ATTACHMENT BOOKLET 1

ORDINARY COUNCIL MEETING

TUESDAY 27 FEBRUARY 2018

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QUARTERLY REPORT - BUSINESS ACTIONS

Protection of the Environment

Key: Complete | Progressing | Behind Schedule | Delayed

OPERATIONAL PROJECTS

Deliver programs to protect, preserve and manage bushland and biodiversity to benefit future generations. - Executive Manager Natural Environment & Climate Change

Bushland management includes contractor bush regeneration, bushland maintenance works and response to customer requests relating to bushland areas. During this period the Bushland and Bush Regeneration teams completed a project to assess fuel hazards in Asset Protection Zones coming into fire season. Significant preparation works for hazard reduction burns have been undertaken on numerous sites. In total, 13 hazard reduction burns were successfully completed in Council reserves. Hazard reduction burns on other prepared sites have had to be postponed by fire authorities due to extremely dry weather.

Biodiversity management involved pest plant and animal control programs, operational management including responding to customer requests, assessment of development applications and strategic programs. During this period substantial progress has been made in the assessment of 148 development applications. The Cat Tracker Project was launched and monthly bird surveys are also being undertaken at Curl Curl Lagoon in coordination with staff and volunteers to develop an understanding of riparian vegetation as habitat.

Deliver programs to protect, preserve and manage our coasts, estuaries and waterways to benefit future generations - Executive Manager Natural Environment & Climate Change

Council undertakes an extensive program to protect, preserve and manage our coast and waterways.
A significant water pollution incident occurred at Endeavour Drive, Beacon Hill, resulting in death of aquatic life and vegetation. Council staff have undertaken clean up operations with advice from the NSW Environment Protection Authority.
A number of actions to improve the understanding and condition of our estuarine environments were delivered this period. The estuary monitoring program (which commenced in 2013/14, providing long term data to assist with decision making and management of the coastal lagoons), began for 2017/18 as an expanded program to include Middle Harbour and Pittwater.

Bush regeneration activities continued for coastal dunes, creeks and lagoon riparian areas, as well as groundwater monitoring and bird surveys, and removal of litter from Curl Curl and Dee Why lagoons.

Council continued to work with the Department of Industry and residents to allow coastal protection works on Crown Land at Collaroy-Narrabeen Beach to be approved.

Natural hazard management planning, mitigation works, warning systems and awareness campaigns - **Executive Manager Natural Environment & Climate Change**

Council undertakes natural hazard management planning, mitigation works, warning systems and awareness campaigns. These programs encompass flood, coastal, bushfire, geotechnical and creek bank erosion natural hazards.

Council continues to monitor cliff instability at its coastal headlands. Recent actions include prioritising works to be done in accordance with the annual assessments of Long Reef, Dee Why, Curl Curl, Freshwater and Queenscliff Headlands as well as drone and high rope inspections at Fairy Bower walk between Manly and Shelly Beach.

The flood program is on schedule with the Manly to Seaforth Flood Study and Manly Lagoon Floodplain Risk Management Study and Plan currently being finalised for public exhibition.

Deliver targeted environmental sustainability engagement and education to assist in protection of the natural environment - **Executive Manager Natural Environment & Climate Change**

The Coastal Environment Centre (CEC) was kept busy this quarter. Newport school students presented their wildlife habitat project to CEC staff, parents and the local community with over 130 students participating. A Green Collective Garden Tour was also facilitated in conjunction with Kimbriki Resource Recovery Centre and Health NSW, with 13 schools participating across the Northern Beaches.

The Manly Environment Centre hosted the 24th annual Ocean Care Day this quarter, with the theme 'Make our Sea Plastic Free'. Over 35 volunteers contributed scores of hours to make the event happen and attracted approximately 10,000 attendees.

To thank our volunteers for their wonderful contributions, a Christmas party was held in December at the Manly Art Gallery.

CAPITAL PROJECTS

Coastal Protection Works

Collaroy-Narrabeen coastal protection works - Executive Manager Natural Environment & Climate Change

To deliver Collaroy Narrabeen coastal protection works in a coordinated and integrated manner, Council is undertaking a number of actions to ensure the construction of protection works on public land is coordinated with the works to occur on private property.

The construction of works on public land has been delayed while issues relating to the use of Crown land for private works are resolved and applications for private works are approved. The project is currently financially behind schedule due to these delays.

Fairy Bower sea wall Project - Executive Manager Natural Environment & Climate Change

The preliminary investigations for the sea wall upgrade options at Fairy Bower are being finalised. Emergency response activities are also being investigated for implementation prior to the sea wall upgrade being completed. The project involves multiple stakeholders including Sydney Water, NSW Department of Primary Industries (Fisheries) and the Office of Environment and Heritage. Consultation with these stakeholders is continuing.

Stormwater Program

Manly Oval Stormwater Upgrade - Executive Manager Capital Projects

Engineering studies are underway to confirm if the works are required

Planned stormwater new works program - Executive Manager Natural Environment & Climate Change

The Planned Stormwater New Works Program provides upgrades and improvements to the existing Stormwater Network, in order to reduce incidences of flooding. Council is in the process of undertaking a significant data gathering and investigations phase. This is helping to allocate resources to the higher risk assets and those which will result in the greatest benefit. CCTV and survey was undertaken on a number of sites.

The current program includes works at Kuyora Place, North Narrabeen, The Crown of Newport Reserve and various minor works improvements. Design and investigation works are continuing for delivery late in 2017 /18.

Warriewood Valley Creekline works - Executive Manager Natural Environment & Climate Change

Staff from a number of Council departments are working together to better coordinate and streamline water management in Warriewood Valley. This is especially in regard to how creek management works are timed, coordinated and delivered with development activity. Council is also currently working with a number of developers to explore opportunities to deliver these works in an efficient and timely manner. Construction of Councils assets will be delayed until private works are completed.

Stormwater Program

Planned stormwater renewal program - Executive Manager Natural Environment & Climate Change

The 'Planned Stormwater Renewal' Works Program provides for the Renewal of the existing Stormwater Network to assist in maintaining the network condition and reduce flooding. Council is in the process of undertaking a significant data gathering and investigations phase. This is helping to allocate resources to the higher risk assets and those which will result in the greatest benefit.

Investigations are being undertaken across the Northern Beaches to better understand the condition of significant and critical assets. This information will be used with the existing data to define a stormwater renewal program. A consolidated program for pipe relining will then be undertaken, commencing in early 2018.

Renewal works are also being planned for major culverts under Jackson Road, Warriewood. This work is expected to be completed mid 2018. Hydraulic analysis and other investigations are being undertaken on the stormwater network at Fairy Bower and South Manly Beach to determine any necessary works to be included along with required pipe repairs.

Reactive stormwater renewals program - Executive Manager Natural Environment & Climate Change

The 'Reactive Stormwater Renewal' Works Program provides for the minor renewal works to the existing Stormwater Network to assist in maintaining the network condition and reduce flooding. Significant effort is being undertaken by Council's stormwater engineers to investigate a number of stormwater related issues in an effort to determine effective solutions. The works associated with these issues will be undertaken in the coming months.

Projects that are moving into the construction phase include Elvina Avenue, Newport, Cottage Point outlet and Tatiara Avenue, Narrabeen. 'Patch Lining" will also soon be undertaken at Sunset Place, Frenchs Forest.

Gross Pollutant Traps - renewals - Executive Manager Natural Environment & Climate Change

This program enables minor renewals for Gross Pollutant Traps to be undertaken. The gross pollutant traps work to trap litter, floating pollutants and sediment from Council's stormwater assets, and prevent them from entering our creeks, waterways and beaches. The works undertaken to renew these traps is important in ensuring they continue to protect our local water quality and wildlife. Council is currently assessing the condition and risk of its GPT network and works will be completed later in 2017/18.

Bushland Program

New community nursery - North Curl Curl Community Centre - Executive Manager Natural Environment & Climate Change

The project team has been working to develop the draft concept design for the Community Nursery at Curl Curl. The draft concept design will be circulated for community consultation in late February/March noting that the community has been consulted and feedback sought on the design for the whole site including the skate park, community garden, nature play area and community nursery.

Rural Fire Service Program

Rural Fire Service Buildings Works Program - Executive Manager Property

This program of works focuses on upgrades and minor refurbishments to Northern Beaches RFS buildings.

Environmental Sustainability

Key: Complete | Progressing | Behind Schedule | Delayed

OPERATIONAL PROJECTS

Align domestic waste and recycling services across the new Council area consistent with selected resource recovery infrastructure - Executive Manager Waste Management & Cleansing

A position paper and Council briefing paper has been completed.
Tender specification and contract documents to facilitate service alignment underway with tender expected to be called in early 2018.

Develop a Northern Beaches Waste Strategy - Executive Manager Waste Management & Cleansing

Project is scheduled to start in January

CAPITAL PROJECTS

Kimbriki Improvements

Kimbriki Road, Terrey Hills - new access road - Executive Manager Capital Projects

Expect to call tender for construction in early 2018

Kimbriki new excavator - Executive Manager Waste Management & Cleansing

The plant acquisition will not be proceeding

Kimbriki high level drain - Executive Manager Waste Management & Cleansing

The design phase has commenced but the project is currently on hold pending resolution of the Area 4A landfill cell project.

Kimbriki western bund wall on Area 3B - Executive Manager Waste Management & Cleansing

Scheduled works continue on the construction of the western bund wall in accordance with Kimbriki Environmental Enterprises (KEE) landfill cell construction program.

Kimbriki landfill cell development Area 4A - Executive Manager Waste Management & Cleansing

Kimbriki Environmental Enterprises propose to submit a new DA rather than a Section 96. With lead times this project will not be ready to commence until 2018/2019.

Kimbriki Leachate Treatment Plant - Executive Manager Waste Management & Cleansing

Detailed design component of the works is being completed and work expected to commence on site in late January.

Kimbriki Gas Capture System - Executive Manager Waste Management & Cleansing

The installation of a second series of horizontal trenches to capture landfill gas in the current landfill cell was completed in December 2017.

Kimbriki vehicles - Executive Manager Waste Management & Cleansing

Fleet replacement as per fleet management plan

Kimbriki renewal program - Executive Manager Waste Management & Cleansing

A range of projects were undertaken to maintain and renew the site infrastructure including:

- Improvements to the leachate management system through the installation of additional pumps and pipework
- Improvements to the access ramp to manage traffic movements in and out of the active landfill cell

Kimbriki other - Executive Manager Waste Management & Cleansing

IT equipment purchased to replace existing assets that had reached the end of their useful life.

Energy Savings Initiatives

Energy Savings Initiatives

Energy saving initiatives works program (SRV) - **Executive Manager Natural Environment & Climate Change**

This project is to deliver energy savings initiatives in the former Pittwater LGA. During this period the project managers continued work on preparing documentation to deliver the energy savings projects and are also investigating the energy efficiency upgrade potential for sportsfield lighting. This project is expected to be completed by the end of the financial year but is behind schedule due to phasing issues.

Energy saving initiatives works program (revolving energy fund) - **Executive Manager Natural Environment & Climate Change**

During this period the evaluation of the proposals to design and supply the lighting upgrades for two Manly car parks was completed. This was slightly behind schedule due to the need to re-issue the request for quotation documentation. It is anticipated that this supplier will be appointed during the next reporting period and installation will occur later in the financial year. Preparation of project documentation for solar panel installation on Council assets is being developed. These projects are expected to be completed by the end of the financial year but are currently behind schedule due to phasing issues.

Places for People

Key: Complete | Progressing | Behind Schedule | Delayed

OPERATIONAL PROJECTS

Implement the Ingleside Land Release project - Executive Manager Strategic & Place Planning

A successful 'Ingleside Sustainability Forum' was held in December. The forum was well attended and good discussion was held regarding sustainability initiatives for the future Ingleside Precinct.
The draft Traffic & Transport report as well as the draft Noise and Vibration report was received and comments were provided. However, there have been delays experienced by the consultants finalizing the Water Cycle Management report and the Bio-Certification Assessment and Strategy reports. These reports are expected to be received in early 2018.

Implement the Northern Beaches Hospital Precinct Structure Plan - Executive Manager Strategic & Place Planning

The Hospital Precinct Structure Plan was endorsed by Council on 1 August 2017. Investigations and discussions are underway regarding the Aquatic Reserve Masterplan. This has included active investigations regarding the proposal to redevelop the Warringah Aquatic Centre and re-locate Frenchs Forest High School to the Aquatic Reserve site.

Complete the Pittwater Waterway Strategy - Executive Manager Strategic & Place Planning

The Draft Strategy is currently under review as per the work plan schedule and within allocated time frames.

The first meeting of the Internal Working Group has been delayed until completion of the internal review phase and has been rescheduled for late January/ February 2018. The Work Plan has been revised to reflect the new date and time frame.

Review the Manly Wharf Master Plan - Executive Manager Strategic & Place Planning

Work has begun to establish a working party.

Implement the Affordable Housing Policy - Executive Manager Strategic & Place Planning

The Department of Planning and Environment has given notice of consultation on proposed inclusion of Northern Beaches Council in SEPP 70.

A review of proposed guidelines for Northern Beaches Council Affordable Housing Program has commenced.

Complete the Brookvale Structure Plan - Executive Manager Strategic & Place Planning

The Brookvale Structure Plan came off exhibition on 20 November 2017. Council staff are currently reviewing submissions.

Commence a review of Land Use Strategy for the Northern Beaches - Executive Manager Strategic & Place Planning

Will not commence Strategy until release of final North District Plan by Greater Sydney Commission.

Implement the actions of the adopted District Plan - **Executive Manager Strategic & Place Planning**

The draft North District Plan was released by the Greater Sydney Commission in October 2017. A submission on the Plan was adopted by Council in December 2017 and subsequently provided to the Greater Sydney Commission. This project will commence on the publication of the final North District Plan expected in early 2018.

Review the Manly Section 94 Plan - **Executive Manager Strategic & Place Planning**

Administrative changes to the Manly Section 94 Plan completed 9 September 2017 and available on Council's website.

Review and update the Warringah Section 94A Plan - **Executive Manager Strategic & Place Planning**

The draft Dee Why S94 Plan has been prepared. Internal review of draft Plan has commenced with Section 94 Committee and Section 94 Working Group.

CAPITAL PROJECTS

Public Amenities Improvements

Collaroy Beach - new accessible public amenities and ramp upgrades - Executive Manager Parks & Recreation

The construction contract for the new public amenities and accessible ramp at Collaroy Beach has been awarded and work is expected to start in February 2018 with works scheduled for completion in June 2018.

Public amenities works program - Executive Manager Property

This program of works sees the refurbishment of North Harbour Public Amenities, including the construction of an accessible amenity within the footprint of the existing building. This work is due for completion in 2018.

Manly Dam - public amenities works - Executive Manager Property

This project sees the refurbishment of the public amenities adjacent to the playground at Manly Dam to provide improved facilities to users of the recreation area. The refurbished amenities building will consist of improved male, female and accessible amenities as well as change rooms and showers.

Nolans Reserve - sports amenities works - Executive Manager Property

This project sees the replacement of the two run down existing sports amenities buildings in Nolan's Reserve with a new building adjacent to the pedestrian track. The DA for the works has been approved and the tender will be advertised in early 2018 with an expected commencement of works in late 2018.

Cromer Park - sports amenities west works - Executive Manager Property

This project sees the refurbishment of the sporting amenities adjacent to the sports fields at Cromer to provide improved facilities to users of the recreation area. The refurbished amenities building will consist of improved male, female and accessible amenities as well as change rooms and showers. The construction works are currently out for public tender.

Church Point - public amenities works - Executive Manager Property

This project sees the renewal of the existing male and female public amenities. Given the proposed purchase of the Pasadena site and the need for the development of a Master Plan these works have been forecast into a future year's capital works program.

North Narrabeen Rock Pool - public amenities works - Executive Manager Property

This project sees the renewal of the existing male and female public amenities, the construction of an accessible amenity within the existing footprint and refurbishment of the swimming club on the top level at North Narrabeen Rock Pool. Extended community consultation currently being reviewed prior to finalising design and subsequent tender release.

Marine Parade, Manly public amenity building - Executive Manager Capital Projects

The new amenities building is complete

Playgrounds Improvements

Playgrounds Improvements

Berry Reserve Inclusive Playground Upgrade - Executive Manager Parks & Recreation

The final design for Berry Reserve has been completed and consultation on the landscape elements for playground will commence in late January 2018. Custom inclusive play equipment has been procured and work is expected to commence in late March 2018.

Allambie Oval Upgrades - new playground, multi-use court and pathway - Executive Manager Parks & Recreation

Work has commenced on the development of a concept plan for Allambie Heights Oval. The concept plan is expected to be publicly exhibited in March 2018 with work to commence in July 2018.

Parkes Road, Collaroy - playground and pathway lighting - Executive Manager Parks & Recreation

Project is scheduled to start in January

Connecting all Through Play - Inclusive Play - Executive Manager Capital Projects

Detailed design of Manly Dam Trail, Manly Dam Playground and Lionel Watts Playground all progressing well.
Further design work required with a view to tender and then commence works for all three late 2017/18 financial year.
Original program to commence in March has been revised to May/June 2018

Playgrounds - new and upgrades - Executive Manager Parks & Recreation

Playground upgrades include the installation of a shade sail for Village Park, Mona Vale and upgrading the playground at Quarrie Reserve, North Manly from a local playground to a neighbourhood playground. Both projects are on schedule to be completed by May 2018.

Connecting Communities - Pilot Project Local Parks - Executive Manager Capital Projects

Playgrounds at Lindrum, Maple, Pusan, Wentwoth and Windrush Reserves completed.

Playground renewal program - Executive Manager Parks & Recreation

Work has commenced on the renewal of Crescent Reserve Playground. Work is expected to commence soon on the renewal of 8 local playgrounds in Mona Vale, Elanora Heights and Bayview. Final concept plans for Tania Park and Berry Reserve are due for completion in January 2018.

Sportsgrounds Improvements

Connecting all Through Play - Active Play - Executive Manager Capital Projects

Works progressing at a number of Sporting facilities and expected to commence at South Narrabeen SLSC
Other works at SLSC have been rephased to 2018/19 to enable final consultation and approvals to be obtained

Sportsgrounds - new and upgrades - Executive Manager Parks & Recreation

The Jackson Road car park project is progressing although it is behind schedule. Practical completion has been issued for the Seaforth Oval irrigation project.

Sportsgrounds Improvements

Sports Club capital assistance program - Executive Manager Parks & Recreation

The draft program guidelines have been developed and is proposed to be launched in February 2018, post school holidays.

Lionel Watts Oval Frenchs Forest - synthetic sportsfield design and preparatory works - Executive Manager Parks & Recreation

Work is progressing well on this project. The concept design has been finalised and included in the Glen Street Open Space Masterplan that was approved by Council for public exhibition. Work is scheduled from September 2018 until March 2019.

Forestville War Memorial Playing Fields - netball court upgrade - Executive Manager Parks & Recreation

Council is currently reconsidering the business case and scope for this project following higher than expected costs for the project.

Cromer Park Field 2 - synthetic sportsfield - Executive Manager Parks & Recreation

Construction is progressing well and work is expected to be completed in March 2018.

Youth play space - new - Executive Manager Parks & Recreation

This project is commencing on schedule and a contract has been awarded to design and construct a skate park at Terrey Hills. Work is expected to commence in late January and be completed by late March 2018.

Sportsfield renewal program - Executive Manager Parks & Recreation

The tender for the sportsfield lighting renewal of St Matthews Farm, North Narrabeen Reserve, Tristram Reserve, Old Reub Hudson Oval and LM Graham Reserve has been awarded. Work is expected to commence in early February 2018 and completion is expected in April 2018.

Planned cricket net renewals have been delayed due to contractual issues, which have now been resolved. Work will commence January 2018 to be completed March 2018.

Sport buildings works program - Executive Manager Property

This program of works sees the replacement of the existing scoreboard at Brookvale Oval, including upgrade to the existing housing structure.

Warriewood Rugby Park Clubhouse - sports amenities works - Executive Manager Property

This project sees the delivery of a replacement sports amenities building at Pittwater Rugby Park. The concept design has been out to community consultation, which has now closed, with this feedback currently being reviewed by the project team.

Foreshore and Building Improvements

Narrabeen Beach Viewing Tower - Executive Manager Property

This project sees the construction of a new lifeguard hut at Narrabeen Beach.

The hut is currently being utilised by the lifeguards, however the roof structure is yet to be completed. The hut is expected to be fully complete by June 2018.

Dinghy Storage - New - Executive Manager Property

Project is scheduled to start in February

Foreshore and Building Improvements

Foreshores - new and upgrades - Executive Manager Parks & Recreation

Avalon Beach and Paradise Beach upgrades have been completed. Council has received significant praise from the general community for both projects.

Foreshores renewal program - Executive Manager Parks & Recreation

The East Esplanade Landscape Plan has been adopted and work will commence on the implementation in February 2018. The renewal of the George Street Avalon seawall will commence in February 2018 with completion expected in early May 2018.

Rockpool renewal program - Executive Manager Parks & Recreation

The tender for Collaroy Rockpool renewal will be released in January with work due for commencement in May 2018. A substantial proportion of the budget will be reforecast into the 2018/2019 financial year to match the revised program.

Work is substantially complete on the Fairy Bower rockpool renewal. A final application of lime wash has been rescheduled to January due to sea conditions.

Work continues on the development of a compliant design for the renewal of lighting at Mona Vale Rockpool.

Beach buildings works program - Executive Manager Property

This project sees improvements to several beach buildings including South Curl Curl SLSC Public Amenities and minor works at Collaroy SLSC.

Mona Vale Surf Life Savings Club - design works - Executive Manager Property

This project aims to deliver a new Surf Life Saving Club building at Mona Vale. Significant consultation has taken place on the design and scope of the project, with a preliminary concept currently being reviewed by key stakeholders.

Swim Club buildings works program - Executive Manager Property

The budget will be utilised for design investigations for the redevelopment of various swim club buildings.

Dinghy Storage - replacement of racks - Executive Manager Property

Project works to improve Council's dinghy storage racks have been completed at Regatta Reserve, with other works on track to be completed this year.

Manly Beach Controls Office and Viewing Platform - Executive Manager Property

This project involves the construction of a shade structure for the Manly Beach Viewing Platform - the design has been completed and off-site fabrication has commenced.

Tidal Pools refurbishment - Executive Manager Property

This program focuses on the renewal of the communities tidal pools. Minor works have already been completed to renew pools impacted by storm damage with further renewal works to be completed by the end of the financial year.

Marine Parade, Manly upgrade - Executive Manager Capital Projects

Works are planned to be carried out in the last quarter of the financial year in order to avoid the high visitation rates in the area over summer.

Beach equipment renewals - Executive Manager Parks & Recreation

This project is complete. All equipment has been delivered and is operational.

Foreshore and Building Improvements

Beach Accessibility Renewals - Executive Manager Parks & Recreation

Project is scheduled to start in January

Long Reef Surf Lifesaving Club Renewal - Executive Manager Property

This project envisages the construction of a new Surf Life Saving Club, public amenities and cafe at Long Reef within the existing footprint. The project is on schedule, with Stage One of community consultation completed, four working group meetings having been held and a preliminary concept design developed.

Reserves and Parks Improvements

Reserves - new and upgrades - Executive Manager Parks & Recreation

Council has awarded the tender for the Lagoon Reserve lighting project and is expected to undertake construction in April 2018.

Warriewood Valley - public space and recreation - Executive Manager Parks & Recreation

Project is scheduled to start in January

Walter Gors Reserve and Shared Walkway Dee Why Parade - Executive Manager Capital Projects

Landscaping works completed in December.

Reserves renewal program - Executive Manager Parks & Recreation

The renewal of paving around 52 palms at Manly Corso has been completed and irrigation has also been renewed. A contractor has been engaged to install a fence to formalise the new trial off leash dog area at Avalon. Local residents have been informed and no negative responses have been received.

Recreational trails renewal program - Executive Manager Parks & Recreation

Work has been completed on the Shell Cove to Fisher Bay walking trail renewal. Works are continuing on renewing the Nature Trail at Manly Dam with work expected to continue throughout the financial year.

Aquatic Centre Improvements

Warringah Aquatic Centre - accessibility works - Executive Manager Property

This project involves making accessibility improvements for Council's aquatic centres. Council has recently purchased two Aquachairs (wheelchairs for swimming pool use) for use at Manly Andrew Boy Charlton Aquatic Centre.

Warringah Aquatic Centre Renewals - Executive Manager Property

This program of works is focused on renewing the Warringah Aquatic Centre's plant and infrastructure. This years program has seen the heat exchange unit upgraded, new dive blocks installed and speakers installed for the outdoor area.

Manly Aquatic Centre Renewals - Executive Manager Property

Pool plant room Stage 1 upgrade works have been completed.

In addition, new dosing pumps have been installed for the indoor pool plant room.

Cemetery Works

Cemetery Works

Cemetery works program - Executive Manager Property

An initial concept design for Mona Vale Cemetery upgrade works has been completed and the project has moved to the detailed design stage.

Community and Belonging

Key: Complete | Progressing | Behind Schedule | Delayed

OPERATIONAL PROJECTS

Investigate options to relocate the Youth and Family Counselling Service to enhance access for the Northern Beaches community - Executive Manager Community, Arts & Culture

Consideration to relocate the service will be undertaken in consultation with the Department of Family & Community Services pending the outcomes of the Targeted Early Intervention reform. Consultation period to commence in July 2018.

Implement a single Community Centre booking system for the Northern Beaches - Executive Manager Community, Arts & Culture

The implementation of a single community centre booking system has been selected as a Phase 2 Transition Project, scheduled to commence January 2018.

Review and harmonise fees for Council's 41 community centres - Executive Manager Community, Arts & Culture

A review of all fees for Council's 41 community centres has commenced. The new fee structure will commence January 2019.

Deliver an entrepreneur conference for young people on the Northern Beaches - Executive Manager Community, Arts & Culture

Program was planned for August, however low enrolment numbers necessitated the event being rescheduled for early 2018.

Undertaken Ingleside Land Release community development planning - Executive Manager Community, Arts & Culture

Research into community development requirements for the land release has commenced.

Review opportunities to expand the Manly Meals on Wheels service - Executive Manager Community, Arts & Culture

A new service 'Lunch with a Friend' was due to commence in December 2017, however, this has been deferred due to the busy Christmas period for the service and its volunteers. Lunch with a Friend involves volunteers visiting clients in their home and having lunch with them to assist with reducing social isolation. Lunch with a Friend will commence in Early 2018.

A new service brochure has been designed and distributed to local GP's, pharmacies, community centres and libraries.

Support for one Northern Beaches Club grants committee to assist licenced clubs with providing grants to local organisations - Executive Manager Community, Arts & Culture

ClubGrants Committee met in December and project is proceeding to schedule.

Establishment of an expert access panel - **Executive Manager Community, Arts & Culture**

This is a project from the Disability Inclusion Action Plan (DIAP) to deliver an expert access panel to support future planning and decision making. Once the current review of all committees has been completed an Inclusive Access Panel will be formed.

Develop an online disability inclusion and access information hub - **Executive Manager Community, Arts & Culture**

Council will promote an information hub on the new website. The information hub will provide practical information on inclusion and access across the Northern Beaches, including accessible transportation options, location of accessible playgrounds and precincts, disability services, promotion of events and employment opportunities, links to other resources and supports.

Development of a Community Safety issues paper in consultation with key stakeholders. - **Executive Manager Community, Arts & Culture**

Planning for the development of a Community Safety issues paper is yet to commence. Key stakeholders will be the participants of the Community Safety Advisory Committee which is yet to be formed.

Development of a Creative Strategy - **Executive Manager Community Engagement & Communications**

A project plan is under development.

Trial place making activations in identified village and town centres - **Executive Manager Community Engagement & Communications**

Place Activation outcomes will be identified as part of auditing process of town and village centres. Team trained in auditing skills for centres and auditing toolkit developed for use overall.

Undertake a strategic review of the annual program of events - **Executive Manager Community Engagement & Communications**

The draft Northern Beaches Events Strategy is currently on exhibition.

The strategy will ensure outcomes are maximised, opportunities are explored and that there is a clear pathway to identifying, attracting and supporting events. Submissions can be made up to 11 February 2018.

Develop accessibility and inclusion guidelines and toolkit for Council events - **Executive Manager Community Engagement & Communications**

The accessibility review is currently underway.

Cater for children from diverse and socio-disadvantaged backgrounds in our long day care, occasional care, vacation care, family day care and pre-school - **Executive Manager Children's Services**

In December, Children's Services supported 16 children and families with additional needs across early childhood services and four children attending Vacation Care. Nineteen children with additional needs have been approved for Inclusion Development Funding. Government funding supported seven children from families at risk or facing difficult circumstances to receive early childhood education and care, while child care fees for eight children are paid for by other organisations while parents work, study or attend training.

Meet National Quality Framework standards in providing service to children - **Executive Manager Children's Services**

National Quality Framework updates

- Educators are in the process of reviewing their annual risk assessments including, emergency evacuation, routine excursions, visitors and pets
- Harbour View Children's centre's application for the 2018 Early Learning Languages Australia (ELLA) program has been successful
- The whole Centre enjoyed visits from Jennibe -an indigenous incursion
- The older children enjoyed a visit from Ditto's - an Educational program, which specialises in providing personal safety education programs for children. They also participated in the PALS Social Skills program, which teaches children constructive ways to solve problems that arise in social situations

Community and Service Achievements

- Belrose Children's Centre was featured in the Manly Daily to inform the community about the Early Learning Stem App program our preschool is going to be starting in 2018
- Families celebrated the end of year with discos and parties
- Families and members of the community were invited to afternoon tea to celebrate Pre-school Graduations for children going to school in 2018
- Belrose Children's Centre had a visit from Kym's Reptiles. The children learnt about different reptiles in our community and how to respect them in their environments
- The pre-school children from Narrabeen Children's Centre visited Furlough House for the final time this year. They had morning tea with residents and performed Christmas songs for them
- Children attended Narrabeen Lakes Primary School for a school orientation visit as part of the transition to school program. They participated in classroom activities and purchased morning tea from the canteen, with money they had raised early in the month
- Narrabeen Children's Centre had a Christmas Wishing Tree - where families took a tag from the tree with a child's name and age and then returned with a present. These gifts where then donated to a local Women's refuge
- The Roundhouse Children's Centre celebrated the regular volunteers who helped at the centre all year

Upgrades to Children's Services

- Harbour View Children's centre is re-locating to North Harbour at the end of December while renovations take place
- The Roundhouse Children's Centre had their garden beds topped up with new soil and plants making our outdoor environment more aesthetically pleasing.

Amalgamate pre-schools to Kangaroo Street centre from Ivanhoe Park - **Executive Manager Children's Services**

The Kangaroo Street renovations will take place in 2019. The expanded scope of the project will require no children are operating on the site during the project. This has resulted in the project commencing in January 2019 and the children will be relocated to Ivanhoe Park and North Harbour during the renovations.

Promote all library services at all the public library branches - **Executive Manager Library Services**

All the public libraries have consistent promotions about the library services on offer on the TV screens, posters and flyers as well as the library website.

This is now a business as usual function.

Review library opening hours across all the public libraries - Executive Manager Library Services

The team is compiling a report based on the customer survey, door count information and loan information. The first report draft will be completed by mid February and the report is scheduled to be presented to Council at the end of March.

Continue to support and promote the provision of community library services - Executive Manager Library Services

In order to improve and increase support of the community libraries along with their connection to the public libraries, recruitment of a Community Librarian commenced in January 2018.
The Community Librarian will develop a strategic plan to promote, support and develop community libraries. This will include delivering projects developed by the public libraries in partnership with the community library network.

Implement a single on-line booking system for all library events and programs held at the public libraries - Executive Manager Library Services

An on-line booking system for all library events and programs called Eventbrite has been implemented. Customers will be able to book all library events and programs through Eventbrite.

Review customer services processes and practices in all the public library branches - Executive Manager Library Services

Work groups established to review the library customer service practices continue to prioritise the processes for improvement which will be addressed progressively in the new year.

Operate Glen Street Library as part of the Glen Street Cultural Hub - Executive Manager Library Services

In order to operate the library as part of the Glen Street cultural hub, a meeting has been scheduled in January between the library and theatre staff.

Implement an on-line customer suggestion process across all the public libraries - Executive Manager Library Services

The online customer suggestion process is currently operational through the library website. Work continues on ensuring all library staff know how to assist customers to use the system as required.

Implement a single library card to access all library services across the Northern Beaches public libraries - Executive Manager Library Services

The design for the single library card will feature the new Council brand.

The new cards are expected to be available in May 2018 to coincide with the launch of the new Northern Beaches library management system.

Establish a single library management system for customers to access all library loanable items across the Northern Beaches public libraries - **Executive Manager Library Services**

The overall status of the Library Management System project is on track for implementation by June 2018.

Deadlines for the extraction of data from the three existing systems, data evaluation, data analysis and data conversion were met through the month to enable a system to be established for training and testing.

Over the coming month, the project team will focus on activities in relation to training roll out, change management, communications, stakeholder management, operating policies and procedures as well as managing project dependencies.

Develop and implement a process to book use of the beach FreeWheeler - **Executive Manager Parks & Recreation**

Project on track for completion in time frames. Form now in use and planning underway for transfer of booking process to Reserve Bookings team. Pool chair has been added to the form for booking via the same process.

Establishment of inclusion conditions in funding agreements - **Executive Manager Transformation & Performance**

Initial scoping work of the project undertaken.

CAPITAL PROJECTS

Library Upgrades

New library technology - Executive Manager Library Services

The assessment of ageing library technology identified the need to reconsider the customer feedback mechanism. An improved solution has been approved and will move into production in January 2018 for release to customers by the end of February 2018.

Mona Vale Library - new works - Executive Manager Property

This program of works sees the refurbishment of the existing Mona Vale Library to improve the functionality of the space, and meet the identified needs of the community and staff.

A request for quotation for design consultancy is currently being advertised.

New library books - Executive Manager Library Services

The purchase of new library books and library material is on schedule.

Mona Vale Library - upgrades - Executive Manager Property

This program of works sees the refurbishment of the existing Mona Vale Library to improve the functionality of the space, and meet the identified needs of the community and staff.

A design brief is currently being prepared in consultation with library staff to obtain quotations to carry out the required works.

Replacement of library books - Executive Manager Library Services

Eaudio books accounted for the largest expenditure during the month of December at 34%, eBooks accounted for 28%, followed by Adult Fiction at 19%. The remaining 19% was spent across library's collection.

Cultural Improvements

Public art purchases - Executive Manager Community, Arts & Culture

The "Oceanides" sculpture at Fairy Bower pool, dubbed the ‘Sea Nymphs’ by locals, was reinstalled following a huge fundraising effort by the community and supported by Northern Beaches Council.

Gallery Art Work Purchases - Executive Manager Community, Arts & Culture

A Herbert Badham painting was purchased at auction in Melbourne on 29 November, 2017.

New creative art space - northern end of the Northern Beaches local government area - Executive Manager Property

Project is in the early stages of identifying a suitable location for a new creative arts space in the northern part of the Northern Beaches.

New public art installations - Executive Manager Community, Arts & Culture

Project is progressing with the first meeting of the Working Group for the Public Art Trail held on 13 December 2017.

Cultural Improvements

Manly Art Gallery and Museum - accessibility investigations - Executive Manager Property

This project focuses on the refurbishment of the Manly Art Gallery. This is a two year project with this year's deliverables including the preparation of a masterplan for the site, project scoping and design works

Glen Street Theatre renewal works - Executive Manager Property

This budget provides for ongoing minor upgrades to Glen Street theatre and is being used this year to install upgraded audio equipment.

Community Centre Upgrades

Warriewood Valley New Community Centre - Executive Manager Capital Projects

This project involves the design and construction of a new Warriewood Valley Community Centre.
Preliminary feasibility and investigation work has commenced.
Detailed designs and construction due in 2018/19

Community buildings works program - Executive Manager Property

This program of works focuses on the renewal of Council's community buildings including Community Centres and Youth Centres. This years program has seen improvement works completed at the Nelson Heather Centre, the Seaforth Village Community Centre and YoYo's.

Community centres minor works program - Executive Manager Property

This program delivers a range of minor refurbishments within Council's various Community Buildings.

Beacon Hill Community Centre and Youth Club - building works - Executive Manager Property

This project sees a major refurbishment of the Beacon Hill Community Centre and Youth Club to meet the needs of local users of the site. This project has already unsuccessfully been to tender, and will now be bundled in the tender with the Nolan Reserve Amenities and North Harbour Reserve Amenities project in January 2018 with the intent of getting a more competitive price.

Avalon Community Centre - building works - Executive Manager Property

This project sees the repair of the steel roof including additional protective measures to extend the life of the building. Stage 1 of this project has been completed with Stage 2 commencing in 2018.

Child Care Buildings

Children's Centres works program - Executive Manager Property

This project saw the upgrade of the playground at Brookvale Children's Centre.

Harbourview Preschool / Community Centre - building works - Executive Manager Property

This project sees the modification of the existing HarbourView Childrens' Centre to bring to an appropriate level of service while also allowing for improved layout and supervision. The construction tender has closed and the evaluation of the preferred tenderer is underway

Vibrant Local Economy

Key: Complete | Progressing | Behind Schedule | Delayed

OPERATIONAL PROJECTS

Host and/or support business events and networks across the region - Executive Manager Community Engagement & Communications

Council has joined the Committee for Economic Development Australia (CEDA) to help build relationships with industry, State and Federal Governments to address local economic development issues.

Work with local communities and businesses to identify ways to improve town centres - Executive Manager Community Engagement & Communications

Place Co-ordinators building relationships and contacts in town and village centres. Internal Council liaison with business units for the co-ordinated delivery of projects in the centres and the team is providing assistance with communication strategies engaging with the community and business.

Develop policies and issue papers with appropriate actions to promote the regions economy - Executive Manager Community Engagement & Communications

Preliminary research will commenced in January 2018 on the visitor survey which is being conducted at Palm Beach and Manly. This data will be used to support the development of a regional Destination Management Plan.

Finalise the Manly Destination Management Plan and commence a similar Plan for the whole region - Executive Manager Community Engagement & Communications

Draft Manly Destination Management Plan (DMP) is being finalised following review by Council staff and the Manly Business Chamber. Visitor Survey proposed for summer period to inform a Northern Beaches DMP.

Coordination of Meet Your Street program - Executive Manager Community Engagement & Communications

Eighteen Meet Your Street events were held in December, which brings the total delivered in 2017 to 19. One final event has been scheduled for February 2018, which will be the last for the 2017/18 financial year as budget has been expended.

CAPITAL PROJECTS

Town Centre and Village Upgrades

Dee Why Town Centre - Redman Road Plaza East - Stage 1 - Executive Manager Capital Projects

Project Completed

Dee Why Town Centre - Design - Executive Manager Capital Projects

Detailed design and tender documentation for Howard Ave and Oaks Ave is being finalised for tender. Construction along Pittwater Rd (west) from Redman Rd to Sturdee Ave due to commence in February 2018.

Dee Why Town Centre - Construction - Phase 1 - Executive Manager Capital Projects

Construction along Pittwater Rd (west) from Redman Rd to Sturdee Ave due to commence in February 2018.
Detailed design and tender documentation for Howard Ave and Oaks Ave is being finalised for tender. Construction works expected to commence this financial year and be completed in 2018/19

Balgowlah Plaza - Executive Manager Capital Projects

Paving, landscaping and plaza lighting works have been completed.

Manly Laneways - Executive Manager Capital Projects

Whistler St, Central Ave and Short St completed. Whistler Street Car park upgrade works to commence in 2018. Streetscape works will continue in Manly CBD starting with works in March along Belgrade St.

Place Making Infrastructure (Enliven) - Executive Manager Community Engagement & Communications

Capital work projects from the Place Making Infrastructure (Enliven) 2017/18 budget, will be identified as part of place audit assessments.

Transport, Infrastructure and Connectivity

Key: Complete | Progressing | Behind Schedule | Delayed

OPERATIONAL PROJECTS

Undertake a review and detailed assessment of the location of bus stops for the Hop Skip Jump Bus Service to improve travel times, reliability and support safety at bus stops - Executive Manager Community, Arts & Culture

The Hop Skip Jump Bus Service (HSJ) operates seven days per week over four different routes. Buses operate on a hail and ride basis and in busier locations and where parking pressures are high HSJ bus stops have been established to allow the buses to pull over close and parallel to the kerb to pick up and set down passengers. On parts of the routes the HSJ buses share use of State Transit bus stops.

Commence the development of a Northern Beaches Bike Plan identifying key strategies and programs to encourage bike riding throughout the area - Executive Manager Transport & Civil Infrastructure

The Bike Plan has been deferred to 2018/19.

Commence the development of a Northern Beaches Pedestrian Access and Mobility Plan (PAMP) to ensure accessibility throughout the Northern Beaches - Executive Manager Transport & Civil Infrastructure

The development of a Northern Beaches Walking Plan has commenced with community consultation open until 4 March 2018.

Develop and deliver active travel projects in accordance with the Active Travel Strategy including the development of walking and cycle networks. - Executive Manager Transport & Civil Infrastructure

The Northern Beaches Council Transport Strategy will encompass active travel. The Strategy is under development.

In addition the delivery of active travel projects are underway across the Northern Beaches.

Continue to work with State Government on the role out of the B-line Service on the Northern Beaches - Executive Manager Transport & Civil Infrastructure

B-line services have commenced.
The connectivity works delivered by Council are proceeding according to schedule.
The final infrastructure will be delivered next financial year.

Commence a review of accessible parking provision - Executive Manager Transport & Civil Infrastructure

The development of a Parking Strategy will consider the provision of accessible parking.

CAPITAL PROJECTS

Active Travel – Cycleways and Footpaths

Footpaths new - Executive Manager Transport & Civil Infrastructure

Construction of the Pine and Shackel Ave, Brookvale footpaths are in progress and close to completion. Quotations are currently being sought from external contractors for a further four footpaths and construction will commence in early 2018.

Bike plan implementation - new works - Executive Manager Transport & Civil Infrastructure

The bike plan implementation program is on schedule with design of a shared path at Blackbutts Rd French Forest currently in progress.

Connecting Communities - Footpaths Programs - Executive Manager Capital Projects

Consultation continues on a number of sites for coastal walkway.
Works commenced at Palm Beach Walkway
Works completed at Surf Reserve Curl Curl.

Connecting Communities - Cycleways Program - Executive Manager Capital Projects

Shared paths completed in Brookvale, Manly Vale, Dee Why west, Collaroy, Narrabeen, Mona Vale and Beacon Hill.
On road cycleways in the following areas have been completed Avalon to Palm Beach, Brookvale, Cromer, Dee Why to Long Reef and Warriewood Beach.
Currently constructing shared paths in the Warriewood Valley precinct.

Warriewood Valley - pedestrian and cycleway network - Executive Manager Parks & Recreation

The construction of a crushed rock path from Jackson Road to the Angus Gordon Boardwalk will be carried out in May 2018 per the approved Review of Environmental Factors to avoid impacts on the local bat population.

The Brands Lane bridge has been deferred to 2018 to allow for greater certainty around timing of surrounding developments and the impact of those on the project.

Narrabeen Lagoon Trail - aquatic boardwalk - Executive Manager Parks & Recreation

Detailed design and the review of environmental factors are both progressing well for this project. Council is likely to issue a tender in February 2018 for this project. It is anticipated that work will commence in Winter 2018.

Little Manly Boardwalk - Executive Manager Parks & Recreation

Council has resolved to defer the project following the outcome of the community engagement phase of the project. The project will be considered as part of the Little Manly Masterplan project.

Footpath renewal - Executive Manager Transport & Civil Infrastructure

Footpath renewals in the Manly ward are in progress. Scope verification of remaining wards is in progress.

Road and Related Infrastructure Upgrades

Road and Related Infrastructure Upgrades

New traffic facilities - Executive Manager Transport & Civil Infrastructure

The McCarrs Creek Road traffic calming concept design endorsed by the Traffic Committee and revised concept design submitted to the RMS for comment. Further progress made with design development of other traffic facilities projects.

Scotland Island roads and drainage improvements - Executive Manager Transport & Civil Infrastructure

Project is scheduled to start in January

Warriewood Valley - new bridge MacPherson Street - Executive Manager Transport & Civil Infrastructure

MacPherson Street was reopened to traffic on 15 December 2017. The project is tracking well with final asphalting and landscaping works to continue in January 2018.

Warriewood Valley - traffic and transport infrastructure - Executive Manager Transport & Civil Infrastructure

The Warriewood Valley traffic and transport infrastructure package is on schedule. Construction of the Garden St, Warriewood parking bays are due to commence in late January.

Parking station and meters infrastructure - Executive Manager Transport & Civil Infrastructure

This project is for parking station and parking meter infrastructure.

A project manager has been assigned and is assisting parking operations with this Capital Works Program.

Church Point - new carpark - Executive Manager Transport & Civil Infrastructure

Construction of the new car park structure is in progress, structural works are progressing well with the upper car park deck construction complete. Works are due to progress on the car park ramp structures in January. Works are on track for completion in March 2018.

Bus stop renewal - Executive Manager Transport & Civil Infrastructure

Community consultation is in progress for the Palm Beach Heritage Bus shelter. A request for quotation has been issued for all other bus stop renewals with quotations due for submission in January.

Car park renewal - Executive Manager Transport & Civil Infrastructure

Scoping and preparation of design are on schedule for remaining car park renewals. Abbott Road, Curl Curl concept design was accepted at the December Traffic Committee meeting.

Kerb and gutter renewal - Executive Manager Transport & Civil Infrastructure

The kerb and gutter renewal works are in progress with an internal Construction and Maintenance crew undertaking the works. Works are continuing across the Manly and Pittwater Wards.

Retaining wall renewal - Executive Manager Transport & Civil Infrastructure

Tender documents have been drafted for The Esplanade, Narrabeen retaining wall and the RFT will be released in January. An RFQ has been issued for the Battle Blvd Seaforth retaining wall with quotations due for submission in January.

Road and Related Infrastructure Upgrades

Road resheeting program - Executive Manager Transport & Civil Infrastructure

The road resheeting RFQ process has been finalised and a successful contractor appointed to undertake the program of works. Resheeting works are expected to commence in early 2018.

Bridge renewal - Executive Manager Transport & Civil Infrastructure

Project is scheduled to start in January

Wharf Upgrades

Church Point - wharf extension - Executive Manager Transport & Civil Infrastructure

Stakeholder and RMS consultation is still in progress. Environmental approvals are being finalised. The RFT documentation has been drafted and is due for release in January 2018.

Currawong Wharf - access works - Executive Manager Property

This project looks to renew and upgrade the Currawong Wharf to meet accessibility and other functional requirements. The project is contingent on funding being provided by the Roads and Maritime Service and is on hold pending the provision of that funding.

Mackerel Beach Wharf - access works - Executive Manager Property

This project aims to fully renew the Mackerel Beach Wharf to modern standards and to the needs of the community. Currently this project requires co-funding from the Roads and Maritime Service which is not currently available and as such is on hold until these funds become available.

Wharves works program - Executive Manager Property

The renewal works are planned to be used in the urgent renewal works required at Cargo Wharf, Church Point.

Rowland Reserve Boating Facilities Renewal - Executive Manager Property

This project aims to improve the access and quality of boating facilities in Rowland Reserve. A new wash down bay and gross pollutant trap have been completed, with parking bays concreted and ramp tops re-asphalted. Works are also progressing well to have the new pontoons in place this year.

Good Governance

Key: Complete | Progressing | Behind Schedule | Delayed

OPERATIONAL PROJECTS

Research the user experience of systems and processes - Executive Manager Customer Service

This project is incorporated into other projects (OneCRM, LMS, call centre, front counters and forms) which are all progressing. An interim call centre at Mona Vale has included adjustable height desks, dual screens and dual headsets for enhanced usability.

Preparation of the Long Term Financial Plan 2018-2028 - Chief Financial Officer

The Long Term Financial Plan will commence once the 2018/19 budget template closes on 5 January 2018 and is presented to Executive Leadership Team on 11 January 2018.

Review Councils light fleet policy - reduction in vehicles, fuel and emissions - Executive Manager Transport & Civil Infrastructure

Council is continuing to standardise vehicles which will support a reduction in fuel consumption and emissions.

Review and implementation of templates for procurement across the Northern Beaches Council in accordance with provisions of the Local Government (General) Regulation - Chief Financial Officer

All procurement templates have undergone an initial review and are available to staff on the intranet. Further review is being undertaken by key stakeholders through the Capital Works Procurement review project on an ongoing basis.

Review and update tendering documentation guidelines to ensure procurement processes are inclusive and accessible - Chief Financial Officer

Project not to start until March 2018

Develop an effective Internal Audit Plan and conduct audits accordingly and ensure an effective Audit, Risk and Improvement Committee - Executive Manager Governance & Risk

Internal audit and probity audit activity underway in accordance with the Internal Audit Plan. Further internal audits under discussion, pending finalisation of scope.

The Audit, Risk and Improvement Committee met on 13 December 2017 for an extraordinary meeting to endorse the Financial Statements for the period 13 May 2016 to 30 June 2017 for presentation to Council and lodgment with the Audit Office of NSW by 31 December 2017.

Ensure Local Government elections are conducted as required in conjunction with the NSW Electoral Commission - Executive Manager Governance & Risk

The local government elections were held on 9 September 2017 and 15 councilors were elected to represent the Northern Beaches Council.

The NSW Electoral Commission ran the election with Council providing support which included the preparation of the non-residential electoral roll, statutory advertising and additional community awareness advertising about the election, running candidate information sessions, and the appropriate direction of queries relating to the election and voting. All legislative regulations, procedures and requirements were met to ensure a fair and equitable election.

Implement an induction program for elected representatives and committee members and provide ongoing training and development programs - Executive Manager Governance & Risk

The Project is on track. The Committees framework was adopted by Council on 28 November 2017, and the Draft Policy for Appointment of Community and Stakeholder Representatives to Committees is out on public exhibition until 4 February 2018. Online applications for the Strategic Reference Groups are open until 4 February 2018, and a web page consisting of the Charter, Terms of Reference, and the online nomination forms has been established.

Implement an Enterprise Risk Management Framework based on best practice and Australia Standards - Executive Manager Governance & Risk

Implementation of Enterprise Risk Management Framework remains behind schedule

Ensure effective business continuity processes are in place incorporating a Business Continuity Plan - Executive Manager Governance & Risk

The Consultant has been appointed and the first workshop was held with Executive Managers to identify Council's critical business functions. The second Business Continuity workshop with the Executive Manager is scheduled for 3 February 2018.

Relevant Codes and Policies developed and reviewed to meet legislation and/or organisational requirements. Including staff training and awareness raising - Executive Manager Governance & Risk

Project is scheduled to start in February

Review the accessibility and inclusiveness of Council meetings - Executive Manager Governance & Risk

Investigation continues into closed captioning for the council meetings webcasts and recordings.

Ensure that a complaint management framework including training and awareness activities, is developed and implemented to meet organisational need, best practice and Australian Standards - Head of Integrity & Complaints

The Office of Integrity and Complaints Resolution (OICR) recruitment drive was finalised in December.

With the team established, a Business Partner model has been agreed with the team and will be introduced to the organisation in January.

The model will be similar in operation to the Human Resources Business Partner model, providing internal stakeholders with a dedicated consultant who understands their business and can more precisely deliver complaints management expertise and advice.

During December, the Head Of Integrity delivered an introductory presentation to a number of key stakeholders across the organisation to build awareness of the formation of the OICR and provide some guidelines for how our people will be working with each business unit in the management of complaints.

Preparation of the Workforce Management Plan 2018-2028 - Executive Manager Human Resources

Work has commenced on populating the draft Workforce Plan and the project team will continue to work in line with the agreed timetable of milestones.

Develop guidelines for inclusive recruitment and workplace practices - Executive Manager Human Resources

The Recruitment and Selection Policy has been finalised and will be launched to the business in the New Year following CET final endorsement.

The suite of documents and forms that relate to Council recruitment and selection process (Reference Check templates, Interview Guide template, interview panel requirements and recruitment process roles & responsibilities etc.) have been reviewed and updated to be re-launched to the organisation in line with the launch of the Recruitment and Selection Policy.

Develop disability awareness education and training for staff - Executive Manager Human Resources

Methods of delivering Disability Awareness Training within the business are currently under investigation.

Preparation of the Asset Management Strategy - Executive Manager Property

A project schedule for the Asset Management Strategy has been prepared, and the first draft of the Asset Management Strategy is due to be delivered mid February 2018. The project is on schedule to be delivered.

Preparation of Asset Management Plans for all asset classes - Executive Manager Property

Project is scheduled to start in February

Preparation of the Northern Beaches Community Strategic Plan (SHAPE 2028) - Executive Manager Transformation & Performance

The exhibition of the draft Community Strategic Plan closed on 12 November. Over 30 submissions were received.

Preparation of Delivery Program 2018-2021 - Executive Manager Transformation & Performance

A workshop was held with Councillors to establish their priorities over the next three years and also to brief them on the findings of the community engagement on the Delivery Program. CET also endorsed in principle the development of a Delivery Program based on key services.

Preparation of the Operational Plan 2018/19 - Executive Manager Transformation & Performance

Project is scheduled to start in January

CAPITAL PROJECTS

IT Improvements

IT Infrastructure - new works - Chief Information Officer

Additional infrastructure needs will be assessed given the amount of infrastructure consolidation currently underway.

IT Software - new works - Chief Information Officer

All projects associated with the purchase and implementation of IT software are currently on track to be acquitted this financial year.

New IT Systems - Chief Information Officer

Northern Beaches Council went live as scheduled with a single property & rating system on Dec 11. The project is in Post Go-Live support phase.

IT Infrastructure - replacements - Chief Information Officer

End user computing replacements are on hold pending the introduction of a single Northern Beaches Council operating system.

Civic Building and Compliance Works

Operational buildings works program - Executive Manager Property

This project has involved concrete repair works to the Civic Centre in Dee Why, a replacement air conditioning system for Manly Town Hall and fit out works to the Manly Soldiers Memorial Building.

Disability Access (DDA) Compliance Works - Executive Manager Property

The funds have been expended on DDA compliance works to council buildings to improve accessibility.

Building Code of Australia (BCA) compliance works - Executive Manager Property

These funds have been expended undertaking BCA compliance works to council buildings.

Council Chambers renewal program - Executive Manager Property

All works have now been completed with the exception of the re-installation of Warringah former Mayor's honours board.

Plant and Fleet

Major plant replacement program - Executive Manager Transport & Civil Infrastructure

On target

Light fleet replacement program - Executive Manager Transport & Civil Infrastructure

On target

Participation and Partnerships

Key: Complete | Progressing | Behind Schedule | Delayed

OPERATIONAL PROJECTS

Launch a new Northern Beaches Council website and content management system - Executive Manager Community Engagement & Communications

This project is 100% complete and now requires ongoing maintenance.

Continue to implement the Northern Beaches Council identity - Executive Manager Community Engagement & Communications

Studio have been working on a campaign for Summer which includes flags at all possible locations to raise brand awareness and provide advertising for a string of events happening in the Northern Beaches over summer. The events have included, Christmas, NYE and Australia Day. Studio is reviewing it's internal service model and seeking feedback through a survey.

Continue to develop the signage style guide and rollout across Council assets - Executive Manager Community Engagement & Communications

Work is progressing on finalising the Signage Style Guide and anticipate a revised completion date in February 2018.

V1.1 of the Brand Style Guide is complete and the team have been working with it for over a month now.

Conduct a document and media accessibility audit - Executive Manager Community Engagement & Communications

Web Content Accessibility Guidelines accessibility audit review completed with positive results and 100% compliance achieved.

Develop and integrate inclusion participation guidelines into Council's community engagement framework - Executive Manager Community Engagement & Communications

Broader consultation will be conducted with internal project team to better understand who are the disability and disadvantaged groups they work with and how it might be best captured in future engagement processes including the framework. Early round internal consultation will be conducted in Feb/Mar 2018

Build networks with key contacts regarding the best way to engage people with disability - Executive Manager Community Engagement & Communications

Broader consultation will be conducted with key disability and disadvantaged groups following an internal review (early 2018).

Integrate accessibility and inclusion considerations into early stage project planning - Executive Manager Community Engagement & Communications

Broader consultation will be conducted with internal project team to better understand who are the disability and disadvantaged groups they work with and how it might be best captured in future engagement processes including the framework. Early round internal consultation will be conducted in Feb/Mar 2018.

General Purpose and Special Purpose Financial Reports

13 May 2016 to 30 June 2017

Northern Beaches Council

FINANCIAL COMMENTARY 2016/17

INTRODUCTION

This commentary provides the highlights of Council's 2016/17 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 25 and the Supplement for New Councils). The Financial Statements are made up of the following:

- General Purpose Financial Statements – pages 10 to 82
- Special Purpose Financial Statements – pages 83 to 98
- Special Schedules – pages 99 to 109

The General Purpose and Special Purpose Financial Statements are independently audited by the Auditor General, reported to Council, placed on public exhibition and lodged with the Office of Local Government.

2016/17 SUMMARY RESULTS

• Total Income from Continuing Operations	$404.286m
• Total Expenses from Continuing Operations	$355.340m
• Operating Result for the period	$48.946m
• Operating Result for the period before Capital Grants and Contributions	$7.460m
• Gain on local government amalgamation[1]	$4.718b
• Net Result for the period	$4.767b

• New Capital Works	$53.652m
• Capital Renewal Works	$44.179m
• Total Capital Expenditure	$97.831m

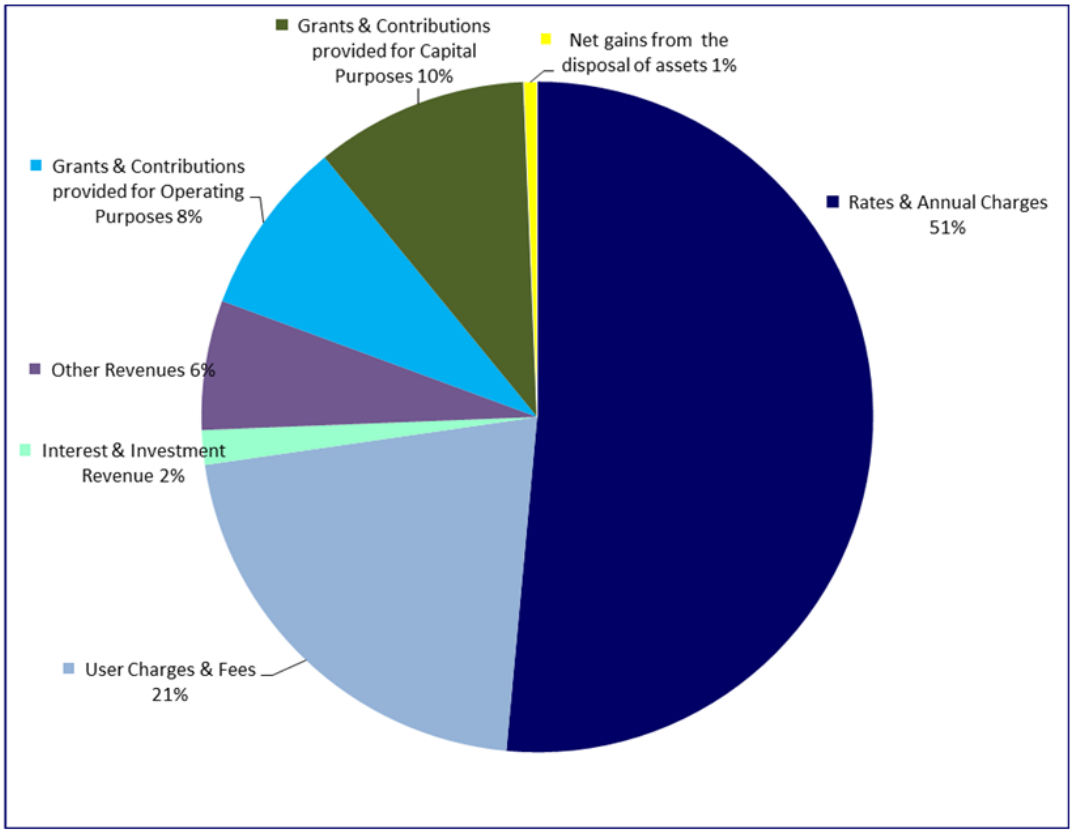
• Total Assets	$4.911b
• Total Liabilities	$143.477m
• Net Assets	$4.768b

• Unrestricted Current Ratio	2.67x
• Debt Service Cover Ratio	1.00x
• Building & Infrastructure Renewals Ratio	92.22%

[1] The Gain on local government amalgamation represents the transfer of assets and liabilities of the former Councils and will not occur in future years.

Northern Beaches Council

INCOME FROM CONTINUING OPERATIONS



Income Item	13 May 2016 - 30 June 2017 Actual ($'000)
Rates & Annual Charges	208,075
User Charges & Fees	85,891
Interest & Investment Revenue	6,737
Other Revenues	25,266
Grants & Contributions provided for Operating Purposes	34,206
Grants & Contributions provided for Capital Purposes	41,486
Net gains from the disposal of assets	2,622
Net share of interests in joint ventures & associates using the equity method	3
Total Income from Continuing Operations	**404,286**

Northern Beaches Council

Rates & Annual Charges

The Office of Local Government advised in Update No.24 (b) to the Local Government Code of Accounting Practice and Financial Reporting which was issued on 29 September 2016 that the Rates earned for the period from 13 May 2016 to 30 June 2016 were to be accounted for in the books of the former Manly, Pittwater and Warringah Councils for the financial period 1 July 2015 to12 May 2016. Accordingly, while the financial statements are for the period 13 May 2016 to 30 June 2017 they only include Rates for the year from 1 July 2016 to 30 June 2017. The Rates for the period from 13 May 2016 to 30 June 2016 was $19.854m.

User Charges & Fees

User Charges & Fees total $85.891m for the financial period. Of this $24.528m relates to tipping fees at the Kimbriki Waste & Recycling Centre and $61.363m in fees charged by Council for the services it provides. Major items within Council's $61.363m are Child Care Fees of $12.449m, Parking Fees of $11.363m, $7.575m from the Lakeside Caravan Park, $6.935m from the Manly Boy Charlton and the Warringah Aquatic Centre swimming centres and $6.497m in Planning & Building Regulation fees.

Interest & Investment Revenues

Council's investment portfolio performed strongly over the financial period and returned an average of 2.81% over the period from 13 May 2016 to 30 June 2017. This compares to the bank bill benchmark return of 2.07%.

Other Revenues

Other Revenues total $25.266m for the financial period. Of this $2.580m relates to other revenues at the Kimbriki Waste & Recycling Centre and $22.688m relates to Council. Major items within Council's $22.668m are $4.242m in Parking Fines, $3.508m from Leases & Licences, $3.393m from the rental of Council's properties and $2.982m in Health & Compliance Fines.

Grants & Contributions provided for Operating Purposes

The Office of Local Government advised in Update No.24 (b) to the Local Government Code of Accounting Practice and Financial Reporting which was issued on 29 September 2016 that non-reciprocal grants received during the period 13 May 2016 to 30 June 2016 were to be accounted for in the books of the former Manly, Pittwater and Warringah Councils for the financial period 1 July 2015 to 12 May 2016. Accordingly, while the financial statements are for the period 13 May 2016 to 30 June 2017 they only include Grants & Contributions for the year from 1 July 2016 to 30 June 2017. The non-reciprocal grants received during the period 13 May 2016 to 30 June 2016 was $0.938m.

Grants & Contributions provided for Operating Purposes includes $1m received from the NSW Government under their Stronger Communities Fund program for Community grants up to $50,000 to incorporated not-for-profit community groups, for projects that build more vibrant, sustainable and inclusive local communities as well as $10m received from the NSW Government to assist council to cover the up-front costs of implementing the new council.

Grants & Contributions provided for Capital Purposes

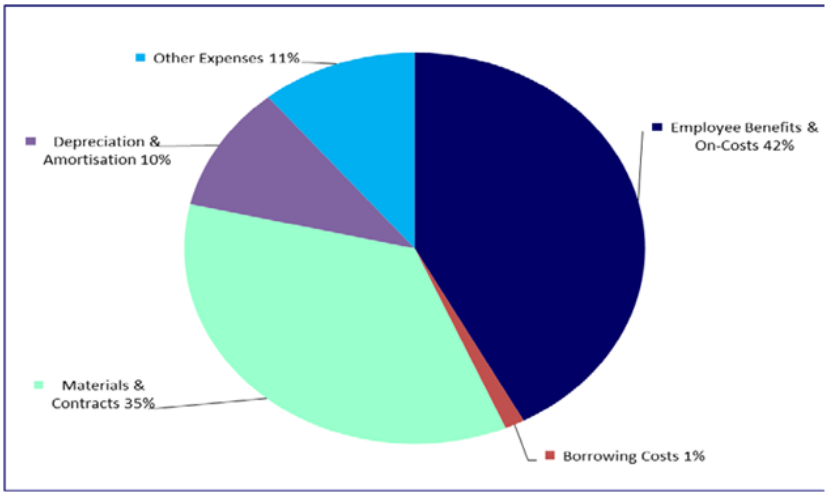
Grants & Contributions provided for Capital Purposes include $14m received from the NSW Government under their Stronger Communities Fund program for larger scale priority infrastructure and services projects that deliver long term economic and social benefits.

Net gains from the disposal of assets

Net gains from the disposal of assets include the gain on disposal of $5.222m for land at Frenchs Forest to the Roads and Maritime Services under a compulsory acquisition, $3.115m from the sale of the Belrose library site, $0.450m from the sale of Road Reserve at Howard Avenue Dee Why, $0.368m from the sale of Road Reserve at The Crescent Dee Why and $0.368m from the sale of Council's fleet offset by a loss on the disposal of renewed assets of $1.131m and the disposal of the intangible related to the Alternate Waste Technology facility at the Kimbriki Resource Recovery Centre of $5.166m.

Northern Beaches Council

EXPENSES FROM CONTINUING OPERATIONS



Expense Item	13 May 2016 - 30 June 2017 Actual ($'000)
Employee Benefits & On-Costs	149,790
Borrowing Costs	4,907
Materials & Contracts	124,658
Depreciation & Amortisation	37,027
Other Expenses	38,958
Total Expenses from Continuing Operations	**355,340**

Employee Benefits & On-Costs

Employee Benefits & On-Costs represent 42% of Council's Total Expenses from Continuing Operations. This is in line with approved forecast for the period of $149.931m and includes termination costs of $4.807m as a result of restructuring associated with the implemenatation of the new Council.

Borrowing Costs

Council borrowing costs consist of interest on loans of $3.74m and the amortisation of discounts for remediation liabilities for the Kimbriki Waste Landfill $1.167m. Borrowing costs were $0.728m lower than orginally budget as a result of the early repayment of loans.

Materials & Contracts

Materials & Contracts were $124.658m for the financial period. Of this $13.485m relates to expenses at the Kimbriki Waste & Recycling Centre and $111.173m relates to Council's operations. The major items within Council were $33.691m in raw materials & consumables, $16.182m in waste disposal costs and $13.514m in garbage collection costs.

Depreciation & Amortisation

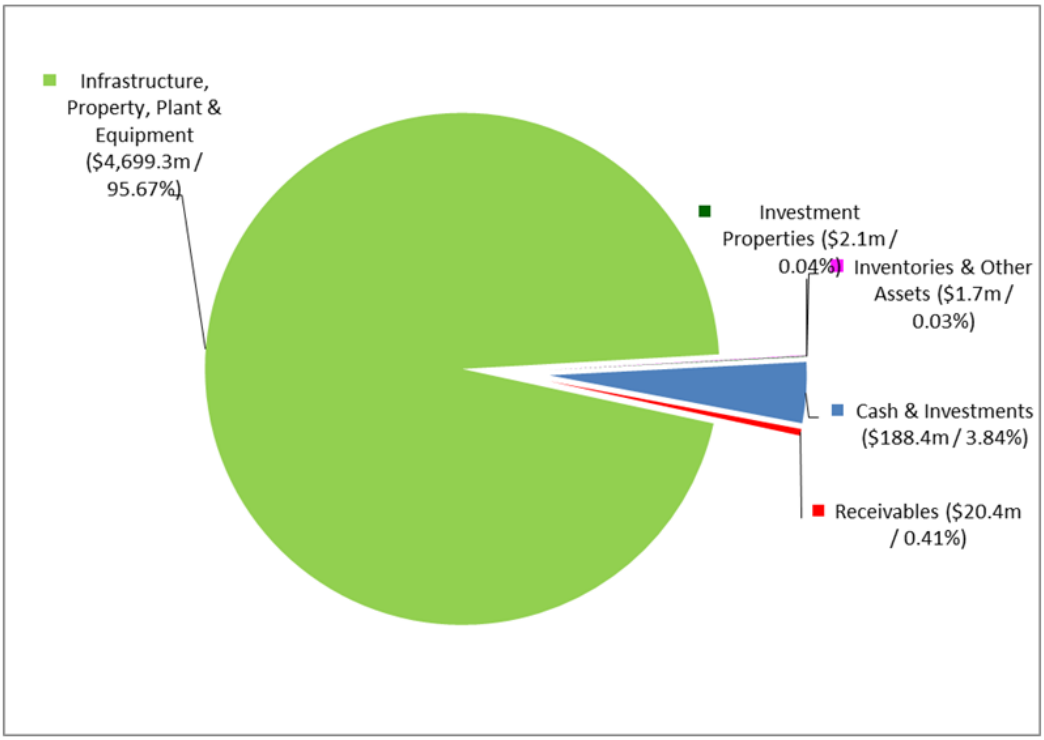
Depreciation and Amortisation was 10% lower than originally budgeted at $37.031m as a result changes associated with a comprehensive revaluation of Council's property, plant and equipment including the reassessment of the useful lives of assets.

Other Expenses

Other Expenses were $38.957m for the financial period. Major items within this include $9.821m Waste Levy, $5.711m in electricity & heating, $5.761m to the NSW Government for the Emergency Services Levy, $3.283 in insurance costs and $3.171m for street lighting.

Northern Beaches Council

ASSETS



Asset Items	30 June 2017 Actual ($'000)
Current Assets	
Cash & Cash Equivalents	29,820
Investments	157,670
Receivables	18,671
Inventories	192
Other	1,510
Non-current assets classified as "held for sale"	-
Total Current Assets	**207,863**
Non Current Assets	
Investments	954
Receivables	1,686
Infrastructure, Property, Plant & Equipment	4,699,326
Investments accounted for using the equity method	23
Investment Property	2,080
Intangible Assets	-
Total Non Current Assets	**4,704,069**
TOTAL ASSETS	**4,911,932**

Northern Beaches Council

ASSETS

Cash, Cash Equivalents and Investments

Cash, Cash Equivalents and Investments totalled $188.444m at 30 June 2017 a decrease of $8.709m from the balance transferred on amalgamation. This decrease takes account of the early repayment of loans totalling $35.348m

Receivables

Receivables totalled $20.357m at 30 June 2017 a decrease of $32.286m from the balance transferred on amalgamation. The decrease principally relates to the inclusion of the final quarter of Rates for 2015/16 and non-reciprocal grants included in the balances transferred on amalgamation.

Inventories

Inventories totalled $0.192m at 30 June 2017 and are represented by stores, materials and trading stock. In previous years Kimbriki Environmental Enterprises Pty Ltd accounted for as inventory the production of stockpiles of excavated material as a result of cell development activities that could be used as cover material.It has been determined that all such cell development costs should now be attributed to the landfill assets included in infrastructure, property, plant and equipment as the development of landfill cells provides future economic benefits.

Other Assets

Other Assets are represented by Prepayments which totalled $1.510m at 30 June 2017 which is lower than the balance transferred on amalgamation of $2.15m principally due to the timing of supplier payments.

Infrastructure, Property, Plant and Equipment

Infrastructure, Property, Plant and Equipment totalled $4.699b at 30 June 2017. A desktop revaluation of infrastructure assets (buildings, roads. bridges, footpaths, stormwater drainage, swimming pools, open space/reacreational assets and other structures) was conducted in order to ensure the asset transfer on amalgamation occurred at fair value which resulted in an increase of $138.590m from the value in the books of the former Councils. New capital works were $53.652m and renewal works were $44.179m representing total capital expenditure of $97.831m

Investment Property

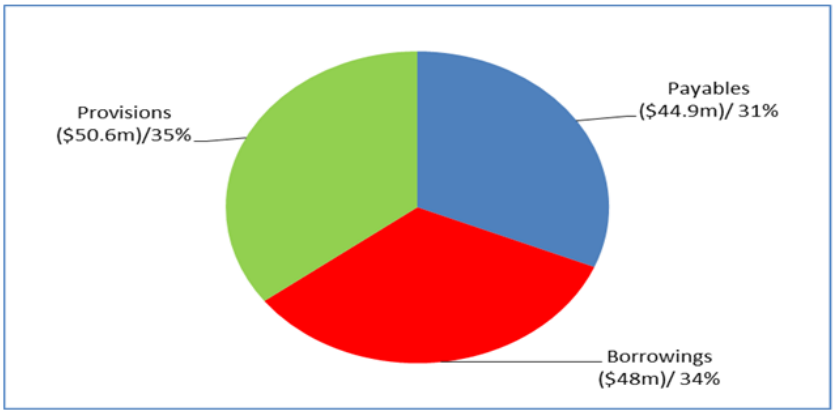
Council's investment property at 521 Pittwater Road Brookvale was revalued by $0.18m to $2.08m at 30 June 2017.

Intangible Assets

Intangible assets representing the development costs of the 'Kimbriki Resource Recovery Project' of $5.166m were written off on 1 May 2017 following a decision to discontinue the project.

Northern Beaches Council

LIABILITIES



Liability Items	30 June 2017 Actual ($'000)
Current Liabilities	
Payables	44,858
Borrowings	5,411
Provisions	29,789
Total Current Laibilities	**80,058**
Non Current Liabilities	
Payables	-
Borrowings	42,607
Provisions	20,812
Total Non Current Laibiltities	**63,419**
TOTAL LIABILITIES	**143,477**

Payables

Payables totalled $44.858m at 30 June 2017 which represented a decrease of $5.267m from the balance transferred on amalgamation. The principal components of the balance were Accounts Payable and Accrued Expenses of $21.628m, Payments Recived in Advance of $5.634m and Deposits and Retentions of $16.619m.

Borrowings

Borrowings totalled $48.018m at 30 June 2017 which represented a decrease of $41.791m from the balance transferred on amalgamation of $89.809m. Included in the decrease were the early repayment of loans totalling $35.348m.

Provisions

Provisions totalled $50.601m at 30 June 2017 which represents an increase of $1.737m from the balance transferred on amalgamation which principally relates an increase in asset remediation provision of $1.167m to $18.3m. Employee Leave Entitlements represented $31.317m of the balance and self insurance for workers compensation $0.984m.

Northern Beaches Council

KEY PERFORMANCE INDICATORS

	2017
Operating Performance	1.31%
Ow n Source Operating Revenue	81.15%
Unrestricted Current Ratio	2.67x
Debt Service Cover Ratio	1.00x
Rates & Annual Charges Outstanding Percentage	2.80%
Cash Expenses Cover Ratio	5.89 months
Buildings & Infrastruicture Rnenew als Ratio	92.22%
Infrastructure Backlog	0.29%
Asset Maintenance Ratio	103.74%
Cost to bring to agreed service level	1.35%

Where the above key performance indicators are based or either revenue or expenses from continuing operations it must be noted that the indicator will not align on a financial year basis. This is due to the financial statements being for the period 13 May 2016 to 30 June 2017 and being affected by factors such as only Rates for the year from 1 July 2016 to 30 June 2017 having been included. This is a result of the Rates. earned for the period from 13 May 2016 to 30 June 2016 being accounted for in the books of the former Manly, Pittwater and Warringah Councils for the financial period 1 July 2015 to12 May 2016.

Operating Performance

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

Council's Operating Performance Indicator was above the benchmark of 0%.

Own Source Operating Revenue

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

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

Unrestricted Current Ratio

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

Council's Unrestricted Current Ratio of 2.67x reflecting Council's sound financial position.

Debt Service Cover Ratio

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

Council's Debt Service Cover Ratio of 1.00x is a result of the early repayment of loans totalling $35.348m.

Cash Expenses Cover Ratio

This liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow. The benchmark is greater than three months.

Council's Cash Expense Cover Ratio of 5.89 months is above the benchmark of 3 months. Council maintains tight cash management controls enabling it to maximise its investment returns.

Rates and annual charges outstanding

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

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

Building and Infrastructure Renewal Ratio

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

Council's ratio of 92.22% reflects the large amount of capital expenditure on new infrastructure assets during the financial period and that there were a large number of capital renewal projects within Council's Work in Progress at 30 June 2017 and have therefore not been included in these calculations. The majority of these projects are scheduled for completion in the first quarter of the 2017/18 financial year.

Infrastructure Backlog Ratio

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

Council's Infrastructure Backlog Indicator is 0.29% which is below the benchmark of 2% indicating that Council does not have a significant infrastructure backlog.

Asset Maintenance Ratio

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

Council's Asset Maintenance Ratio of 103.74% indicates that the level of expenditure on the maintenance of infrastructure assets is sufficient to prevent the infrastructure backlog from growing.

Cost to bring assets to agreed service level

This ratio indicates the proportion of the gross replacement cost of Council assets that have reached the intervention level set by Council based on the condition of the asset. This ratio is simply the sum of the outstanding renewal works, valued as the work will be undertaken, compared to the total replacement cost of Council's assets.

This ratio provides a meaningful snapshot of the proportion of outstanding renewal works compared to the total suite of assets that Council has under its care and stewardship. The use of the gross replacement cost as the denominator in this ratio provides a more stable measure over time and is easier for Councils to calculate with greater consistency year to year. Council's ratio of 1.35% indicates that the cost to bring assets to agreed service level are at a financially sustainable level.

ANNUAL FINANCIAL STATEMENTS

Northern Beaches Council

General purpose financial statements
for the period 13 May 2016 to 30 June 2017

Northern Beaches Council

General purpose financial statements

for the period 13 May 2016 to 30 June 2017

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These Financial Statements are general purpose financial statements of Northern Beaches Council and its controlled entities and are presented in the Australian Currency.

Northern Beaches Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:
725 Pittwater Rd
DEE WHY NSW 2099

These Financial Statements were authorised for issue by the Council on 20 December 2017. Council has the power to amend and reissue the Financial Statements.

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

PRINCIPAL PLACE OF BUSINESS
725 Pittwater Road
Dee Why NSW 2099

OPENING HOURS
Monday to Friday
8.30am - 5.00pm

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Facsimile: 02 9971 4522
Internet: www.northernbeaches.nsw.gov.au
Email: council@northernbeaches.nsw.gov.au

OTHER INFORMATION
ABN: 57 284 295 198

AUDITORS
Audit Office of New South Wales

Northern Beaches Council

General purpose financial statements

for the period 13 May 2016 to 30 June 2017

Statement by Councillors and Management

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

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

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

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

- present fairly the Council's operating result and financial position for the period 13 May 2016 to 30 June 2017, 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 Northern Beaches Council made on 19 December 2017.

Michael Regan
Mayor

Sarah Grattan
Councillor

David Walsh
Responsible Accounting Officer

Mark Ferguson
Chief Executive Officer

Northern Beaches Council

Income Statement

for the period 13 May 2016 to 30 June 2017

	Notes	Period ended 30 June 2017 $'000
Income from continuing operations		
Revenue:		
Rates and annual charges	3a	208,075
User charges & fees	3b	85,891
Interest and investment revenue	3c	6,737
Other revenues	3d	25,266
Grants and contributions provided for operating purposes	3e,f	34,206
Grants and contributions provided for capital purposes	3e,f	41,486
Other Income:		
Net gain from the disposal of assets	5	2,622
Net share of interests in joint ventures and associates using the equity method	19	3
Total income from continuing operations		**404,286**
Expenses from continuing operations		
Employee benefits and on-costs	4a	149,790
Borrowing costs	4b	4,907
Materials and contracts	4c	124,658
Depreciation and amortisation	4d	37,027
Impairment	4d	-
Other expenses	4e	38,958
Total expenses from continuing operations		**355,340**
Operating result from continuing operations		**48,946**
Operating Result from discontinued operations	24	-
Net operating result for the period		**48,946**
Gain on local government amalgamation		
Assets and liabilities transferred from former councils	29	4,718,682
Net result for the period		**4,767,628**
Attributable to:		
- Council		4,767,709
- Non-controlling Interests		(81)
		4,767,628
Net operating result for the period before grants and contributions provided for capital purposes		**7,460**

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

Northern Beaches Council

Statement of Comprehensive Income

for the period 13 May 2016 to 30 June 2017

	Notes	Period ended 30 June 2017 $'000
Net result for the period - from Income Statement		4,767,628
Other Comprehensive Income		
		-
Total other Comprehensive Income for the period		-
Total comprehensive income for the period		**4,767,628**
Attributable to:		
- Council		4,767,709
- Non-controlling Interests		(81)

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

Northern Beaches Council

Statement of Financial Position
as at 30 June 2017

	Notes	Actual 2017 $'000
ASSETS		
Current assets		
Cash and cash equivalents	6a	29,820
Investments	6b	157,670
Receivables	7	18,671
Inventories	8	192
Other	8	1,510
Non-current assets classified as held for sale	22	-
Total current assets		**207,863**
Non-Current Assets		
Investments	6b	954
Receivables	7	1,686
Infrastructure, property, plant and equipment	9	4,699,326
Investments accounted for using the equity method	19	23
Investment property	14	2,080
Intangible assets	25	-
Total non-current assets		**4,704,069**
Total Assets		**4,911,932**
LIABILITIES		
Current liabilities		
Payables	10	44,858
Borrowings	10	5,411
Provisions	10	29,789
Total current liabilities		**80,058**
Non-current liabilities		
Payables	10	-
Borrowings	10	42,607
Provisions	10	20,812
Total non-current liabilities		**63,419**
Total Liabilities		**143,477**
Net assets		**4,768,455**
EQUITY		
Retained Earnings	20	4,767,709
Revaluation Reserves	20	-
Council Equity Interest		4,767,709
Non-controlling equity interest		746
TOTAL EQUITY		**4,768,455**

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

Northern Beaches Council

Statement of Changes in Equity

for the period 13 May 2016 to 30 June 2017

		Actual 2017				
	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Non-controlling Interest	Total Equity
Transfer on Amalgamation		-	-	-	827	**827**
Correction of Errors		-	-	-		**-**
Changes in Accounting Policies		-	-	-	-	**-**
Restated Opening Balances		**-**	**-**	**-**	**827**	**827**
Net Operating Result for the period		4,767,709	-	4,767,709	(81)	**4,767,628**
Other Comprehensive Income		-	-	-	-	**-**
Total Comprehensive Income		**4,767,709**	**-**	**4,767,709**	**(81)**	**4,767,628**
Dividends Paid to Minority Interests		-	-	-		-
Closing Balance		**4,767,709**	**-**	**4,767,709**	**746**	**4,768,455**

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

Northern Beaches Council

Statement of Cash Flows

for the period 13 May 2016 to 30 June 2017

$ '000	Notes	Period ended 30 June 2017 $'000
Cash Flows from Operating Activities		
Receipts:		
Rates & Annual Charges		237,802
User Charges & Fees		81,673
Interest & Investment Revenue Received		7,375
Grants & Contributions		74,922
Deposits & Retentions Received		16,619
Other		28,297
Payments:		
Employee Benefits & On-Costs		(149,533)
Materials & Contracts		(130,292)
Borrowing Costs		(4,038)
Deposits & Retentions Refunded		(14,795)
Other Expenses		(38,188)
Net Cash provided for Operating Activities	11b	**109,842**
Cash Flows from Investing Activities		
Receipts:		
Sale of Investments		328,956
Sale of Infrastructure, Property, Plant & Equipment		3,213
Sale of Non Current Assets Held for Resale		16,079
Payments:		
Purchase of Investment Securities		(317,915)
Purchase of Infrastructure, Property, Plant & Equipment		(94,800)
Purchase of Intangibles		(1,203)
Net Cash used in Investing Activities		**(65,670)**
Cash Flows from Financing Activities		
Receipts:		
Proceeds from Borrowings & Advances		
Payments:		
Repayment of Borrowings & Advances		(41,784)
Repayment of Finance Lease Liabilities		(7)
Dividends Paid to Minority Interests		-
Net Cash Flow provided for Financing Activities		**(41,791)**
Net Increase in Cash & Cash Equivalents		**2,381**
Cash & Cash Equivalents on amalgamation	11a	27,439
Cash & Cash Equivalents - end of the year	11a	**29,820**

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

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

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Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1 Summary of significant accounting policies

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

(a) Basis of preparation

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

The Local Government (Council Amalgamations) Proclamation 2016 ('the Proclamation') under the Local Government Act 1993 (NSW) transferred the assets and liabilities of the former Manly, Pittwater and Warringah Councils to Northern Beaches Council as at 12 May 2016.

Pursuant to the Proclamation, financial statements have been prepared for the period commencing on the date of establishment of Northern Beaches Council, being 13 May 2016 and ending on 30 June 2017. Future reporting periods will be from 1 July to 30 June of the relevant years.

Assets and liabilities of the former Manly, Pittwater and Warringah Councils acquired as a result of amalgamation have been recognised by Northern Beaches Council at fair value. Northern Beaches Council has, as a result of a desktop revaluation recognised former councils' assets at their fair value as at the date of transfer 12 May 2016. The fair value of the net assets has been shown as a gain on local government amalgamation in the income statement and further information is provided in Note 29.

(i) New and amended standards adopted by Council

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11] applies to annual reporting periods beginning on or after 1 January 2016. The adoption of this standard has not had any impact on reported financial position, performance or cash flows.

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 13 May 2016.

(iii) Historical Cost Convention

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

(iv) Significant Accounting Estimates and judgements

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

Critical accounting estimates and assumptions

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

(i) Estimated fair values of investment properties.
(ii) Estimated fair values of infrastructure, property, plant and equipment.
(iii) Estimated tip remediation provisions.

Significant judgements in applying the council's accounting policies

Impairment of Receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

(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:

(i) Rates, Annual Charges, Grants and Contributions

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

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

Rates and annual charges are recognised as revenue for the period 1 July to 30 June. No adjustments have been made for rates earned during the period 13/05/2016 to 30/06/2016.

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

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 period 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 period.

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.

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1 Summary of significant accounting policies

(ii) User Charges, Fees and Other Income

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

(iii) Sale of Infrastructure, Property, Plant and Equipment

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

(iv) Interest

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

(v) Rent

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

(vi) Dividend income

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

(vii) Other income

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

(c) Principles of Consolidation

(i) The Consolidated Fund

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

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

- General Purpose Operations
- Kimbriki Environmental Enterprises Pty Limited

(ii) The Trust Fund

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

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) County Councils

Council is not a member of any County Councils

(iv) Interests in other entities

Subsidiaries

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

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

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

Joint Arrangements

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

Joint ventures

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

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

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

Associates

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

(d) 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.

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1 Summary of significant accounting policies

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) Impairment of assets

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

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

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

(f) Cash and Cash Equivalents

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

(g) 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 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.

(h) Inventories

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

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

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

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

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

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

(i) Non-Current "Held for Sale"

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

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

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

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

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1 Summary of significant accounting policies

Non-current assets classified as "held for sale" are presented separately from the other assets in the statement of financial position.

(j) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either.

designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and de-recognition

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

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

Subsequent measurement

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

Changes in the fair value of other monetary and non-monetary securities are recognised in equity.

Impairment

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

(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 has adopted a policy consistent with the revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(k) Fair value estimation – financial instruments

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1 Summary of significant accounting policies

techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting 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.

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

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government.

At balance date the following classes of IPP&E were stated at their fair value:

- Operational land (External Valuation).
- Buildings – Specialised/Non Specialised (Internal/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 – (Valuer General/Internal Valuation)
- Other structures (Internal Valuation).
- Other assets (as approximated by depreciated historical cost).

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

For all asset classes, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount. Full revaluations are undertaken for all assets on a 5 year cycle.

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

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

Land 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	60 –100 years

Transportation Assets

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

Other Assets

Library Books	5 – 15 years
Artworks	Indefinite

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

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

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	< $5,000
Office Equipment	< $5,000
Other Plant & Equipment	< $5,000

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 2017, council holds equity in the four (4) properties at Kimbriki Rd, Ingleside for the purpose of site closure by agreement with Mosman Councils.

(m) Investment property

Investment property, principally comprising freehold office buildings, is held for long- term rental yields and is not occupied by the Council. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. Changes in fair values are

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1 Summary of significant accounting policies

recorded in the Income Statement as part of other income.

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

(n) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Borrowings

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

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

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

(p) 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.

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

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

(q) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

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

(iii) Retirement benefit obligations

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

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans i.e. as an expense when it becomes payable.

Defined Contributions Plans

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

(s) Land under roads

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

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1 Summary of significant accounting policies

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.

(r) Self insurance

Council has decided to self-insure for Worker Compensation. A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note 10.

(u) Intangible assets

Alternative Waste Technology

Previously costs incurred in acquiring licences and rights that would contribute to future period financial benefits through revenue generation and/or cost reduction were capitalised to licensing.

Following a decision to discontinue this project the intangible was written off during the financial period

(s) 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.

(t) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, *"all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed"*. Until such time as discussions on this matter have concluded and the legislation changed, Council will exclude these assets including plant and vehicles and depreciation charges within the Financial Statements.

(u) 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.

(v) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017. Northern Beaches Council's assessment of the impact of these new standards and interpretations is set out below.

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

This standard amends AASB 107 Statement of Cash Flows to require entities who are preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

There will be no impact on reported Council's financial position or performance, however council will have to show the changes in liabilities arising from financing activities.

The effective date is annual reporting periods beginning on or after 1 January 2017.

AASB 9 Financial Instruments and Associated Amending Standards

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB9 are to be measured at fair value.

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

Impairment of assets is now based on expected losses in AASB9 which requires entities to measure:

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

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

The model for determining impairment losses in relation to receivables will be amended. The impact of the new model has not yet been quantified, although some impairment may be recognised earlier. Other impacts on the reported financial position and performance have not yet been determined.

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1 Summary of significant accounting policies

The effective date is annual reporting periods beginning on or after 1 January 2018.

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

AASB2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128.

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

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

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

The effective date is annual reporting periods beginning on or after January 2018.

AASB2015-16 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

This standard extends the scope of AASB124 Related Party Disclosures to include application by not-for-profit public sector entities.

Related party transactions will be disclosed in the Council's financial statements in relation to key management personnel, their close families, and related entities. There will be no impact on Council's reporting of its financial position or performance

The effective date is annual reporting periods beginning on or after 1 July 2016 and as a amalgamated council this will apply to the next financial year.

AASB16 Leases

AASB16 will result in most of the operating leases of an entity being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet.

The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease.

Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges.

Whilst the impact of AASB16 has not yet been fully determined, Council currently has $717,000 of operating leases which are likely to be brought to account.

The effective date is annual reporting periods beginning on or after 1 January 2019.

AASB 15 Revenue from contracts with customers and associated amending standards

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

Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

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

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

The effective date is annual reporting periods beginning on or after 1 January 2017

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 supersedes all the income recognition requirements relating to councils, previously in AASB 1004 Contribution. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

AASB 1058 applies when a council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the council's objective is principally to enable the asset to further the council's objectives". In cases where the council enters into other transactions, the council recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment).

Upon initial recognition of the asset, this Standard requires Council to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable Accounting Standard, such as:

(a) contributions by owners
(b) revenue, or a contract liability arising from a contract with a customer
(c) a lease liability
(d) a financial instrument
(e) a provision

If the transaction is a transfer of a financial asset to enable Council to acquire or construct a recognisable non-financial asset to be controlled by Council (i.e. an in-substance acquisition of a non-financial asset), the council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised.

The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements, as well as additional disclosures. All revenue streams, including grant agreements, are currently being reviewed to determine the impact of AASB 1058. Prepaid rates received prior to the beginning of a rating period will now be recognised as a financial liability until the commencement of the rating period.

The effective date is annual reporting periods beginning on or after January 2019.

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 2(a) Functions or activities

Functions/Activities	Income, expenses and assets have been directly attributed to the following functions or activities. Details of these functions or 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)
	Actual 2017 $'000	Actual 2017 $'000	Actual 2017 $'000	Actual 2017 $'000	Actual 2017 $'000
Governance	1,934	10,020	(8,086)	-	-
Administration	49,456	74,483	(25,027)	25,448	2,804,130
Public Order & Safety	9,155	20,530	(11,375)	100	3,402
Health	3,954	8,238	(4,284)	-	-
Environment	94,628	122,288	(27,660)	3,430	811,800
Community Services & Education	15,772	22,286	(6,514)	2,217	24,463
Housing & Community Amenities	4,976	16,572	(11,596)	1,188	-
Recreation & Culture	18,338	52,532	(34,194)	1,897	421,924
Transport & Communications	28,411	23,143	5,268	4,893	827,147
Economic Affairs	12,520	5,248	7,272	-	19,066
Total functions & activities	**239,144**	**355,340**	**(116,196)**	**39,173**	**4,911,932**
Shares of gains or losses in associates and joint ventures using equity method	3	-	**3**	-	-
General Purpose Income[1]	165,139	-	**165,139**	12,283	-
Operating result for the financial period	**404,286**	**355,340**	**48,946**	**51,456**	**4,911,932**

[1] As reported in the Income Statement

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

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:

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

Administration
Administration: includes corporate support and other support services, engineering works and any council policy compliance.

Public order and safety
Public order and safety: includes Council's fire and emergency services levy, fire protection, emergency services, beach control, enforcement of regulations and animal control.

Health
Health: includes immunisation, food control, health centres etc.

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

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

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

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

Transport and communication
Transport and communication (urban local, urban regional): includes sealed and unsealed roads, bridges, footpaths and parking areas

Economic affairs
Economic affairs: includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; markets; and other business undertakings.

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 3 Income from continuing operations

	Actual Period ended 30 June 2017 $'000
(a) Rates & annual charges	
Ordinary Rates	
Residential	122,540
Farmland	28
Business	24,633
Total ordinary rates	**147,201**
Special Rates	
Business	**1,206**
Annual charges (pursuant to s496, s501 & s611)	
Domestic Waste Management Services	58,620
Stormwater management services charge	946
Section 611 charges	102
Total annual charges	**59,668**
Total rates and annual charges	**208,075**

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 3 Income from continuing operations (continued)

	Actual Period ended 30 June 2017 $'000
(b) User charges and fees	
User charges (pursuant to s.502)	
Waste Management Services (non-domestic)	458
Total user charges	**458**
Fees	
Advertising Fees	327
Caravan Park	7,575
Cemeteries	611
Child Care	12,449
Coastal Environmental Centre	266
Community Centres	2,389
Credit Card recovery fee	125
Dog Registration	12
Film Permits	190
Glen Street Theatre	1,343
Golf Course	2,890
Kimbriki Waste & Recycling Centre	24,528
Lease Rentals	1,344
Leaseback Fees - Council Vehicle	906
Libraries	136
Parking Areas	11,363
Pittwater Rugby Park	303
Planning & Building Regulation	6,497
Regulatory/ Statutory Fees	645
Restoration Charges	1,463
Road & Shop Inspection	409
Section 149 Certificates (EPA Act)	842
Section 603 Certificates	432
Swimming Centres	6,934
Other	1,454
Total fees	**85,433**
Total user charges and fees	**85,891**

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 3 Income from continuing operations (continued)

	Actual Period ended 30 June 2017 $'000
(c) Interest and investment revenue	
Interest & Dividends	
- Overdue Rates & Annual Charges	559
- Cash and Investments	6,227
Fair Value Adjustments	
- Investments	(49)
Total interest and investment revenue	**6,737**
Interest revenue is attributable to:	
Unrestricted Investments/Financial Assets:	
Overdue Rates & Annual Charges	559
General Council Cash & Investments	5,074
Restricted Investments/Funds - External:	
Development Contributions	
- Section 94	759
- Section 94A	345
Total interest and investment revenue	**6,737**
(d) Other revenues	
Ex Gratia Rates	23
Fair Value increments - Investment Properties	180
Commission & Agency Fees	13
Catchment Management	38
Collateralised Debt Obligations repayments	1,583
Animal Management	113
Prelodgements (planning)	114
Market Income	46
Lease Rental	3,508
Health & Compliance Fines	2,982
Food and wine/ Jazz Festival income	1,506
Diesel Rebate	32
Other Revenues - Kimbriki	2,580
Insurance Claim Recoveries	79
Legal Fees Recovery - Rates & Charges (Extra Charges)	198
Legal Fees Recovery - Other	715
Other Fines	539
Parking Fines	4,242
Recycling Income (non domestic)	889
Rental Income - Investment Properties	196
Rental Income - Other Council Properties	3,393
Sales - General	419
Sullage Income/Sponsorship	10
Other Revenues	1,868
Total other revenue	**25,266**

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 3 Income from continuing operations (continued)

	Operating Actual 2017 $'000	Capital Actual 2017 $'000
(e) Grants		
General purpose (untied)		
Financial Assistance - General Component	8,901	-
Financial Assistance - Local Roads Component	2,415	-
Pensioners' Rates Subsidies - General Component	967	-
Total general purpose	**12,283**	**-**
Specific purpose		
Pensioners' Rates Subsidies:		
- Domestic Waste Management	559	-
Council Implementation Fund	10,000	-
Stronger Communities Fund	1,000	14,000
Bushfire & Emergency Services	100	-
Child Care	1,618	-
Coast & Estuaries	1,088	-
Community Care	599	-
Community Centres	182	373
Environmental Protection	1,659	99
Heritage & Cultural	63	-
Library	181	493
LIRS Subsidy	309	-
Noxious Weeds	24	-
Recreation & Culture	435	172
Street Lighting	1,188	-
Transport (Roads to Recovery)	663	1,699
Transport (Other Roads & Bridges Funding)	387	2,144
Other	139	-
Total specific purpose	**20,194**	**18,980**
Total grants	**32,477**	**18,980**
Grant revenue is attributable to:		
- Commonwealth Funding	12,822	1,775
- State Funding	19,655	17,205
	32,477	**18,980**

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 3 Income from continuing operations (continued)

	Operating Actual 2017 $'000	Capital Actual 2017 $'000
(f) Contributions		
Developer contributions:		
- S 94	-	11,844
- S 94A Levies	-	5,545
Total developer contributions	**-**	**17,389**
Other Contributions:		
Bushfire Services	324	29
Coast & Estuaries	4	-
Recreation & Culture	532	-
RMS Contributions (Regional/Local, Block Grant)	578	1,294
Footpath	-	418
Community Services	38	445
Community Land	21	2,922
Other	232	9
Total other contributions	**1,729**	**5,117**
Total contributions	**1,729**	**22,506**
Total grants and contributions	**34,206**	**41,486**

(g) Restrictions relating to grants and contributions

Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:	
Grants and contributions recognised in the current period which have not been spent	51,782
Less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period	(31,804)
Net increase/(decrease) in restricted assets during the current reporting period	**19,978**

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 4 Expenses from continuing operations

	Actual 2017 $'000
(a) Employee Benefits & On-Costs	
Salaries and Wages	114,761
Employee Termination Costs	4,807
Travelling	119
Employee Leave Entitlements (ELE)	15,903
Superannuation	12,531
Workers' Compensation Insurance	990
Fringe Benefit Tax (FBT)	788
Training Costs (other than Salaries & Wages)	1,241
Recruitment Costs	114
Other	1,321
Total Employee Costs	**152,575**
Less: Capitalised Costs	(2,785)
Total employee costs expensed	**149,790**
(b) Borrowing Costs	
Interest on Loans	3,740
Amortisation of Discounts and Premiums	
- Remediation Liabilities	1,167
Less: Capitalised Costs	
Total borrowing costs expensed	**4,907**

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 4 Expenses from continuing operations (continued)

$ '000	Actual 2017 $'000
(c) Materials & contracts	
Raw Materials & Consumables	33,691
Contractor & Consultancy Costs	
- Bush Regeneration	2,566
- Cleaning	2,223
- Consultancy	6,225
- External Roadwork	330
- Garbage	13,514
- Kimbriki Waste & Recycling Centre	13,485
- Recycling	5,249
- Security	373
- Waste Disposal	16,182
- Tree Works	3,643
- Other	21,131
Remuneration of Auditors [1]	
- Audit Services	245
- Other Services	8
Legal Fees:	
- Planning & Development	2,250
- Other	2,506
Operating Leases:	
- Printers	879
- Other	206
Less: Capitalised Costs	(48)
Total materials and contracts	**124,658**

1. Auditor remuneration

a. During the period the following fees were paid or payable for services provided by the Auditor-General	
(i) Audit and other assurance services	
Audit and review of financial statements	223
Total remuneration for audit and other assurance services	**223**
b. During the period the following fees were paid or payable for services provided by other auditors:	
(i) Audit and other assurance services	
Audit and review of financial statements	22
Other assurance services	8
Total remuneration for audit and other assurance services	**30**
(ii) Other services	
Other	-
Total remuneration for other services	**-**
Total remuneration of auditors	**253**

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 4 Expenses from continuing operations (continued)

	Actual 2017 $'000
(d) Depreciation, Amortisation & Impairment	
Depreciation and amortisation	
Plant and Equipment	4,259
Office Equipment	3,103
Furniture & Fittings	295
Property, Plant & Equipment - Leased	37
Land Improvements (depreciable)	1,115
Buildings - Non Specialised	4,866
Buildings - Specialised	1,220
Other Structures	1,589
Infrastructure:	
- Roads	7,846
- Bridges	74
- Footpaths	453
- Stormwater Drainage	7,299
- Swimming Pools	493
- Open space/recreational assets	2,799
Other Assets	
- Library Books	1,303
- Other	-
Tip Asset	276
Total depreciation and amortisation	**37,027**

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 4 Expenses from continuing operations (continued)

	Actual 2017 $'000
(e) Other Expenses	
Other Expenses for the period include the following:	
Advertising	1,143
Bad & Doubtful Debts	173
Commissions	364
Contributions to Other Levels of Government	
- Planning Levy	666
- Waste Levy	9,821
- Emergency Services Levy	5,761
- Other Levies	817
Contributions & Donations (Section 356)	2,298
Data Services	601
Electricity & Heating	5,711
Insurance	3,283
Interest on Bonds & Deposits	161
Land Tax	281
Management Fees	1,500
SHOROC Contributions	75
Street Lighting	3,171
Telephone & Communications	1,306
Valuation Fees	441
Other	1,385
Total other expenses	**38,958**

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 5 Gain or loss from the disposal of assets

	Actual Period ended 30 June 2017 $'000
Property (excl. Investment Property)	
Proceeds from Disposal	487
less: Carrying Amount of Property Assets Sold	-
Net gain/(loss) on disposal	**487**
Plant & Equipment	
Proceeds from Disposal	2,726
less: Carrying Amount of P&E Assets Sold	(2,048)
Net gain/(loss) on disposal	**678**
Office Equipment & Furniture	
Proceeds from Disposal	-
less: Carrying Amount of OE&F Assets Sold	(6)
Net gain/(loss) on disposal	**(6)**
Infrastructure	
Proceeds from Disposal	-
less: Carrying Amount of Infrastructure Assets Sold	(1,131)
Net gain/(loss) on disposal	**(1,131)**
Capital Work in Progress	
Proceeds from Disposal	-
less: Carrying Amount of Capital Work in Progress	(577)
Net gain/(loss) on disposal	**(577)**
Financial Assets	
Proceeds from Disposal	328,956
less: Carrying Amount of Financial Assets Sold	(328,956)
Net gain/(loss) on disposal	**-**
Non Current Assets Classified as "Held for Sale"	
Proceeds from Disposal	16,079
less: Carrying Amount of "Held for Sale" Assets Sold	(7,742)
Net gain/(loss) on disposal	**8,337**
Intangibles	
Proceeds from Disposal	-
less: Carrying Amount of Intangibles	(5,166)
Net gain/(loss) on disposal	**(5,166)**
Net gain/(loss) on disposal of assets	**2,622**

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 6(a) Cash and Cash Equivalents

	Actual 2017 $'000
Cash at Bank and on Hand	9,806
Deposits at Call	20,014
Total Cash & Cash Equivalents	**29,820**

Note 6(b) Investments

	Actual 2017	
	Current $'000	Non Current $'000
Financial Assets at fair value through		
Profit and Loss - Held for Trading	-	954
Held to Maturity Investments	157,670	-
Total	**157,670**	**954**
Financial Assets at fair value through		
Profit and Loss - Held for Trading		
Transfer on amalgamation	-	1,079
Revaluation to Income Statement	-	(49)
Additions	-	-
Disposals	-	(76)
Transfers between Current/Non Current	-	-
At end of period	**-**	**954**
Comprising of:		
Mortgage Backed Securities	-	954
	-	**954**
Held to Maturity Investments		
Transfer on amalgamation	168,635	-
Amortisation of discounts and premiums	-	-
Additions	312,915	5,000
Disposals	(328,880)	-
Transfers between Current/Non Current	5,000	(5,000)
At end of period	**157,670**	**-**
Comprising of:		
Term Deposits	157,670	-
FRNs	-	-
	157,670	**-**

Note:

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

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

NOTE 6(c) Restricted cash, cash equivalents and investments

	Actual 2017 Current $'000	Actual 2017 Non Current $'000
Total Cash, Cash Equivalents and Investments	**187,490**	**954**
External Restrictions (refer below)	76,718	954
Internal Restrictions (refer below)	37,671	-
Unrestricted	73,101	-
	187,490	**954**

	Transfer on Amalgamation $'000	Transfers to Restrictions $'000	Transfers from Restrictions $'000	Closing Balance $'000
External Restrictions - Included in Liabilities				
Nil				
External Restrictions - Other				
Developer contributions - general (A)	39,707	18,495	(16,817)	41,385
Specific purpose unexpended grants (B)	2,758	6,692	(6,536)	2,914
Domestic waste management (C)	5,507	9,416	(684)	14,239
Stormwater management (C)	156	534	(559)	131
RMS contributions (D)	139	932	(1,059)	12
New council implementation fund (B)	-	10,214	(6,897)	3,317
Stronger communities fund (B)	-	15,449	(495)	14,954
Other	720	-	-	720
External Restrictions - Other	48,987	61,732	(33,047)	77,672
Total External Restrictions	**48,987**	**61,732**	**(33,047)**	**77,672**

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.

D RMS contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

NOTE 6(c) Restricted cash, cash equivalents and investments (continued)

	Transfer on Amalgamation $'000	Transfers to Restrictions $'000	Transfers from Restrictions $'000	Closing Balance $'000
Internal Restrictions				
Balgowah area improvements	684	79	(6)	757
Capital improvement program loan	184	-	(184)	-
Caravan park capital works	149	140	(289)	-
Cemetery reserve	3,112	188	-	3,300
Church Point car park	1,309	410	-	1,719
Church Point precinct loan	6,505	136	(4,596)	2,045
Community development	-	487	-	487
Controlled entities	72	-	(72)	-
Depot redevelopment	152	-	(152)	-
Deposits, retentions & bonds	9,945	1,937	-	11,882
Election reserve	225	-	(225)	-
Employees leave entitlement	6,053	2	-	6,055
Environmental levy (former Manly Council)	1,275	986	(617)	1,644
Environmental levy (escarpment)	178	-	(178)	-
Environmental infrastructure levy	346	-	(346)	-
General reserve	3,160	-	(3,160)	-
Infrastructure replacement	4,792	-	(4,792)	-
Insurance	899	-	(899)	-
Lagoon entrance clearing	110	-	(110)	-
Long Reef SLSC renewal	171	-	-	171
Manly wharf forecourt	50	-	-	50
Marine infrastructure	261	76	(337)	-
Meals on Wheels	244	-	(22)	222
Mona Vale skate park loan	661	-	(661)	-
Narrabeen synthethic sportsfield	257	-	-	257
Outdoor seating	169	154	(323)	-
Plant and equipment replacement	475	-	(475)	-
RMS contribution McCarrs Creek Road	142	-	(142)	-
Road Reserve	378	53	(335)	96
Shelly Beach improvements	9	-	-	9
Special rates variation	2,352	4,199	(3,569)	2,982
Strategic property rationalisation program	310	-	(310)	-
Merger savings fund	-	4,537		4,537
Tennis liaison trust fund	274	43	-	317
Unexpended loans	32,500	-	(31,837)	663
Other	1,173	332	(1,027)	478
Total Internal Restrictions	**78,576**	**13,759**	**(54,664)**	**37,671**
Total Restrictions	**127,563**	**75,491**	**(87,711)**	**115,343**

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 7 Receivables

	Actual 2017	
	Current $'000	Non Current $'000
Purpose		
Rates and annual charges	4,978	1,430
Interest and extra charges	224	256
User charges and fees	7,706	-
Accrued revenues		
- Interest on Investments	1,233	-
- Other income accruals	-	-
Government Grants & subsidies	4,863	-
Net GST Receivable	50	-
Total	**19,054**	**1,686**
less: Provision for impairment		
User Charges & Fees	(383)	-
Total provision for impairment - receivables	**(383)**	**-**
Total net receivables	**18,671**	**1,686**
Externally Restricted Receivables		
Domestic Waste Management	1,304	329
Other	-	-
Total External Restrictions	**1,304**	**329**
Internally Restricted Receivables		
Nil	-	-
Unrestricted Receivables	**17,367**	**1,357**
Total net receivables	**18,671**	**1,686**

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 8 Inventories & other assets

	Actual 2017	
	Current	Non Current
	$'000	$'000
Inventories		
At cost:		
Stores & materials	128	-
Trading stock	64	-
Total inventories	**192**	**-**
Inventories not expected to be realised within the next 12 months	**-**	**-**
Other assets		
Prepayments	1,512	-
Total other assets	**1,512**	**-**
Total inventories & other assets	**1,704**	**-**

Note:

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

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

NOTE 9(a) Infrastructure, property, plant & equipment

	Transfer on Amalgamation			Other Asset Movements during the Reporting Period								
By asset class	Gross Carrying Amount	Accumulated Deprection & Impairment	Carrying value	Renewals	New Assets	Carrying Value of Disposals	Depreciation and Impairment	Transfers	Revaluation Increments/ (decrements)	Gross Carrying Amount	Accumulated Depreciation & Impairment	Carrying value
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Capital Work in Progress	21,210		21,210	11,579	17,460	(577)	-	(21,021)		28,651		28,651
Plant & Equipment	26,454	13,422	13,032	4,456	408	(2,048)	(4,259)	1,112		27,401	14,700	12,701
Office Equipment	11,753	7,768	3,985	1,199	2,903	(6)	(3,103)	86		15,920	10,856	5,064
Furniture & Fittings	1,974	1,519	455	33	-	-	(295)			2,009	1,816	193
Plant & Equipment (under Finance Lease)	96	59	37	-	-	-	(37)			-	-	-
Land:												
- Operational Land	276,424		276,424		1,805			1,891		280,120		280,120
- Community Land	2,073,518		2,073,518							2,073,518		2,073,518
- Land Under Roads	367		367							367		367
Land Improvements - depreciable	3,477	503	2,974	352	-	-	(1,115)	4,677		8,492	1,604	6,888
Buildings - Non Specialised	409,566	66,104	343,462	3,802	18,032	(17)	(4,866)	15,259		443,910	68,238	375,672
Buildings - Specialised	99,632	17,332	82,300	544	-	(7)	(1,220)	(1,276)		98,456	18,115	80,341
Other Structures	155,320	13,490	141,830	3,250	4,103	(82)	(1,589)	(28)		161,774	14,290	147,484
Infrastructure:												
- Roads	710,146	51,066	659,080	9,527	2,010	(461)	(7,846)	106		720,885	58,469	662,416
- Bridges	10,363	465	9,898	-	-	-	(74)			10,362	538	9,824
- Footpaths	75,478	9,315	66,163	811	2,576	(155)	(453)	69		78,717	9,706	69,011
- Stormwater Drainage	930,792	129,884	800,908	5,077	850	(409)	(7,299)	225		936,458	137,106	799,352
- Swimming Pools	28,771	2,314	26,457	40	-	-	(493)			28,811	2,807	26,004
- Other Open Space/Recreational Assets	108,535	8,159	100,376	2,544	3,505	-	(2,799)	866		114,963	10,471	104,492
Other Assets:												
- Library Books	12,716	9,057	3,659	948			(1,303)			13,665	10,361	3,304
- Other	4,407	-	4,407	17						4,424	-	4,424
- Tip Asset	11,629	1,853	9,776				(276)			11,629	2,129	9,500
Total	**4,972,628**	**332,310**	**4,640,318**	**44,179**	**53,652**	**(3,762)**	**(37,027)**	**1,966**	**-**	**5,060,532**	**361,206**	**4,699,326**

Note:

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

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

NOTE 9(b) Restricted infrastructure, property, plant & equipment

	Actual 2017		
	Gross Carrying Amount $'000	Accumulated Depreciation & Impairment $'000	Carrying Amount $'000
Domestic Waste Management			
Buildings	3,796	2,596	**1,200**
Plant & equipment	524	137	**387**
Total DWM	**4,320**	**2,733**	**1,587**
Other Restricted Assets			
7,8,8A & 10 Kimbriki Rd Ingleside	8,994	683	**8,311**
Non-Cash S94 Contribution	716	-	**716**
Total Other Restrictions	**9,710**	**683**	**9,027**
Total restricted I,PP&E	**14,030**	**3,416**	**10,614**

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

NOTE 10(a) Payables, borrowings and provisions

	Actual 2017	
	Current $'000	Non Current $'000
Payables		
Goods & services	818	-
Accrued expenses		
- Borrowings	463	-
- Wages and salaries	361	-
- Other	20,037	-
Payments received In advance	5,634	-
Deposits & retentions	16,619	-
Other Payables	926	-
Total Payables	**44,858**	**-**
Current Payables not expected to be settled within the next 12 months		
Deposits & Retentions	12,499	-
Total	**12,499**	**-**
Borrowings		
Loans - Secured[1]	5,411	42,607
Total Borrowings	**5,411**	**42,607**
Provisions[2]		
Employee Benefits;		
Annual Leave	9,883	-
Sick Leave	455	-
Long Service Leave	19,089	1,827
Other Leave	46	-
Gratuities	17	-
Sub total - Aggregate employee benefits	**29,490**	**1,827**
Self Insurance - Workers Compensation	299	685
Asset Remediation	-	18,300
Total Provisions	**29,789**	**20,812**
Total payables, borrowings and provisions	**80,058**	**63,419**
Current Provisions not expected to be settled within the next 12 months	16,602	-

Notes:

[1] Loans are secured over the income of Council

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

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

NOTE 10(a) Payables, borrowings and provisions (continued)

	Actual 2017	
	Current $'000	Non Current $'000
Liabilities relating to Restricted Assets		
Externally Restricted Assets		
Domestic Waste Management	2,258	
Total	2,258	-
Internally Restricted Assets		
Security Bonds, Deposits & Retentions	11,882	-
Employee Leave Entitlements	6,055	-
Total	17,937	-
Total Liabilities relating to restricted assets	**20,195**	**-**
Liabilities related to unrestricted assets	**59,863**	**63,419**
Total	**80,058**	**63,419**

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

NOTE 10(b) Description of and movements in provisions

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

Class of Provision $'000	Transfer on amalgamation	Additional Provisions/ (write backs)	Payments	Remeasurement	Closing Balance
Annual Leave	8,635	9,412	(8,164)	-	9,883
Sick Leave	671	(45)	(171)	-	455
Long Service Leave	20,789	3,342	(3,215)	-	20,916
Other Leave	42	46	(42)	-	46
Gratuities	17	-	-	-	17
Self Insurance	1,575	(85)	(506)	-	984
Asset Remediation	17,133	-	-	1,167	18,300
TOTAL	**48,862**	**12,670**	**(12,098)**	**1,167**	**50,601**

a. Self Insurance Provisions represent both (i) Claims incurred but not reported and (ii) Claims reported and estimated as a result of Council being a self insurer for Workers Compensation Claims. Public Liability and Professional Indemnity claims are expensed as they meet the recognition criteria set out in AASB 137 Provisions, Contingent Liabilities and Contingent Assets.
Specific uncertainties relating to the final costs and the assumptions made in determining Provisions for Self Insurance include:
- Claims Escalation of between 2.500% and 2.781% per annum and Bond Yields of between 2.120% and 3.781% 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 2017;
- Workers Compensation Claim payments are projected into the future by the adopted actuarial model are in "standardised" values as at June 2017;

The last actuarial assessment of Workers Compensation claims was undertaken in March 2017 and was performed by David A Zaman Pty Ltd, Director David Zaman, BSc, FIA, FIAA, MBA.

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

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 11 Reconciliation of operating result to net cash movement from operating activities

	Notes	Actual 2017 $'000
(a) Reconciliation of Cash Assets		
Total Cash & Cash Equivalent Assets	6a	29,820
Balances as per Statement of Cash Flows		**29,820**
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities		
Net Operating Result from Income Statement		**48,946**
Add:		
Depreciation and Amortisation		37,027
Decrease in Other Current Assets		638
Decrease in Receivables		32,508
Decrease in Inventories		66
Increase in Provision for Leave Entitlements		972
Increase in Other Provisions		475
Fair Value Adjustments to Financial Assets through Profit and Loss		49
		120,681
Less:		
Decrease in Provision for Doubtful Debts		(552)
Increase in Equity Share in Joint Venture		(3)
Decrease in Payables		(5,449)
Decrease in Accrued Interest Payable		(298)
Decrease in Other Current Liabilities		(2,735)
Gain on Disposal of Assets		(2,622)
Fair Value Adjustments to Investment Property		(180)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from CASH FLOW STATEMENT		**109,842**

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

NOTE 11 Reconciliation of operating result to net cash movement from operating activities (continued)

	Notes	Actual 2017 $'000
(c) Non-Cash Investing & Financing Activities		
Nil	-	-
	-	-

(d) Financing Arrangements

Unrestricted access was available at balance date to the following:	
Bank Overdraft Facilities[1]	1,400
Corporate Credit Cards	198
Bank Guarantee for possible Workers Compensation Claims	3,000
	4,598

Notes:

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

(e) Bank guarantees/ Loan guarantees

Under the Workers Compensation Act 1987, self insurers are required to provide financial security to ensure that other employers in the State will not be required to meet the cost of claims if these entities are not able to meet their workers compensation liabilities. As a self insurer Council has provided State Insurance Regulatory Authority with a bank guarantee for $2,250,000 to meet this requirement.

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

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 12 Commitments for expenditure

	Actual 2017 $'000
(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	852
- Plant & Equipment	1,221
- Office Equipment	-
- Other Structures	685
- Infrastructure	8,832
Total	**11,589**

Description of Commitments

Contractual commitments for capital works currently being undertaken

(b) Finance Lease Commitments

Commitments under Finance Leases at the Reporting Date are payable as follows:

- Not later than one year	-
- Later than one year and not later than 5 years	-
- Later than 5 years	-
Total	**-**
Minimum Lease Payments	-
less: Future Finance Charges	-
Lease Liability	**-**
Representing lease liabilities	
- Current Liabilities	
- Non-Current Liabilities	-
Total	**-**

Description of Leases

Information Technology Equipment Leases expired during 2017

(c) Non-cancellable Operating Lease Commitments

- Not later than one year	284
- Later than one year and not later than 5 years	433
- Later than 5 years	-
Total	**717**

Description of Leases

Information Technology Equipment Leases due to expire 2019

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

NOTE 13 STATEMENT OF PERFORMANCE MEASURES - CONSOLIDATED RESULTS

$ '000	Amounts 2017 $'000	2017 Indicators	Benchmark
1. Operating Performance			>0
Total continuing operating revenue[1] excluding capital grants and contributions less operating expenses	4,710	1.31%	
Total continuing operating revenue[1] excluding capital grants and contributions	360,047		
2. Own Source Operating Revenue			>60%
Total continuing operating revenue[1] excluding all grants and contributions	325,842	81.15%	
Total continuing operating revenue[1] inclusive of capital grants and contributions	401,532		
3. Unrestricted Current Ratio			>1.5x
Current assets less all external restrictions	129,841	2.67x	
Current liabilities less specific purpose liabilities	48,699		
4. Debt Service Cover Ratio[2]			>2x
Operating Results[1] before capital excluding interest and depreciation/impairment/amortisation	46,644	1.00x	
Principal repayments (from the statement of cash flows) plus borrowing interest costs (from the income statement)	46,691		
5. Rates and Annual Charges Outstanding Percentage			<5%
Rates and Annual Charges Outstanding	6,888	2.80%	
Rates and Annual Charges Collectible	245,939		
6. Cash Expense Cover Ratio			>3 months
Current period's cash and cash equivalents + term deposits x 12	187,490	5.94 months	
Payments from cash flow of operating and financing activities	31,555		

Note:

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

[2] This ratio has been impacted by the early repayment of three loans. In the abscence of these early repayments of $35,653 the ratio would be 4.18x which is well above the benchmark

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 14 Investment properties

$ '000	Actual 2017 $'000
At Fair value	
Opening Balance at 1 July	1,900
Net gain (loss) from fair value adjustment	180
Closing Balance at 30 June	2,080
(a) Amounts recognised in profit and loss for investment property	
Rental income	196
Net gain (loss) from fair value adjustment	180
Direct operating expenses from property that generated rental income	(6)
	370

(b) Contractual Obligations

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

(c) Leasing Arrangements

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

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:	
Within 1 year	182
Later than 1 year but less than 5 years	48
Later than 5 years	-
Total Minimum Lease Payments Receivable	**230**

Note:

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

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 15 Financial Risk Management

Risk Management

Council's activities expose it to a variety of financial risks including **(i)** price risk, **(ii)** credit risk, **(iii)** liquidity risk and **(iv)** interest rate risk. Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

Financial risk management is carried out by Council's Finance Unit under policies approved by the Council.

Council held the following financial instruments at balance date:

	Carrying Value 2017 $'000	Fair Value 2017 $'000
Financial Assets		
Cash and Cash Equivalents	29,820	29,820
Receivables	20,357	20,357
Financial Assets at Fair value through profit or loss - Held for Trading	954	954
Held-to-Maturity Investments	157,670	157,670
Total Financial Assets	**208,801**	**208,801**
Financial Liabilities		
Payables	39,224	39,224
Borrowings	48,018	48,018
Total Financial Liabilities	**87,242**	**87,242**

Note:

Refer to Note 27 for fair value information.

Cash and Cash Equivalents are not measured at Fair Value

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 15 Financial Risk Management (continued)

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital. Council's Financial Unit manages its cash and investments portfolio with the assistance of independent advisors. Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. The Policy is regularly reviewed by Council and an Investment Report provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The risks associated with the investments held are:

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

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

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

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

	2017 $'000
Impact of a 10%[1] movement in price of Investments	
- Equity	95
- Income Statement[2]	95
Impact of a 1%[1] movement in Interest Rates on Cash and Investments	
- Equity	1,875
- Income Statement[2]	1,875

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.

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 15 Financial Risk Management (continued)

(b) Credit risk

Council's major receivables comprise Rates & Annual Charges and User Charges & Fees. The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

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

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

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

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

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

$'000	30 June 2017
Percentage of Rates and Annual Charges	
- Current	-
- Overdue	100%
Analysis of overdue debts	
Less than 1 year	3,658
1 to 2 years	828
2 to 5 years	1,006
Greater than 5 years	916
	6,408
Percentage of Other Receivables	
- Current	71%
- Overdue	29%
Analysis of overdue debts	
0 - 30 days overdue	10,185
30 - 60 days overdue	1,738
60 - 90 days overdue	369
90 days + overdue	2,040
	14,332

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 15 Financial Risk Management (continued)

$ '000

(c) Liquidity risk

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
At 30 June 2017					
Payables	39,224	-	-	39,224	**39,224**
Borrowings	5,411	21,719	20,888	48,018	**48,018**
Total Financial Liabilities	**44,635**	**21,719**	**20,888**	**87,242**	**87,191**

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

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

	30 June 2017 Weighted Average Interest Rate	Balance $'000
Overdraft	-	-
Bank Loans - Fixed	5.3%	34,550
- Variable[1]	3.5%	13,468
		48,018

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

Note 16 Material budget variations

These disclosures do not apply to new councils proclaimed on 12 May 2016.

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 17 Statement of Developer Contributions

(a) Summary of developer contributions

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Community facilities	5,956	872	-	148	(350)	-	6,627	-
Drainage	3,433	1,351	-	79	-	-	4,863	-
Environmental programs (incl. drainage)	772	532	-	14	(346)	-	972	-
Library and recreation	(349)	0	-	0	-	-	(349)	-
Open space	14,123	4,672	-	388	(6,430)	-	12,752	-
Parking	1,721	168	-	29	(1)	-	1,916	-
Roads	2,475	3,341	-	51	(6,567)	-	(699)	-
Streetscape/transport	1,847	364	-	35	-	-	2,246	-
Traffic facilities	845	55	-	15	(379)	-	536	-
Other	(242)	489	-	(2)	(388)	-	(142)	-
S94 Contributions - under a Plan	**30,580**	**11,844**	**-**	**759**	**(14,462)**	**-**	**28,721**	**-**
S94A Levies - under a Plan	**9,111**	**5,545**	**-**	**345**	**(2,351)**	**-**	**12,649**	**-**
Total Revenue Under Plans	**39,690**	**17,389**	**-**	**1,104**	**(16,813)**	**-**	**41,370**	**-**
S94 not under Plans	730	(0)	-	-	-	-	**730**	-
Total Contributions	**40,421**	**17,389**	**-**	**1,104**	**(16,813)**	**-**	**42,101**	**-**
Less: Land	(716)	-	-	-	-	-	**(716)**	-
Total Cash Contributions	**39,705**	**17,389**	**-**	**1,104**	**(16,813)**	**-**	**41,385**	**-**

(b) Contributions - Under a plan

S94 Contributions - Under a plan

Former Manly Council - Residential (2005 plan)

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Traffic facilities	371	54	-	6	-	-	431	
Parking	-	-	-	-	-	-	-	
Open space	44	550	-	19	(104)	-	509	
Community facilities	(1,239)	95	-	-	(154)	-	(1,299)	
Streetscape/transport	1,356	240	-	24	-	-	1,620	
Environmental programs (incl. drainage)	45	359	-	3	(174)	-	233	
Total	**577**	**1,297**	**-**	**53**	**(432)**	**-**	**1,495**	**-**

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 17 Statement of Developer Contributions (continued)

(b) Contributions - Under a plan (continued)

Former Manly Council - Manly Precinct/Commercial (2005 plan)

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Traffic facilities	59	1	-	1	-	-	60	
Community facilities	(98)	4	-	-	-	-	(94)	
Streetscape/transport	(224)	88	-	-	-	-	(136)	
Environmental programs (incl. drainage)	359	122	-	7	-	-	488	
Total	**95**	**214**	**-**	**8**	**-**	**-**	**318**	**-**

Former Manly Council - Other Precincts (2005 plan)

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Traffic facilities	6	0	-	0	-	-	6	
Community facilities	(72)	2	-	-	-	-	(71)	
Streetscape/transport	714	37	-	11	-	-	762	
Environmental programs (incl. drainage)	343	51	-	3	(172)	-	226	
Total	**991**	**90**	**-**	**15**	**(172)**	**-**	**924**	**-**

Former Manly Council - Manly Precinct (1999 plan)

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Open space	241	-	-	4	-	-	245	
Library and recreation	18	-	-	-	-	-	18	
Environmental programs (incl. drainage)	-	-	-	-	-	-		
Total	**259**	**-**	**-**	**4**	**-**	**-**	**263**	**-**

Former Manly Council - Other Precincts (1999 plan)

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Open Space	307	-	-	6	-	-	313	
Library and recreation	(367)	-	-	-	-	-	(367)	
Total	**(60)**	**-**	**-**	**6**	**-**	**-**	**(54)**	**-**

Former Manly Council - Parking (1999 plan)

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Parking	1,719	168	-	29	-	-	1,916	
Total	**1,719**	**168**	**-**	**29**	**-**	**-**	**1,916**	**-**

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 17 Statement of Developer Contributions (continued)

(b) Contributions - Under a plan (continued)

Former Manly Council - Tourist Developments (2005 plan)

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Open space	28	-	-	1	-	-	29	
Environmental programs (incl. drainage)	25	-	-	-	-	-	25	
Total	**53**	**-**	**-**	**1**	**-**	**-**	**54**	**-**

Former Pittwater Council - Contribution Plan Number 2 - Open space, bushland and recreation

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Open space	863	364	-	10	(1,047)	-	190	
Total	**863**	**364**	**-**	**10**	**(1,047)**	**-**	**190**	**-**

Former Pittwater Council - Contribution Plan Number 3 - Public library services

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Community facilities	313	82	-	6	(50)	-	350	
Total	**313**	**82**	**-**	**6**	**(50)**	**-**	**350**	**-**

Former Pittwater Council - Contribution Plan Number 4 to 10 & 15 - Warriewood Valley and material public works

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Drainage	3,433	1,351	-	79	-	-	4,863	
Roads	2,475	3,341	-	51	(6,567)	-	(699)	
Open space	1,083	3,757	-	51	(626)	-	4,265	
Community facilities	6,970	546	-	139	-	-	7,656	
Other	(522)	259	-	(8)	(137)	-	(407)	
Total	**13,439**	**9,254**	**-**	**312**	**(7,329)**	**-**	**15,677**	**-**

Former Pittwater Council - Contribution Plan Number 14 - Newport car park

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Parking	1	-	-	-	(1)	-	-	
Open space	-	-	-	-	-	-	-	
Total	**1**	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**

Former Pittwater Council - Contribution Plan Number 18 - Community service facilities

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Community facilities	84	143	-	3	(147)	-	83	
Total	**84**	**143**	**-**	**3**	**(147)**	**-**	**83**	**-**

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 17 Statement of Developer Contributions (continued)

(b) Contributions - Under a plan (continued)

Former Pittwater Council - Contribution Plan Number 19 - Village streetscape

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Other	280	230	-	6	(251)	-	265	
Total	**280**	**230**	**-**	**6**	**(251)**	**-**	**265**	**-**

Former Warringah Council - 2001 plan

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Traffic Facilities	409	-	-	8	(379)	-	38	
Parking	-	-	-	-	-	-	-	
Open Space	11,557	-	-	298	(4,653)	-	7,201	
Community Facilities	-	-	-	-	-	-	-	
Total	**11,966**	**-**	**-**	**306**	**(5,032)**	**-**	**7,240**	**-**

S94A Contributions - Under a Plan

Former Warringah Council - s94A contribution plan

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Other	9,111	5,545	-	345	(2,351)	-	12,649	
Total	9,111	5,545	-	345	(2,351)	-	12,649	-

(c) Contributions - not under a plan

Former Manly Council

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Other	14	-	-	-	-	-	14	-
Total	14	-	-	-	-	-	14	-

Former Warringah Council

Purpose	Opening Balance	Contributions received during the period		Interest earned during period	Expended during period	Internal borrowings during the period	Held as Restricted Asset	Cumulative Internal borrowings (to)/from
		Cash	Non Cash					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Land	716	-	-	-	-	-	716	
Total	716	-	-	-	-	-	716	-

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 18 Contingencies

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

Contingent Liabilities

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119 Employee Benefits. Sufficient information is not available to account for the Scheme as a defined benefit plan in accordance with AASB119 because the assets to the Scheme are pooled together for all councils.

The amount of employer contributions to the defined benefit section of the Scheme and recognised as an expense for the period ending 30 June 2017 was $1,785,255. The last valuation of the Fund was performed by Mr Richard Boyfield, FIAA on 2nd December 2016, and covers the period ended 30 June 2016.

However, the position is monitored annually and the actuary has estimated that, as at 30 June 2017 a deficit still exists. Effective from 1 July 2009, employers are required to make additional contributions to assist in extinguishing this deficit. The amount of additional contributions included in the total employer contribution advised above is $999,574. Council's expected contributions to the plan for the next annual reporting period is $1,708,316.

The share of this deficit, that is broadly attributed to Council, is estimated to be in the order of $1,493,545 as at 30 June 2017.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in 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.

(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 tofund or share in respectively.

(iii) WorkCover

Council provides bank guarantees to the value of $2,250,000 to secure its self-insurance license for Workers Compensation. The guarantee is provided to the State Insurance Regulatory Authority.

(iv) Other Guarantees

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

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 and S94A Plans

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

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 18 Contingencies (Continued)

(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 did not have notice of any appeals against planning decisions made prior to reporting date.

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.

(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.

(v) Other

At the first meeting of Northern Beaches Council on 19 May 2016, the Administrator undertook to review the Manly Oval project and the Whistler Street project in light of community concerns. At this meeting, Council resolved to terminate the Development Deed with Built Development (Manly) Pty Ltd (Built) and Athas Holdings Pty Ltd (Athas). On 15 November 2016, Council provided notice of termination of the Development Deed for the Whistler Street project to Built and Athas. On 25 November 2016, Built and Athas provided to Council a notice under the Development Deed disputing the validity of the termination. Council entered into negotiations with Built and Athas regarding the Whistler Street project and the disputed termination, under a Negotiations Deed. These negotiations were without prejudice. The negotiations have come to an end without agreement, with Built and Athas providing Council with a letter dated 25 May 2017 terminating the Negotiations Deed effective on or about 25 June 2017.

On 26 October 2017 Built and Athas lodged a claim in the Supreme Court of NSW for loss of profit, interest (pursuant to section 100 of the Civil Procedure Act 2005 (NSW)), costs, interest on costs and such further or other orders as the Court thinks fit.

Council will defend the claim and Council's List Response to the claim has been filed and served.

Contingent Assets

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

Fines and Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau. Councils Revenue Recognition policy for such income is to account for it as revenue on receipt. Accordingly, at Year End, there is a potential asset due to Council not recognising issued but unpaid Infringement Notices.

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

(iii) Building Commencements

There were no current construction certificates on hand awaiting collection.

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

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 19 Interests in other entities

Interests in subsidiaries

(a) Composition of the Group

	Principal place of business	Percentage % Owned 2017
Subsidiaries		
Kimbriki Environmental Enterprises Pty Limited	Kimbriki Road, Ingleside, NSW	96%

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

The financial position and performance Kimbriki Environmental Enterprises Pth Ltd is for the financial period ended 30 June 2017.

Controlled entities with ownership interest of 50% or less

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

(b) Significant restrictions relating to subsidiaries

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

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

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

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

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

Northern Beaches Council now holds the shares of the former Manly, Pittwater and Warringah Councils and for the purposes of the Shareholder Agreement is taken to hold the position of majority shareholder and two other shareholders.

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 19 Interests in other entities (continued)

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

	Kimbriki Environmental Enterprises Pty Limited 30 June 2017
% Ownership held by NCI	4%
	$'000
Profit/(Loss) allocated to NCI	(81)
Accumulated NCI of subsidiary	746
Dividends paid to NCI	-
Summarised statement of financial position	
Current assets	18,017
Non-current assets	15,478
Current liabilities	7,528
Non-current liabilities	5,326
Net assets	20,641
Summarised statement of profit and loss and other comprehensive income	
Revenue	36,607
Profit/(Loss)	(2,120)
Total Comprehensive Income	(2,120)
Summarised statement of cash flows	
Cash flows from operating activities	5,510
Cash flows from investing activities	(10,451)
Cash flows from financing activities	-
Net increase / (decrease) in cash and cash equivalents	(3,176)

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

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

Acquisition of ownership interest
Council did not acquire additional ownership interest in a subsidiary during the period.

Interests in Joint Arrangements

Name of Entity	Principal Activity	Percentage % Owned 2017
Shorelink Library Network	Sharing of library infrastructure	17%

	Council's share of net income	Council's share of net assets
Shorelink Library Network	3	23

Interests in Associates
Council does not have any interests in associates.

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 20 Retained earnings

$ '000	Notes	Actual 2017 $'000
(a) Retained Earnings		
Movements in Retained Earnings were as follows:		
Balance at beginning of period		-
Net Result for the period		4,767,709
Balance at end of period		4,767,709
(b) Reserves		
Infrastructure, Property, Plant & Equipment Revaluation Reserve		-
Total		-

Note 21 Results by Fund
Council does not have any Water or Sewer Funds.

Note 22 Non-current assets classified as held for sale

$ '000	Actual 2017 $'000
Land	-
Buildings	-
Total Non-Current Assets Held for Sale	-
Transfer on amalgamation	9,707
Proceeds on disposal	(16,079)
Gain on disposal	8,337
Transfer to infrastructure property, plant and equipment	(1,966)
Other	1
Balance at the end of the financial period	-

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 23 Events occurring after reporting date

Events that occur after the reporting date of 30 June 2017, up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing these financial statements.

The Office of Local Government has determined that the date when the financial statements are "authorised for issue" is the date on which a council's financial statements are signed.

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 2017.

(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 2017 and which are indicative of conditions that arose after 30 June 2017.

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

	Actual 2017 $'000
At Cost	-
Accumulated Amortisation & Impairment	-
Net Book Amount	**-**
Movements for the period	
Opening Net Book Amount	3,963
Additions - internal development	1,203
Write Off	(5,166)
Amortisation Charge	-
Closing Net Book Amount [1]	**-**

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

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 26 Reinstatement, rehabilitation and restoration liabilities

Asset Remediation

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

$ '000	Actual 2017 $'000
At beginning of reporting period	17,133
Amounts capitalised to Tip asset	
Revised Costs	-
Amortisation of discount - expensed to borrowing costs	1,167
At end of reporting period	**18,300**

Amount of Expected Reimbursements

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

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

Restoration

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

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

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

Rehabilitation

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

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

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

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 27 Fair value measurement

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

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

During a reporting period Council will measure non-current assets classified as held for sale at fair value on a non-recurring basis if their carrying amount is higher than their fair value and therefore the assets needs to be written down to fair value. They are measured at the lower of their carrying amount and fair value less costs to sell. During the current reporting period, there were no assets measured at fair value on a non-recurring basis.

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Fair value hierarchy

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

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

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

2017	Note	Level 2 Significant observable inputs $'000	Level 3 Significant unobservable inputs $'000	Total $'000
Recurring fair value measurements				
Financial assets				
Investments				
- At fair value through profit or loss	6	954	-	954
Investment Properties				
Commercial Office and Retail	14	2,080	-	2,080
Infrastructure, Property, Plant and Equipment				
Plant & Equipment	9	12,701	-	12,701
Office Equipment	9	5,064	-	5,064
Furniture & Fittings	9	193	-	193
Plant & Equipment – Leased	9	-	-	-
Operational Land	9	280,120	-	280,120
Community Land	9	-	2,073,518	2,073,518
Land Under Roads	9	-	367	367
Land Improvements - Depreciable	9	-	6,888	6,888
Buildings – Non Specialised	9	-	375,672	375,672
Buildings – Specialised	9	-	80,341	80,341
Other Structures	9	-	147,484	147,484
Roads	9	-	662,416	662,416
Bridges	9	-	9,824	9,824
Footpaths	9	-	69,011	69,011
Drainage Infrastructure	9	-	799,352	799,352
Swimming Pools	9	-	26,004	26,004
Other Open Space/Recreational Assets	9	-	104,492	104,492
Library Books	9	-	3,304	3,304
Other Assets	9	-	4,424	4,424
Tip Remediation	9	-	9,500	9,500
Total		301,112	4,372,597	4,673,709

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 27 Fair value measurement (continued)

Valuation Techniques

Level 3 Measurements

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 asset class fair values.

	Valuation Techniques	Unobservable inputs
Infrastructure, Property, Plant and Equipment		
Operational Land	Price per square metre	Variations in amount per square metre
Community Land	Price per square metre or Average Unit Rate based on Valuer General valuations	Variations in amount per square metre
Land Under Roads	Price per square metre or Average Unit Rate based on Valuer General valuations	Variations in amount per square metre
Land Improvements - Depreciable	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Buildings – Non Specialised	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Buildings – Specialised	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Other Structures	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Roads	Unit rates per m2 or length	Asset condition and remaining useful life
Bridges	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Footpaths	Unit rates per m2 or length	Asset condition and remaining useful life
Drainage Infrastructure	Unit rates per m2 or length	Asset condition and remaining useful life
Swimming Pools	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Other Open Space/Recreational Assets	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Library Books	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Other Assets	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Tip Remediation	Landfill closure and cost estimation plan	Cost of closure and post closure works, cost escalation and discount rate

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 27 Fair value measurement (continued)

Reconciliation of Movements

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

	2017 $'000
Balance at 13 May 2016	4,325,174
Recognised in profit or loss - realised	7,116
Recognised in profit or loss – unrealised	-
Purchases	78,390
Sales	(16,471)
Depreciation	(29,334)
Other Movements	7,722
Revaluations	-
Balance as at 30 June	4,372,597

There are no transfers identified in the table above.

Note 28 Related Party Disclosures

These disclosures do not apply to new councils proclaimed on 12 May 2016.

Northern Beaches Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 29 Local Government amalgamation

The Local Government (Council Amalgamations) Proclamation 2016 ('the Proclamation') under the Local Government Act 1993 (NSW) transferred the assets and liabilities of the former Manly, Pittwater and Warringah Councils to Northern Beaches Council as at 12 May 2016.

Gain on local government amalgamation		$'000
Net Assets and liabilities of former councils as at 12/5/16		4,591,392
Adjustments between former council carrying amount of assets and fair values recognised in Northern Beaches Council	(a)(ii)	127,922
Accounting policy adjustments	(b)	813
		4,720,127
Adjustment to Retained earnings - Non Controlling Interest transfer on Amalgamation	(a)(i)	(1,445)
		4,718,682

(a) Assets and liabilities transferred from former councils

(i) Carrying amount of assets and liabilities transferred

Assets and liabilities of the former Manly, Pittwater and Warringah Councils acquired as a result of amalgamation have been recognised by Northern Beaches Council at fair value. Northern Beaches Council has, as a result of a comprehensive revaluation recognised former councils' assets at their fair value as at the date of transfer 12 May 2016. The fair value of the net assets has been shown as a gain on local government amalgamation in the income statement and further information is provided below:

	Former Manly Council $'000	Former Pittwater Council $'000	Former Warringah Council $'000	[1]Gain on local government amalgamation $'000
ASSETS				
Current assets				
Cash and cash equivalents	19,001	4,508	3,930	27,439
Investments	37,955	39,500	91,180	168,635
Receivables	10,076	15,645	24,668	50,389
Inventories	69	105	84	258
Other	1,025	558	567	2,150
Non-current assets classified as held for sale	-	-	9,707	9,707
Total current assets	68,126	60,316	130,136	258,578
Non-Current Assets				
Investments	-	-	1,079	1,079
Receivables	116	1,219	589	1,924
Infrastructure, property, plant and equipment	712,431	1,025,562	2,902,325	4,640,318
Investments accounted for using the equity method	20	-	-	20
Investment property	-	-	1,900	1,900
Intangible assets	-	-	3,963	3,963
Total non-current assets	712,567	1,026,781	2,909,856	4,649,204
Total Assets	780,693	1,087,097	3,039,992	4,907,782
LIABILITIES				
Current liabilities				
Payables	15,641	7,888	26,163	49,692
Borrowings	34,093	2,820	2	36,915
Provisions	8,233	7,569	12,393	28,195
Total current liabilities	57,967	18,277	38,558	114,802
Non-current liabilities				
Borrowings	31,869	21,025	-	52,894
Provisions	203	262	19,494	19,959
Total non-current liabilities	32,072	21,287	19,494	72,853
Total Liabilities	90,039	39,564	58,052	187,655
Net assets transferred	690,654	1,047,533	2,981,940	4,720,127

[1]The gain on amalgamation column is the total of the net assets acquired

Northern Beaches Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 29 Local Government amalgamation (continued)

(ii) Adjustments between former council carrying amount of assets and fair values recognised in Northern Beaches Council

The following adjustments were made to the carrying amount of the assets and liabilities received as part of the amalgamation in order to recognise them at fair value at the proclamation date.

Adjustments made to recognise net assets at fair value	$'000
• write-off of assets where original cost is below Council's capitalisation threshold	(555)
• recognition of assets not recorded by former council	
• changes in asset values due to desktop valuation process	138,590
• changes in the fair value of Inventory, Receivables, Payables & Provisions	233
• other adjustments (please specify)	
- Elimination of Equity Investment	(10,346)
Total adjustments	127,922

(iii) Rates and Non-Reciprocal Grants income

The rates and non-reciprocal grants revenue for the period from 13 May 2016 to 30 June 2016 were recorded in the financial statements of the former councils in accordance with AASB 1004 Contributions. The assets transferred to Northern Beaches Council include a portion of rates and non-reciprocal grants that were received but related to the period after the former councils ceased to exist.

(b) Accounting policy adjustments

The following Accounting Policy adjustments have been made to the assets and liabilities of the former Manly, Pittwater and Warringah Councils as a result of amalgamation:

Accounting Policy adjustments	$'000
• to align the basis for the calculation of Debtors	330
• to align the basis for the calculation of Payables	(433)
• to align the basis for the calculation of Employee Provisions	189
• to align the basis for the calculation of Other Provisions	(899)
	(813)

INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Northern Beaches Council

To the Councillors of the Northern Beaches Council

Opinion

I have audited the accompanying financial statements of Northern Beaches Council (the Council), which comprise the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 13 May 2016 to 30 June 2017, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been presented, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the period 13 May 2016 to 30 June 2017 in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | t 02 9275 7101 | f 02 9275 7179 | e mail@audit.nsw.gov.au | audit.nsw.gov.au

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Weini Liao
Director, Financial Audit Services

20 December 2017
SYDNEY

audit office
OF NEW SOUTH WALES

Cr Michael Regan
Mayor
Northern Beaches Council
PO Box 882
Mona Vale NSW 1660

Contact: Weini Liao
Phone no: 9275 7432
Our ref: D1732143/1772

20 December 2017

Dear Mayor

Report on the Conduct of the Audit for the period ended 30 June 2017 Northern Beaches Council

I have audited the general purpose financial statements of Northern Beaches Council (the Council) for the period 13 May 2016 to 30 June 2017 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the period ended 30 June 2017 is issued in accordance with section 417 of the Act. Section 417(3) requires me to consider and report on matters pertinent to the Council's financial statements and audit. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under s417(2) of the Act.

Council Amalgamation

The Council was formed on 13 May 2016 by the Local Government Minster's proclamation (Local Government (Council Amalgamations) Proclamation 2016). The period ended 30 June 2017 is the first financial reporting period for Northern Beaches Council and comparative ratio analysis could not be performed for this report.

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INCOME STATEMENT

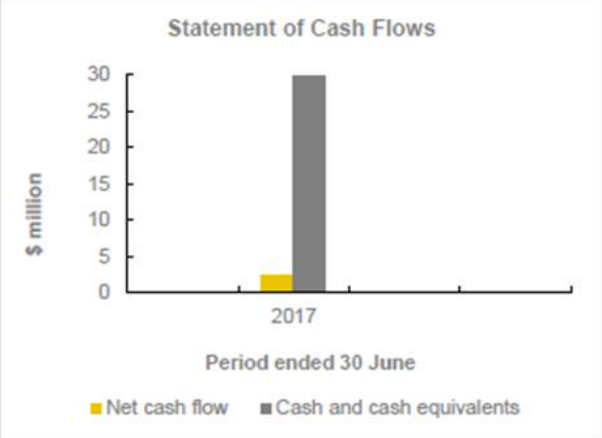
Operating result

	13 May 2016 to 30 June 2017 $m
Rates and annual charges revenue	208.1
Grants and contributions revenue	75.7
Operating result for the year	48.9
Net operating result before capital amounts	7.5
Gain on local government amalgamation	4,718.7

- Rates and annual charges consist of the rates and charges for the period 1 July 2016 to 30 June 2017. The rates for the period 13 May to 30 June 2016 were accounted for by the former Councils as required by Australian Accounting Standards. Rates and annual charges represented approximately 51.5 per cent of total income from operations.
- Grants and contributions of $75.7 million represented 18.7 per cent of total income from operations. Grants and contributions included the New Council Implementation grant of $10 million and the Stronger Communities fund of $15 million which were non-recurring.
- The Operating Result for the year is affected by the additional grants above and the additional expenses for the period 13 May 2016 to 30 June 2016.
- Gain on local government amalgamation of $4.7 billion included assets and liabilities transferred from three former councils (Manly Council, Pittwater Council, Warringah Council) on 12 May 2016.

STATEMENT OF CASH FLOWS

- The Council's cash and cash equivalents balance at 30 June 2017 was $29.8 million. The net cash flow for the period was an increase of $2.4 million.
- Council has a considerable amount of cash and generated a positive cash-flow for this period.
- The cash and cash equivalents balance included the transfer of $27.4 million cash upon amalgamation. Cash flows generated from operating activities was $109.8 million. Investing cash flows was negative $65.7 million due to spending on investment securities, infrastructure and property assets.



FINANCIAL POSITION

Cash and Investments

Restricted Cash and Investments	2017	Commentary
	$m	
External restrictions	77.7	• External restrictions mainly relating to developer contributions, Specific purpose grants and Domestic Waste funds.
Internal restrictions	37.7	• Internal restrictions primarily relating to employee leave entitlements and Deposits, retentions and bonds.
Unrestricted	73.1	• Significant amount of unrestricted cash.
Cash and investments	**188.5**	

Borrowings

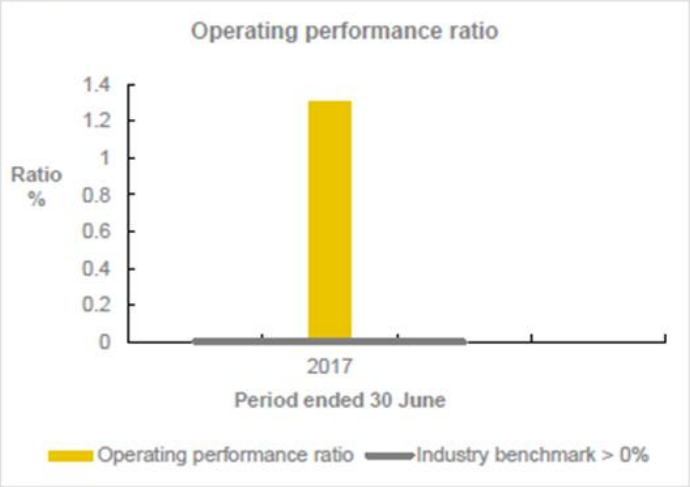
After repaying principal and interest of $46.7 million during the period, total borrowings as at 30 June 2017 was $48 million. Repayments included an amount of $35.7 million relating to the early repayment of loans.

PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 13 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7.

Operating performance ratio

- The indicator of 1.31 per cent which was above the industry benchmark of greater than zero per cent. The ratio was impacted by the additional amalgamation grants received as well as a higher level of expenditure related to amalgamation. The ratio was also affected by the longer accounting period expenses with no corresponding rates revenue.

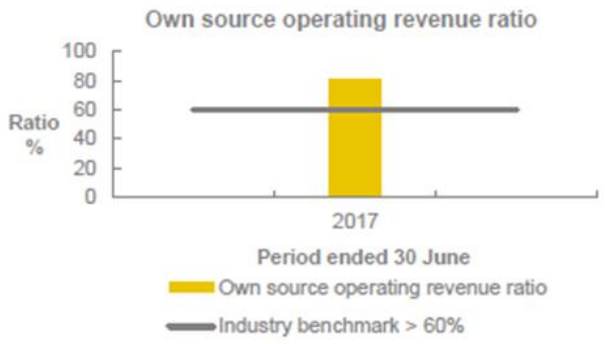


The 'operating performances ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.

Own source operating revenue ratio

- Council's own source operating revenue ratio of 81.15 per cent reflects a low level of reliance on externally sourced grant revenue and exceeded the OLG benchmark of greater than 60 per cent.

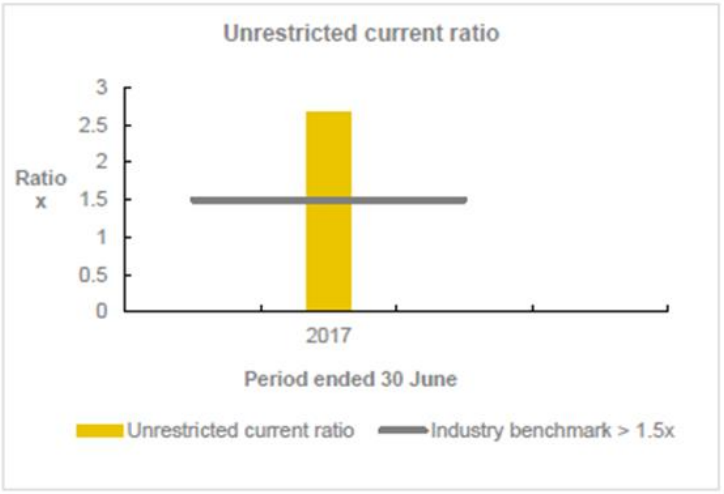
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

- This ratio indicated that Council currently had $2.67 of unrestricted assets available to service every $1.0 of its unrestricted current liabilities. This exceeded the industry benchmark.
- Significant cash reserves from the former and altered councils and the additional grants received during the current period contributed to this result.

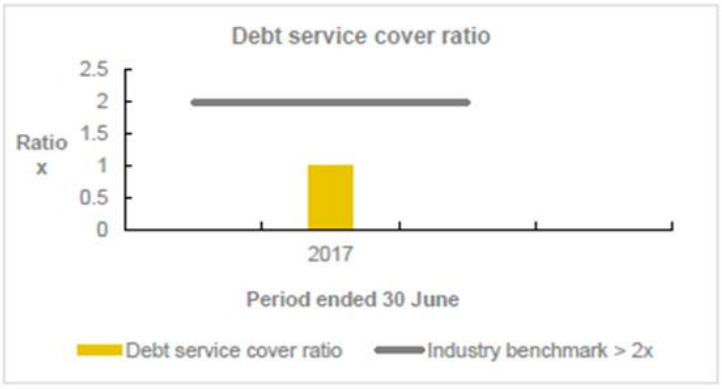
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

- Council ratio of one times did not meet the industry benchmark due to the impact of the early repayment of borrowings noted above.

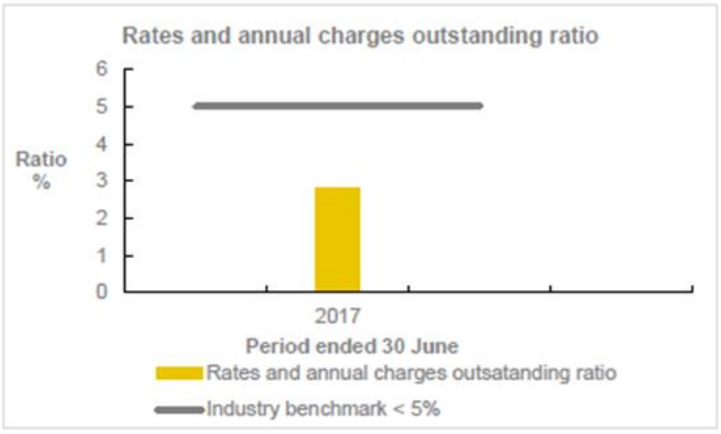
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding ratio

- Council outstanding rates and charges ratio of 2.8 per cent was within the industry benchmark of less than five per cent. This was due to Council's rate recovery measures are effective in collecting and reducing outstanding debts.

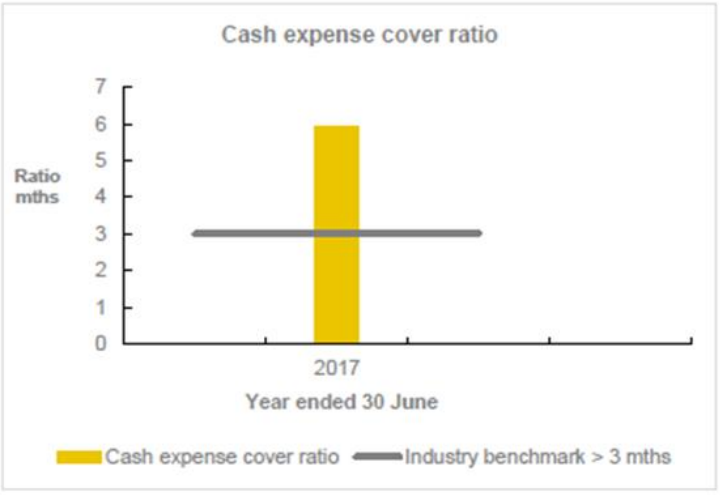
The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the OLG is less than 5 per cent for metro councils.



Cash expense cover ratio

- Council's cash expense cover ratio of 5.94 months well exceeded the benchmark of greater than three months due to the significant cash reserves and investment balances at the end of the year.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

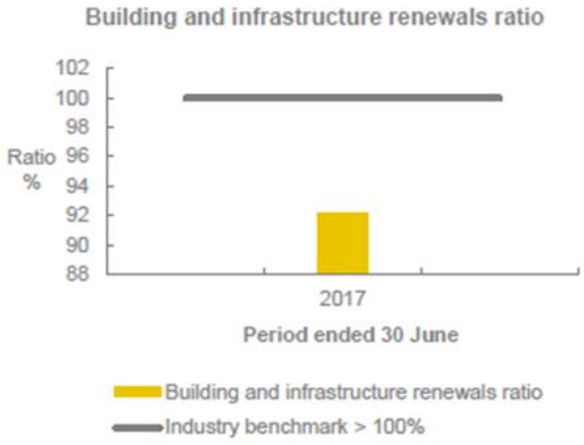


Building and infrastructure renewals ratio

- Council's building and infrastructure renewals ratio of 92.2 per cent did not meet the benchmark due to planned asset renewals not being completed by balance date.

The 'building and infrastructure renewals ratio assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.

This ratio is sourced from information contained in council's Special Schedule 7 which has not been audited.



OTHER MATTERS

Council Entities

The financial statements of Council include the consolidation of Council's controlled entity, Kimbriki Environmental Services Pty Limited.

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements.

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the general purpose financial statements
- staff provided all accounting records and information relevant to the audit.

Weini Liao
Director, Financial Audit Services

20 December 2017
SYDNEY

cc: Mr Mark Ferguson, Chief Executive Officer
Mr John Gordon, Chair of the Audit, Risk and Improvement Committee
Mr Tim Hurst, Acting Chief Executive of the Office of Local Government

Annual Financial Statements

Northern Beaches Council

Special purpose financial statements
for the period ended 30 June 2017

Northern Beaches Council

Special purpose financial statements
for the period ended 30 June 2017

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BACKGROUND

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

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

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

In preparing these financial reports for Council's self classified Category 1 businesses and ABS defined activities, councils must (a) adopt a corporatisation model and (b) apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

Northern Beaches Council

Special purpose financial statements
for the period ended 30 June 2017

Statement by Councillors and Management
made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- the NSW Government Policy Statement *"Application of National Competition Policy to Local Government"*
- 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 Northern Beaches Council made on 19 December 2017.

Michael Regan
Mayor

Sarah Grattan
Councillor

David Walsh
Responsible Accounting Officer

Mark Ferguson
Chief Executive Officer

Northern Beaches Council

Income Statement of Council's Other Business Activities
for the period ended 30 June 2017

	Children Services	Kimbriki Environment Enterprises
	Actual 2017 $'000	Actual 2017 $'000
Income from continuing operations		
Access charges	12,890	-
User charges	-	-
Fees	-	35,788
Interest	-	196
Grants and contributions provided for non capital purposes	1,610	230
Profit from the sale of assets	-	3,755
Other income	23	
Total income from continuing operations	**14,523**	**39,969**
Expenses from continuing operations		
Employee benefits and on-costs	10,879	6,947
Borrowing costs	-	-
Materials and contracts	2,591	16,752
Depreciation, amortisation and impairment	-	1,670
Loss on sale of assets	-	5,739
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	387	11,134
Total expenses from continuing operations	**13,857**	**42,242**
Surplus (deficit) from continuing operations before capital amounts	**666**	**(2,273)**
Grants and contributions provided for capital purposes	-	
Surplus (deficit) from continuing operations after capital amounts	**666**	**(2,273)**
Surplus (deficit) from discontinued operations	-	-
Surplus/(deficit) from all operations before tax	**666**	**(2,273)**
Less: Corporate Taxation Equivalent (30%) [based on result before capital]	(200)	-
Surplus/(deficit) after tax	**466**	**(2,273)**
Opening retained profits		
Adjustments for amounts unpaid:	-	-
Taxation equivalent payments	-	-
Debt guarantee fees	-	-
Corporate taxation equivalent	200	-
Add:		
- Assets transferred on Amalgamation	9,544	26,911
- Subsidy paid/Contribution to operations	(1,452)	(3,997)
Less:		
- TER dividend paid	-	-
- Surplus dividend paid	-	
Closing retained profits	**8,757**	**20,641**
Return on Capital %	7.6%	-14.7%
Subsidy from Council	-	-

Northern Beaches Council

Income Statement of Council's Other Business Activities
for the period ended 30 June 2017

	Glen Street Theatre	Certification
	Actual 2017 $'000	Actual 2017 $'000
Income from continuing operations		
Access charges	-	-
User charges	-	-
Fees	1,343	1,017
Interest	-	-
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	490	129
Total income from continuing operations	**1,833**	**1,146**
Expenses from continuing operations		
Employee benefits and on-costs	1,309	1,600
Borrowing costs	-	-
Materials and contracts	1,003	155
Depreciation, amortisation and impairment	125	-
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	126	176
Total expenses from continuing operations	**2,563**	**1,931**
Surplus (deficit) from continuing operations before capital amounts	**(730)**	**(785)**
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from continuing operations after capital amounts	**(730)**	**(785)**
Surplus (deficit) from discontinued operations	-	-
Surplus/(deficit) from all operations before tax	**(730)**	**(785)**
Less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
Surplus/(deficit) after tax	**(730)**	**(785)**
Opening retained profits		
Adjustments for amounts unpaid:	-	-
Taxation equivalent payments	-	-
Debt guarantee fees	-	-
Corporate taxation equivalent	-	-
Add:		
- Assets transferred on Amalgamation	11,160	
- Subsidy paid/Contribution to operations	(183)	(115)
Less:		
- TER dividend paid	-	-
- Surplus dividend paid	-	-
Closing retained profits	**10,247**	**(900)**
Return on Capital %	-7.1%	-
Subsidy from Council	-	-

Northern Beaches Council

Income Statement of Council's Other Business Activities
for the period ended 30 June 2017

	Aquatic Centres Actual 2017 $'000	Parking Stations Actual 2017 $'000
Income from continuing operations		
Access charges	5,820	-
User charges	-	4,314
Fees	-	-
Interest	3	301
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	453	-
Total income from continuing operations	**6,276**	**4,614**
Expenses from continuing operations		
Employee benefits and on-costs	4,952	469
Borrowing costs	-	-
Materials and contracts	1,320	280
Depreciation, amortisation and impairment	385	-
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	1,246	720
Total expenses from continuing operations	**7,903**	**1,469**
Surplus (deficit) from continuing operations before capital amounts	**(1,627)**	**3,145**
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from continuing operations after capital amounts	**(1,627)**	**3,145**
Surplus (deficit) from discontinued operations	-	-
Surplus/(deficit) from all operations before tax	**(1,627)**	**3,145**
Less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(944)
Surplus/(deficit) after tax	**(1,627)**	**2,201**
Opening retained profits		
Adjustments for amounts unpaid:	-	-
Taxation equivalent payments	-	-
Debt guarantee fees	-	-
Corporate taxation equivalent	-	944
Add:		
- Assets transferred on Amalgamation	49,598	8,928
- Subsidy paid/Contribution to operations	(628)	(461)
Less:		
- TER dividend paid	-	-
- Surplus dividend paid	-	-
Closing retained profits	**47,343**	**11,612**
Return on Capital %	-3.4%	27.1%
Subsidy from Council	-	-

Annual Financial Statements

Income Statement of Council's Other Business Activities
for the period ended 30 June 2017

	Sydney Lakeside Caravan Park Actual 2017 $'000
Income from continuing operations	
Access charges	-
User charges	7,043
Fees	-
Interest	-
Grants and contributions provided for non capital purposes	-
Profit from the sale of assets	-
Other income	-
Total income from continuing operations	**7,043**
Expenses from continuing operations	
Employee benefits and on-costs	38
Borrowing costs	582
Materials and contracts	528
Depreciation, amortisation and impairment	220
Loss on sale of assets	-
Calculated taxation equivalents	139
Debt guarantee fee (if applicable)	-
Other expenses	2,170
Total expenses from continuing operations	**3,677**
Surplus (deficit) from continuing operations before capital amounts	**3,366**
Grants and contributions provided for capital purposes	-
Surplus (deficit) from continuing operations after capital amounts	**3,366**
Surplus (deficit) from discontinued operations	-
Surplus/(deficit) from all operations before tax	**3,366**
Less: Corporate Taxation Equivalent (30%) [based on result before capital]	(1,010)
Surplus/(deficit) after tax	**2,356**
Opening retained profits	-
Adjustments for amounts unpaid:	-
Taxation equivalent payments	139
Debt guarantee fees	-
Corporate taxation equivalent	1,010
Add:	
- Assets transferred on Amalgamation	23,728
- Subsidy paid/Contribution to operations	
Less:	
- TER dividend paid	(2,971)
- Surplus dividend paid	-
Closing retained profits	**24,262**
Return on Capital %	12.5%
Subsidy from Council	-

Northern Beaches Council

Balance Sheet of Council's Other Business Activities
as at 30 June 2017

	Actual 2017 Children Services Category 1 $'000	Actual 2017 Kimbriki Environment Enterprises Category 1 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	-	6,843
Investments	-	7,173
Receivables	-	4,001
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	**-**	**18,017**
Non-Current Assets		
Investments	-	
Receivables	-	
Inventories	-	
Infrastructure, property, plant and equipment	8,757	15,478
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total Non-Current Assets	**8,757**	**15,478**
Total Assets	**8,757**	**33,495**
LIABILITIES		
Current Liabilities		
Payables	-	6,483
Interest bearing liabilities	-	1,045
Provisions	-	
Total Current Liabilities	**-**	**7,528**
Non-Current Liabilities		
Payables	-	5,326
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
Total Non-Current Liabilities	**-**	**5,326**
Total Liabilities	**-**	**12,854**
Net Assets	**8,757**	**20,641**
EQUITY		
Retained earnings	8,757	20,641
Revaluation reserves	-	-
Council equity interest	8,757	20,641
Minority equity interest	-	-
Total Equity	**8,757**	**20,641**

Northern Beaches Council

BALANCE SHEET OF COUNCIL'S OTHER BUSINESS ACTIVITIES
as at 30 June 2017

$ '000	Actual 2017 Glen Street Theatre Category 1 $'000	Actual 2017 Certification Category 2 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	-	-
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	**-**	**-**
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	10,247	-
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total Non-Current Assets	**10,247**	**-**
Total Assets	**10,247**	**-**
LIABILITIES		
Current Liabilities		
Payables	-	
Interest bearing liabilities	-	
Provisions	-	
Total Current Liabilities	**-**	**-**
Non-Current Liabilities		
Payables	-	900
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
Total Non-Current Liabilities	**-**	**900**
Total Liabilities	**-**	**900**
Net Assets	**10,247**	**(900)**
EQUITY		
Retained earnings	10,247	(900)
Revaluation reserves		
Council equity interest	10,247	(900)
Minority equity interest	-	-
Total Equity	**10,247**	**(900)**

Northern Beaches Council

BALANCE SHEET OF COUNCIL'S OTHER BUSINESS ACTIVITIES
as at 30 June 2017

$ '000	Actual 2017 Aquatic Centres Category 1 $'000	Actual 2017 Parking Stations Category 1 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	-	-
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	**-**	**-**
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	47,343	11,612
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total Non-Current Assets	**47,343**	**11,612**
Total Assets	**47,343**	**11,612**
LIABILITIES		
Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	**-**	**-**
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
Total Non-Current Liabilities	**-**	**-**
Total Liabilities	**-**	**-**
Net Assets	**47,343**	**11,612**
EQUITY		
Retained earnings	47,343	11,612
Revaluation reserves	-	-
Council equity interest	47,343	11,612
Minority equity interest	-	-
Total Equity	**47,343**	**11,612**

Northern Beaches Council

BALANCE SHEET OF COUNCIL'S OTHER BUSINESS ACTIVITIES
as at 30 June 2017

$ '000	Actual 2017 Sydney Lakeside Caravan Park Category 1 $'000
ASSETS	
Current Assets	
Cash and cash equivalents	150
Investments	-
Receivables	-
Inventories	-
Other	-
Non-current assets classified as held for sale	-
Total Current Assets	**150**
Non-Current Assets	
Investments	-
Receivables	-
Inventories	-
Infrastructure, property, plant and equipment	26,995
Investments accounted for using equity method	-
Investment property	-
Other	-
Total Non-Current Assets	**26,995**
Total Assets	**27,145**
LIABILITIES	
Current Liabilities	
Payables	342
Interest bearing liabilities	377
Provisions	-
Total Current Liabilities	**719**
Non-Current Liabilities	
Payables	-
Interest bearing liabilities	2,164
Provisions	-
Other Liabilities	-
Total Non-Current Liabilities	**2,164**
Total Liabilities	**2,883**
Net Assets	**24,262**
EQUITY	
Retained earnings	24,262
Revaluation reserves	-
Council equity interest	24,262
Minority equity interest	-
Total Equity	**24,262**

Northern Beaches Council

Notes to the Special Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1 Significant accounting policies

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

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

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board 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 and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; Council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over $2 million)

Children's Services - Child Care, Pre-school and Long Day Care

Kimbriki Environmental Enterprises Pty Limited - Waste landfill and resource recovery managemnent

Glen Street Theatre - Council's local Theatre

Parking Stations - Whistler Street, Manly National, Manly Pacific and Peninsula Parking Stations in Manly.

Aquatic Centres - Manly Andrew "Boy" Charlton Swim Centre and Warringah Aquatic Centre

Sydney Lakeside Caravan Park - Permanent and short stay caravan park accommodation

Category 2

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

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 **$549,000** of combined land values attracts **0%**. From $549,001 to $3,357,000 the rate is **1.6% + $100.** For the remaining combined land value that exceeds $3,357,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of $750,000 from 13 May 2016 to 30 june 2017

Income Tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 30% is the equivalent company tax rate prevalent as at reporting date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

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

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

Northern Beaches Council

Notes to the Special Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1 Significant accounting policies

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statement of Business Activities.

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field". Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return achieved is disclosed for each of Council's business activities on the Income Statement.

The Rate of Return on Capital is calculated as follows:

$$\frac{\text{Operating Result before Capital Amounts}}{\text{Written Down Replacement Cost of I,PP\&E}}$$

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.6% at 30 June 2017.

(iv) Dividends

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

INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statement

Northern Beaches Council

To the Councillors of the Northern Beaches Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Northern Beaches Council's (the Council) Declared Business Activities, which comprise the statement of financial position of each Declared Business Activity as at 30 June 2017, the income statement of each Declared Business Activity for the period 13 May 2016 to 30 June 2017, notes comprising a summary of significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Children Services
- Kimbriki Environment Enterprises
- Glen Street Theatre
- Certification
- Aquatic Centres
- Parking Stations
- Sydney Lakeside Caravan Park

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2017, and their financial performance for the period 13 May 2016 to 30 June 2017, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report and in particular, the Emphasis of Matter referring to the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting, as it affects the Council's Declared Business Activities.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Weini Liao
Director, Financial Audit Services

20 December 2017
SYDNEY

ANNUAL FINANCIAL STATEMENTS

Northern Beaches Council

Special Schedules
for the period ended 30 June 2017

Northern Beaches Council

Special Schedules

for the period ended 30 June 2017

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Special Schedules[1]		
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[1] Special Purpose Schedules are not audited (with the exception of Special Schedule 8).

Background

(i) These Special Schedules have been designed to meet the requirements of special purpose users such as the:

- NSW Grants Commission
- Australian Bureau of Statistics (ABS),
- Department of Premier & Cabinet, Office of Local Government (OLG).
- Department of Primary Industries Water (DPIW)

(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

Northern Beaches Council

Special Schedules
for the period ended 30 June 2017

Special Schedule 1 - Net cost of services

$'000	Expenses from continuing operations	Income from continuing operations (non capital)	Income from continuing operations (capital)	Net Cost of Services
Function or Activity	$'000	$'000	$'000	$'000
Governance	10,020	1,934	-	(8,086)
Administration	85,045	14,338	24,555	(46,152)
Public Order and Safety				
Fire Service Levy, Fire protection, Emergency Services	9,004	942	2	(8,060)
Beach Control	4,596	196	-	(4,400)
Enforcement of Local Govt Regs	6,005	7,893	-	1,888
Animal Control	43	113	-	70
Other	882	9	-	(873)
Total Public Order and Safety	20,530	9,153	2	(11,375)
Health	8,238	3,954	-	(4,284)
Environment				
Noxious Plants and Insects/ Vermin Control	639	104	-	(535)
Other Environmental Protection	12,037	1,154	436	(10,447)
Solid Waste Management	97,370	91,467	-	(5,903)
Street Cleaning	4,970	5	-	(4,965)
Drainage	1,615	756	5	(854)
Stormwater Management	5,657	701	-	(4,956)
Total Environment	122,288	94,187	441	(27,660)
Community Services and Education				
Administration & Education	4,660	41	-	(4,619)
Social Protection (Welfare)	-	-	-	-
Aged Persons & Disabled	1,122	587	-	(535)
Childrens Services	14,375	14,368	-	(7)
Education	279	685	-	406
Other Community Services and Education	1,850	91	-	(1,759)
Total Community Services and Education	22,286	15,772	-	(6,514)
Housing and Community Amenities				
Public Cemeteries	464	682	-	218
Public Conveniences	382	-	-	(382)
Street Lighting	4,136	846	-	(3,290)
Town Planning	11,584	3,344	-	(8,240)
Other Community Amenities	6	15	89	98
Total Housing and Community Amenities	16,572	4,887	89	(11,596)
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

Northern Beaches Council

Special Schedules

for the period ended 30 June 2017

Special Schedule 1 - Net cost of services (continued)

$'000	Expenses from continuing operations	Income from continuing operations (non capital)	Income from continuing operations (capital)	Net Cost of Services
Function or Activity	$'000	$'000	$'000	$'000
Recreation and Culture				
Public Libraries	9,944	583	575	(8,786)
Museums	-	-	-	-
Art Galleries	1,535	856	156	(523)
Community Centres and Halls	1,468	1,603	-	135
Performing Arts Venues	2,538	1,833	-	(705)
Other Performing Arts	-	-	-	-
Other Cultural Services	1,388	153	-	(1,235)
Sporting Grounds and Venues	11,474	1,176	10	(10,288)
Swimming Pools	10,031	6,422	-	(3,609)
Parks and Gardens (Lakes)	9,970	526	615	(8,829)
Other Sport and Recreation	4,184	3,566	264	(354)
Total Recreation and Culture	52,532	16,718	1,620	(34,194)
Fuel and Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Construction	-	-	-	-
Transport and Communication				
Urban Roads (UR) - Local	11,456	3,072	10,516	2,132
Urban Roads (UR) - Regional	-	-	-	-
Bridges on UR - Local	11	-	-	(11)
Bridges on SRR - Local	-	-	-	-
Parking Areas	1,805	7,415	-	5,610
Footpaths	898	1	450	(447)
Other Transport and Commiunication	8,973	6,711	246	(2,016)
Total Transport and Communication	23,143	17,199	11,212	5,268
Economic Affairs				
Camping Areas and Caravan Parks	2,921	7,044	-	4,123
Other Economic Affairs	2,327	5,476	-	3,149
Total Economic Affairs	5,248	12,520	-	7,272
Total - Functions	**365,902**	**190,662**	**37,919**	**(137,321)**
General Purpose Revenues[2]	**(10,562)**	**173,931**	**1,770**	**186,263**
Share of interests - joint ventures & associates accounted for using the equity method[1]	**-**	**3**	**-**	**3**
Net operating result for the year	**355,340**	**364,596**	**39,689**	**48,945**

Note[1]The definition of general purpose income for the purposes of disclosure in Note 2(a) of the GPFS is the aggregation of specific income items disclosed in Note 3 of the GPFS: ordinary rates; general purpose untied grants; interest on overdue rates and annual charges, internally restricted assets, and general council cash and investments and ex gratia rates.

Northern Beaches Council

Special Schedules

for the period ended 30 June 2017

Special Schedule 2(a) - Statement of long term debt (all purpose)

Classification of Debt	Principal outstanding at beginning of the period $'000			New Loans raised during the period $'000	Debt redemption during the period $'000		Transfers to Sinking Funds $'000	Interest applicable for period $'000	Principal outstanding at the end of the period $'000		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
NSW Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	6,908	82,744	**89,652**	-	41,772	-	-	3,740	5,411	42,469	**47,880**
Other	-	150	**150**	-	12	-	-	-	-	138	**138**
Total Loans	**6,908**	**82,894**	**89,802**	**-**	**41,784**	**-**	**-**	**3,740**	**5,411**	**42,607**	**48,018**
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	7	-	**7**	-	7	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	**7**	**-**	**7**	**-**	**7**	**-**	**-**	**-**	**-**	**-**	**-**
Total Debt	**6,915**	**82,894**	**89,809**	**-**	**41,791**	**-**	**-**	**3,740**	**5,411**	**42,607**	**48,018**

Note:

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

Northern Beaches Council

Special Schedules

for the period ended 30 June 2017

Special Schedule 2(b) - Statement of internal loans *(Section 410(3) LGA 1993)*

Summary of Internal Loans

Borrower (by purpose)	Amount originally raised $'000	Total repaid during the period (Principal & Interest) $'000	Principal Outstanding at end of period $'000
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 period (Principal and Interest)	Principal Outstanding at end of period
						%	$'000	$'000	$'000
Totals							-	-	-

ATTACHMENT 1
Northern Beaches Council 2017 Financial Statements
ITEM NO. 7.2 - 27 FEBRUARY 2018

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Northern Beaches Council

Special Schedules

as at 30 June 2017

Special Schedule 7 - Report on infrastructure assets

Asset Class	Asset Category	Estimated cost to bring to a satisfactory standard[1]	Estimated cost to bring assets to the agreed level of service set by Council[1]	2016/17 Required annual maintenance	2016/17 Actual maintenance	Net carrying amount	Current Replacement Cost (CRC)	Assets in Condition as % of Current Replacement Cost				
		$'000	$'000	$'000	$'000	$'000		1	2	3	4	5
Buildings		**622**	**622**	**8,442**	**8,828**	**456,013**	**542,366**	24.6%	55.3%	19.2%	0.8%	0.0%
Roads	Sealed Roads Surface	1,031	1,031	4,564	5,181	127,478	158,354	58.5%	34.2%	4.6%	2.1%	0.5%
	Sealed Roads Structure	159	159	405	205	349,429	358,248	46.1%	41.4%	11.7%	0.4%	0.4%
	Unsealed Roads	31	31	126	44	1,003	1,061	0.0%	29.7%	0.0%	70.3%	0.0%
	Bridges	-	-	71	33	9,824	10,363	31.9%	68.1%	0.0%	0.0%	0.0%
	Footpaths	138	138	1,869	2,515	69,011	78,717	39.3%	59.3%	0.1%	1.2%	0.2%
	Other Road Assets	357	357	5,391	5,374	184,506	203,221	18.0%	65.5%	14.5%	1.6%	0.5%
		1,716	**1,716**	**12,426**	**13,352**	**741,251**	**809,964**	40.6%	48.1%	9.7%	1.2%	0.4%
Other Structures		**82**	**82**	**2,729**	**3,354**	**147,484**	**161,774**	39.3%	52.9%	7.5%	0.3%	0.0%
Stormwater Drainage		**3,316**	**3,316**	**3,610**	**2,527**	**799,352**	**936,458**	6.0%	73.4%	19.0%	1.2%	0.4%
Open Space/Recreational Assets	Swimming Pools	302	302	807	1,117	26,004	28,811	32.4%	47.3%	18.5%	1.8%	0.0%
	Other	521	521	3,846	3,875	104,492	114,963	25.7%	56.5%	16.2%	1.2%	0.4%
		823	**823**	**4,653**	**4,992**	**130,496**	**143,774**	27.1%	54.6%	16.7%	1.3%	0.3%
Totals		**6,559**	**6,559**	**31,860**	**33,053**	**2,274,596**	**2,594,336**	23.9%	59.4%	15.3%	1.1%	0.3%

Infrastructure Asset Condition Assessment

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

[1] Estimated cost to bring assets to the agreed level of service set by Council represents the sum of outstanding renewal works, valued as the work will be undertaken. Council will make future budgeting decisions in relation to these outstanding works with those decisions likely to be prioritised in Council's forward plans based on social, economic and environment factors, including risk to the community, As the agreed service levels are yet to be determined with the community the estimated cost to bring to a satisfactory standard has been used.

Northern Beaches Council

Special Schedules
as at 30 June 2017

Special Schedule 7 - Report on infrastructure assets

Infrastructure asset performance indicators – consolidated

	2017 $'000	Indicator	Benchmark
Building and infrastructure renewals ratio			
Asset renewals (renewals only for Infrastructure Assets listed above)	25,595	92.22%	>100%
Depreciation, amortisation and impairment	27,754		
Infrastructure backlog			
Estimated cost to bring assets to a satisfactory condition	6,559	0.29%	<2%
Net carrying amount of infrastructure assets	2,274,596		
Asset maintenance ratio			
Actual asset maintenance	33,053	103.74%	>100%
Required asset maintenance	31,860		
Cost to bring assets to agreed service level			
Estimated cost to bring to an agreed level of service set by council	6,559	0.25%	
Gross replacement cost	2,594,336		

Northern Beaches Council

Special Schedules

for the year ended 30 June 2017

Special Schedule 8 - Permissable income for general rates

		Former Manly Council $'000	Former Pittwater Council $'000	Former Warringah Council $'000	Northern Beaches Council $'000
Notional general income calculation[1]					
Last year notional income yield		29,377	40,391	81,353	151,121
Plus/minus adjustments[2]		180	(39)	61	202
Notional general income		29,557	40,352	81,414	151,323
Permissible income calculation					
Special variation[3]	%	-	-	9.4	
OR Rate peg	%	1.5	1.5	-	
OR Crown land adjustment incl. rate peg	%	-	-	-	
Less expiring special variations amount		(551)	-	-	(551)
Plus special variation amount		-	-	7,653	7,653
OR plus rate peg amount		435	605	-	1,040
OR plus crown land adjustment and rate peg amount		-	-	-	-
Sub-total		29,441	40,957	89,067	159,465
Plus or minus last year's carry forward total		2	-	-	2
Less valuation objections claimed in previous year		-	(4)	-	(4)
Sub-total		2	(4)	-	(2)
Total permissible income		29,443	40,953	89,067	159,463
Less notional income yield		29,441	40,987	89,067	159,495
Catch up or (excess) result		2	(34)	-	(32)
Plus income lost due to valuation objections claimed[4]		-	36	-	36
Less unused catch up[5]		1	-	-	1
Carry forward to next year(6)		1	2	-	3

Notes

[1] The 'notional general income' will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis, which includes amounts that relate to prior years' rates income.

[2] Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916 (NSW).

[3] The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the Crown land adjustment.

[4] Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.

[5] Unused catch-up amounts will be deducted if they are not caught up within two years. Usually, councils will have a nominal carry-forward figure. These amounts can be adjusted for when setting the rates in a future year.

[6] Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Act. The OLG will extract these amounts from councils' Special Schedule 8 in the Financial Data Return (FDR) to administer this process. Please check that data are transferred accurately to the Special Schedule 8 of the Financial Statements and FDR.

INDEPENDENT AUDITOR'S REPORT

Special Schedule No. 8

Northern Beaches Council

To the Councillors of Northern Beaches Council

Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Northern Beaches Council (the Council) for the year ended 30 June 2018.

In my opinion, Special Schedule No. 8 of Northern Beaches Council for 30 June 2018 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of Special Schedule No.8' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

The Councillors' Responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

In preparing Special Schedule No.8, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of Special Schedule No. 8

My objectives are to:

- obtain reasonable assurance whether Special Schedule No. 8 as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on Special Schedule No.8.

A description of my responsibilities for the audit of Special Schedule No.8 is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Special Schedule No.8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No 8.

Weini Liao
Director, Financial Audit Services

20 December 2017
SYDNEY

Strengthening local government

NSW GOVERNMENT Office of Local Government

Circular to Councils

Circular Details	Circular No 17-40 / 6 December 2017 / A573892
Previous Circular	*16-46 Development of a Model Code of Meeting Practice for Local Councils in NSW*
Who should read this	Mayors / Councillors / General Managers / Council governance staff
Contact	Council Governance Team – 02 4428 4100
Action required	Response to OLG

Consultation on the draft Model Code of Meeting Practice for Local Councils in NSW

What's new or changing

- Amendments made to the *Local Government Act 1993* (the Act) in August last year by the *Local Government Amendment (Governance and Planning) Act 2016* provide for a model code of meeting practice (Model Meeting Code) to be prescribed by regulation.
- The Office of Local Government (OLG), in consultation with councils, has prepared a consultation draft of the proposed Model Meeting Code. Once this is finalised, it will replace the meeting rules currently prescribed in the *Local Government (General) Regulation 2005* (the Regulation).
- Once the Model Meeting Code is finalised, councils will be given a period of 6 months in which to adopt a code of meeting practice based on the Model Meeting Code.

What this will mean for your council

- OLG is inviting submissions from councils and other stakeholders on the consultation draft of the Model Meeting Code.
- The consultation draft of the Model Meeting Code is available on OLG's website at www.olg.nsw.gov.au.
- Submissions may be made by email to olg@olg.nsw.gov.au.
- Submissions should be labelled *"Model Meeting Code Consultation"* and marked to the attention of OLG's Council Governance Team.
- Submissions should be made by COB **Friday 16 March 2018.**

Key points

- The Model Meeting Code has two elements:
  - It contains mandatory provisions (indicated in black font) that reflect the existing meetings provisions of the Act and adapt those currently contained in the Regulation. The existing meetings provisions of the Regulation have been updated and supplemented to reflect contemporary meetings practice by councils and to address ambiguities and areas of confusion in the existing provisions based on feedback from councils.
  - It contains non-mandatory provisions (indicated in red font) that cover areas of meetings practice that are common to most councils but where

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there may be a need for some variation in practice between councils based on local circumstances. The non-mandatory provisions will also operate to set a benchmark based on what OLG sees as being best practice for the relevant area of practice.

- In making submissions on the draft Model Meeting Code, OLG would welcome feedback from councils on whether any of the proposed non-mandatory provisions should be mandated. If there is a sufficient body of support for these from councils, these may be made mandatory in the final version of the Model Meeting Code.

Where to go for further information

- For further information, contact OLG's Council Governance Team on (02) 4428 4100.

Penny Holloway
Acting Chief Executive

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Council considers it important for Matters for Consideration cl.21 (Biodiversity, ecology and environment protection) to be retained as noted above, in particular Clause 21(h) 'cumulative environmental impact of development'.

The Department needs to clarify which provision of cl22 will be amended to consider potential public access routes and identify these routes in the maps in the development control plan.

Council raises concerns that if matters for consideration cl.25 - Foreshore and Waterways Scenic Quality & cl 26 Maintenance, protection and enhancement of views principles are to be transferred to ministerial directions that the relevant planning principles are maintained.

Move wetland provisions to State Environmental Planning Policy (Coastal; Management) (Pages.37-38)

- Duplication of controls and protections should be avoided, especially as protections are sanctioned by Acts.

  Posidonia australis complex seagrass meadows ecological community (Manning-Hawkesbury) is listed and protected as a Threatened Community (classified as Endangered) under the Environment Protection Biodiversity Conservation Act 1999 (EPBC Act 1999), while the Fisheries Management Act 1994 (FM Act 1994) list *Posidonia australis* seagrass on Port Hacking, Botany Bay, Sydney Harbour, Pittwater, Brisbane Water and Lake Macquarie as endangered population under Part 2 Schedule 4.

Council recognises that *Posidonia australis* doesn't represent all seagrass meadows throughout Sydney Harbour and not all seagrass meadows maybe classified as 'significant'. The Explanation of Intended Effects (EIE) does not offer a definition of the term 'significant seagrasses' so it is difficult to accurately consider the scope, potential duplication and consequence of the proposed mapping. Given this, Council requests the Department gives further consideration to the definition and scope of 'significant seagrasses' and proposed mapping to ensure duplication is avoided.

Update and modernise provisions for strategic foreshore sites (Page 41)

The Department needs to consider how Division 2A section 83C of the Environmental Planning and Assessment Act 1979 (EP&A Act 1979) will impact and potentially undermine the intent of the provisions as outlined in Clause 44(b).

The EIE states that development consent must not be granted for the carrying out of development on a strategic foreshore site unless there is a master plan for the site and the masterplan has been taken into consideration by the consent authority.

Clause 44(b) explains that the master plan must address the planning principles in Part 2 of the Harbour Regional Environmental Plan (clauses 13, 14 and 15). But the draft SEPP (Environment) will see these 3 clauses removed and transferred to new Ministerial Directions. The Department must demonstrate how this will work as the removal of these planning principles into Ministerial Direction will remove them from being considered during the development assessment process.

The Harbour Regional Environmental Plan identifies 28 strategic foreshore sites. Strategic Foreshore Sites of importance to Northern Beaches Council include North Head, St Patrick's Estate and Manly Wharf.

Special Purposes Areas

The Special Purposes (Boat Repair Facilities and Commercial Marinas) provisions apply to area of North Harbour being mapped and identified as Manly Boatshed and Davis Marina to effectively control increased scale and intensity of these uses consistent with the objectives of the existing W2 Environmental Protection Zone. In particular, the land mapped under the Harbour SEPP known as Manly Boatshed and Davis Marina are subject to particular objectives and purposes which are intended to be retained.

The retention of Special Purposes Areas in the new SEPP in relation to existing boat repair facilities known as Manly Boatshed and Davis Marina is supported.

Sydney Harbour Foreshores and Waterways Area Development Control Plan 2005 (Page 41)

The provision of additional detailed design requirements and criteria in relation to natural resource protection is supported; however council is concerned that the placement of such provisions in a guideline provides insufficient legal status and weight during appeals.

The Department needs to consider how Division 2A section 83C of the Environmental Planning and Assessment Act 1979 (EP&A Act 1979) will impact and potentially undermine the intent of the provisions as outlined in Clause 44(b).

Concerns are raised over the proposed transitioning of the DCP into one or more design guidelines that will cover the current content and provide updated guidance to consent authorities based on design principles and landscape character. The concerns relate to the lack of weight given to guidelines in the assessment process.

Maps for ecological communities (five terrestrial and six aquatic) as well as for landscape character types are currently linked to two separate sets of performance criteria. These will be reviewed and consolidated to develop a combined landscape based approach to visual and ecological character for the whole Harbour. This approach is supported as it will continue to recognise the unique visual and environmental characteristics of different parts of the harbour

It is requested that any proposal to remove guidelines from the Harbour DCP should not proceed without first consulting and allowing appropriate opportunities for councils to review their own DCPs in this regard and make any amendments as appropriate to retain relevant foreshore planning controls and guidelines.

The Department must demonstrate that any updated critical habitat provisions are consistent with the Biodiversity Conservation Act 2016 - page 38 and draft mapping related to the proposed SEPP.

Concerns are raised that SREP Sydney Harbour Little Penguin Critical Habitat Map (2005) compared to the proposed Critical Habitat Map for the draft SEPP (Environmental) shows a notable decrease in the extent of the Critical Habitat Area B Little Manly Beach area on the new map. The Department needs to rectify this inconsistency and amend the draft SEPP (Environment) map.

Concerns are raised that the Sydney Regional Environmental Plan (Sydney Harbour Catchment) 2005 Foreshores and Waterways Area Map encompasses more foreshore

land than the draft SEPP (Environment) Seagrasses and Rocky Foreshores area. As noted above the Department needs to rectify this inconsistency and amend the draft SEPP (Environment) map.

Amend the objectives of Zone W8 Scenic Waters Passive Use to align with the land use table (page 43)

Other adjoining zones of strategic importance include the Scenic Waters Zones around Seaforth Point (both Active - W6 and Passive - W8) and the W5 Water Recreation Zone. The objectives of Zone W8 Scenic Waters: Passive Use is proposed to be amended to clarify the intent is to support development of public and community facilities, and to clearly prohibit private facilities in the zone.

The proposed amendment to objectives which clarify that prohibited nature of private facilities in the zone is supported

Allow an additional use in the Zone W7 Scenic Waters: Casual Use subject to strict controls (Page 43 – 44)

As previously raised in the 'Definition' sub section above, the Standard Instrument (SI) definition of mooring pen removes clear reference to 2 crucial words which exist in the HRP mooring pen definition, being 'single' and 'permanently'.

The SI definition is silent on these 2 critical elements of the Harbour SREP definition and recent advice from Transport for NSW confirms that their interpretation of the SI definition differs significantly from the original intent of the term, which related to permanent boat storage structure for a singular vessel. Therefore the assumptions underpinning the commentary outlined in this subsection are flawed and inaccurate.

Council urges the Department to critically review and closely consider the potential implications of utilising the SI definition of mooring pen and in particular reversing the current prohibition of mooring pens in waterways zoned W7.

Council strongly advocates for the review of the SI definition of mooring pen, with reference to the issues raised to ensure the original intended outcome of the definition has not been inadvertently altered.

Attachment C – Definitions analysis, (Page 73)

The draft SEPP (Environment) intends to delete the meaning 'temporary structure', as it has the same meaning as in the Act. However standard instrument LEPs refer to a various maximum numbers of consecutive days. Also the existing schedule refers to Temporary Uses as for up to 2 years

6 Temporary structures

(1) The erection of a temporary structure for a period of not more than 60 days, whether consecutive or not, in any period of 12 months.
(2) In this clause, ***temporary structure*** includes a booth, tent or other temporary enclosure (whether or not part of the booth, tent or enclosure is permanent), and also includes a mobile structure.

Whilst the retention of the Harbour SREP is supported, there are a number of matters which could be improved in terms of clarity on the relevant planning authority, updated

definitions to reflect the standard instrument LEP Dictionary and greater clarity regarding exceptions to permissibility e.g. cl.18(2) and cl.37.

Repeal and Replace Sydney Regional Environmental Plan No 20 – Hawkesbury – Nepean River (No 2 – 1997) (Page 23)

The aims of the Sydney Regional Environmental Plan (SREP) No 20 – Hawkesbury – Nepean River (No 2 – 1997) are to protect the environment of the Hawkesbury-Nepean River system from current and future land uses. The SREP No 20 – Hawkesbury-Nepean River (No. 2 – 1997) relates to the areas of the Northern Beaches Council.

Simplify the proposed SEPP by avoiding duplication with other legislation (Page 23)

Provisions in the Hawkesbury Nepean Regional Environmental Plan that are addressed in other legislation or planning instruments can be repealed without impacting on the protection of the catchment

Part 2 Clauses to be repealed (page 24)

The following clause is incorrect

- Part 1 Clause 1 - Where this Plan Applies this is actually Part 1 Clause 2

The Repeal of Clause 6 (2) Environmentally Sensitive Areas

The note associated with Clause 6 (2) of the Hawkesbury Nepean Regional Environmental Plan describes environmentally sensitive areas in the Hawkesbury-Nepean catchment as ; the river, riparian land, escarpments and other scenic areas, conservation area sub catchments, national parks and nature reserves , wetlands , other significant floral and faunal habitats and corridors and known and potential acid sulphate soils.

Concern is raised that by repealing Clause 6 (2) Environmentally Sensitive Areas and revising the section to integrate it with other riverine corridor controls diminishes the intent as well as the protection and enhancement of the other areas described in the note.

Council requests that the draft SEPP (Environment) should retain Clause 6 (2).

Move wetland provisions to State Environmental Planning Policy (Coastal Management) – page 25

No concerns are raised with the inclusion of mapped coastal wetland in the State Regional Environmental Plan for the Hawkesbury Nepean River into the draft SEPP (Coastal Management). This will give:

- increased protection with the inclusion of a mapped 100 metre buffer around the wetlands

Council requests that the freshwater wetlands that will be transferred to the draft SEPP (Environment) should have the same protection as those that fall under the draft SEPP (Coastal Management).

General

It is considered that improved protections of the Hawkesbury-Nepean catchment are not achieved by the intended redrafting of planning provisions for catchments and for waterways into separate sets.

Repeal and Replace State Environmental Planning Policy No. 19 – Bushland in Urban Areas – pages 28 to 32

The aims and objectives of State Environmental Planning Policy No. 19 – Bushland in Urban Areas are to protect and preserve bushland within the urban areas in 40 local government areas.

The majority of the provisions of SEPP 19 will be transferred to SEPP (Environment) and updated.

Council names will be updated to reflect recent council amalgamations and boundary changes.

Clause 8 (Plans of Management) will be reviewed and duplicate sub clauses that are also found in section 36 of the *Local Government Act 1993* will be removed.

Clause 10 will be removed and delivered through a Ministerial Direction as it pertains to the preparation of local environmental plans. The new Ministerial Direction is intended to function the same way as Clause 10: Preparation of local environmental plans listed below:

No concerns are raised regarding the repeal and incorporation of the clauses 8 and 10 from SEPP No.19 – Bushland in Urban Areas.

A new circular - Urban Bushland is being finalised for consultation. It will provide further information and detail regarding the application of SEPP 19. The circular will replace planning Circular No. B13 and No.114.Council requests the opportunity to comment on the new circular – Urban Bushland.

Repeal and Replace State Environmental Planning Policy No. 50 – Canal Estate Development

This SEPP is relevant to the whole of the Northern Beaches Local government area. The provisions prohibiting the development of canal estates across NSW will be retained in SEPP (Environment), with the exception of land where SEPP (Penrith Lakes Scheme) 1989 applies.

The Northern Beaches Council raises no concern with the repeal of SEPP No. 50 Canal Estate Development and its incorporation into the draft SEPP (Environment).

Part 3 – Proposed amendments to other planning legislation (Pages 51 -53)

Provisions within the existing SEPPs that relate to the making of local environmental plans can no longer be included in a SEPP. All provisions in the seven existing SEPPs that relate to the preparation of local environmental plans will be transferred into a new or updated Ministerial Direction.

As part of the proposed new SEPP (Environment), new Ministerial Directions are proposed to:

- guide councils when preparing local environmental plans in the Hawkesbury Nepean, Georges River and Sydney Harbour catchments
- guide councils when preparing local environmental plans affecting Sydney Harbour Foreshores and Waterways
- guide councils when preparing local environmental plans affecting urban bushland

The Northern Beaches Council does not support separating the management of catchment and waterways in the proposed Ministerial Directions as catchments and waterways do not exist separately in the real world.

The basic principles of catchment management recognises that the effects of land and water use and environmental impacts are interconnected, that actions in a catchment will have cumulative impacts on other areas downstream, and that an holistic approach to the planning and coordination of land and water management is therefore essential.

Therefore the following Ministerial Directions are not supported.

- Creating a new Ministerial Direction – Catchment Protection – page 51.
- Creating a new Ministerial Direction – Sydney Harbour Foreshores and Waterways - page 52

Creating a new Ministerial Direction – Urban Bushland (Page 53)

SEPP 19 contains provisions for the preparation of local environmental plans in clause 10. The clause ensures that when a council is drafting local environmental plan provisions for any land to which SEPP 19 applies, other than rural land, it considers the general and specific aims of the SEPP, and gives priority to retaining bushland unless significant environmental, economic, or social benefits arise which outweigh the value of the bushland. This should be transferred to a new Ministerial Direction as it is the appropriate mechanism to guide plan making.
As the new Ministerial Direction is intended to function largely the same way as clause 10 of SEPP 19 no objections are raised.

Other Planning Instruments (Pages 11 and 56)

Development in water catchments under State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004 (page 11)

It is proposed to amend SEPP (Housing for Seniors or People with a Disability) 2004 to allow seniors' housing and housing for people with a disability development proposals in water catchments including drinking water catchments to be assessed under the SEPP Seniors.

The removal of 'water catchment' from Schedule 1 of SEPP (Housing for Seniors or People with a Disability) 2004 will have implications for the Northern Beaches Council.

The Department needs to clarify and give more thought to deleting 'water catchments' from Schedule 1 of SEPP (Housing for Seniors or People with a Disability). This is seen as a push to allow more inappropriate seniors housing in areas of environmentally sensitive land and it not supported.

End of Comments