for updated information.