

NORTH SYDNEY COUNCIL ANNUAL REPORT 2018/19



progressive *vibrant* diverse

ACKNOWLEDGEMENT

North Sydney Council acknowledges the Guringai Tribe and Cammeraygal Clan as the traditional owners of this land.

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November 2019

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INTRODUCTION

This Annual Report documents the performance of North Sydney Council for 2018/19 against the objectives in the *North Sydney Community Strategic Plan 2018-2028* and against the actions identified in the *Delivery Program/ Operational Plan 2018/19*. It identifies major projects and activities implemented to improve and enhance the quality of life of our residents. The report provides transparent information for all Council stakeholders.

Council's General Manager and Directors have reviewed the content of this Annual Report. Council adopted the Financial Statements at the Council Meeting on 25 November 2019 following a review by an independent external auditor.

The Annual Report is available on the Council's website www.northsydney.nsw.gov.au.

A hard copy version of the Annual Report can be viewed at Council's Customer Service Centre and Stanton Library, and printed copies are available on request.

OUR VISION

Shaping a progressive, vibrant and diverse North Sydney community.

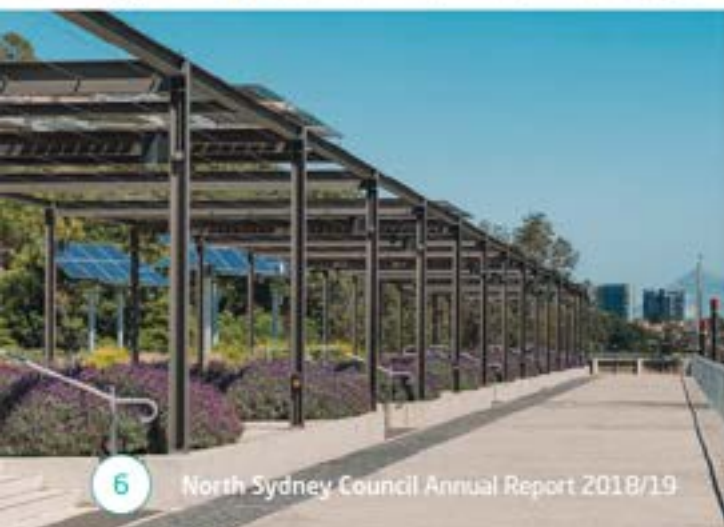
MISSION AND VALUES

Mission

To be leading edge in serving the community of North Sydney by caring for its assets, improving its appearance and delivering services to its people in a financially, socially and environmentally responsible manner.

Values

- › Sustainability – equity, preservation, justice and precaution
- › Community service – efficiency, effectiveness and responsiveness
- › Open government – transparency and accountability
- › Ethical conduct – honesty and integrity
- › Justice – fairness and equity
- › Quality – innovation and excellence
- › Teamwork – cooperation and respect



YEAR IN REVIEW



PARKS & LEISURE
AUSTRALIA

2018

Park of the Year Award

Awarded to

COAL LOADER PLATFORM

North Sydney Council

MAYOR'S MESSAGE



I am pleased to present North Sydney Council's Annual Report for 2018/19.

We're only past the first year in our three-year Delivery Program but we've already made great progress towards achieving our goals.

We know the community loves our parks and open space, our village centres and our community assets like North Sydney Oval and Primrose Park Art and Craft Centre, so that's where we've been focusing our efforts.

Playgrounds at Brennan Park and McMahons Point Community Centre have been upgraded to the delight of our community. These play spaces have become more accessible, safe and dynamic for our children – a vital addition in our growing urban landscape.

Home to several local art groups and one of the few community art spaces on the lower north shore, Primrose Park Arts & Craft Centre has undergone extensive renovation. The Centre has gone from two to three levels and an accessible lift has been installed. The new layout has expanded the exhibition space and the traditional photographer's darkroom.

Council is continuing to invest in and advance the North Sydney Oval, a premier sporting facility attracting thousands of visitors to the area for both local and international sport. We've completed remedial and fire services work and upgraded the media tower facilities and point of sale technologies to ensure it continues to grow as a top-class entertainment venue. Our commitment to the Oval is a big part of the reason why women's cricket will be continuing to call the Oval their home in Sydney for the next eight years.

Our streets and roads have gone through significant reconstruction - over 61,000m² of roads, 11,100m² of footpaths, and 6.5km of kerb, pipes and gutter have been replaced. Increasing capital works in and around our village centres such as Crows Nest and Kirribilli have created vibrant and attractive destinations for residents, businesses and workers.

Council remains financially well managed as indicated by our audited financial statements. We achieved an operating surplus of \$4.7 million prior to capital grants and contributions while providing a high standard of services across the board. We also met or bettered a range of industry benchmarks for financial and management performance indicators.

For these achievements, I thank the staff for their dedication and hard work during the year. It is a great honour to present this Annual Report on behalf of my fellow councillors and staff. I trust that it will provide you with a better understanding and appreciation of the breadth and quality of services provided by North Sydney Council.

A handwritten signature in black ink that reads "Jilly Gibson". The signature is written in a cursive, flowing style.

Cr Jilly Gibson
Mayor of North Sydney

GENERAL MANAGER'S REPORT



I am pleased to present the 2018/19 Annual Report for North Sydney Council. This report summarises how Council performed in delivering its strategic priorities as outlined in the *Community Strategic Plan 2018-2028* and the *Operational Plan* for 2018/19. It also includes the Audited Financial Statements detailing Council's financial position and how Council performed against financial sustainability indicators set by the State Government.

Council exceeded the benchmark for all six financial performance ratios and one of the three infrastructure management performance ratios. We fell just short of the asset maintenance ratio target for 2018/19. Detailed asset condition audits over the past three years have significantly improved the recognition of the extensive infrastructure Council is responsible for and provided a greater understanding of the condition of this infrastructure. This has led to Council's infrastructure backlog ratio (6 – 12% being greater than the benchmark of 2%). In 2019, IPART partially approved North Sydney Council's Special Rate Variation (SRV) application that was largely driven by the need to increase revenue to maintain service levels and increase the allocation of funds to infrastructure renewal.

This report also details the key highlights and achievements for Year 1 of the *Delivery Program 2018/19- 2020/21*. This year has been about setting the foundation to deliver several key service improvements and infrastructure during the remaining years of the Delivery Program. These include the designs for the North Sydney Olympic Pool redevelopment which will now progress to DA stage, and the Ward Street Masterplan which will enable Council to deliver new open space and community facilities in the coming years.

In 2018/19 Council spent \$28.84 million on capital works on a wide range of infrastructure. We're already seeing results from our investment in North Sydney Oval. Cricket Australia has now committed to making the Oval the Sydney home of the State and National Women's cricket team. This is good news for our community, women's sport, North Sydney Oval's financial sustainability, cricket fans and the local economy.

Financially speaking, Council achieved an operating surplus of \$4.7 million prior to capital grants and contributions as at 30 June 2019. Commitments to capital works already in progress equates to \$1.6 million, which leaves us with a surplus of \$3.1 million to invest in other capital projects. This is a sound financial result.

I'd like to thank the Councillors, staff and volunteers for their dedication and hard work. I would also like to acknowledge the residents, ratepayers and businesses who continue to engage with Council to achieve good community outcomes.

A handwritten signature in black ink, which appears to read 'Ken Gouldthorp'. The signature is fluid and cursive.

Ken Gouldthorp
General Manager

FINANCIAL SUMMARY

This section provides you with a more detailed overview of the 2018/19 *Financial Statements* (see page 91). The Statements have been prepared in accordance with the Australian Accounting Standards and the NSW Local Government Code of Accounting Practice and Financial Reporting. The Statements were independently audited by the Audit Office of NSW and lodged with the Office of Local Government as required by s417(5) of the Local Government Act (NSW) 1993.

Highlights

- › Council recorded a surplus net operating result before grants and contributions provided for capital purposes of \$47 million
- › Overall income increased by 10% to \$135.37 million
- › Total expenditure increased by \$7 million to \$114.85 million
- › Capital expenditure in the year was \$28.84 million (including plant replacement)
- › Total assets increased by 2% to \$1.2 billion
- › Total liabilities decreased by 5% to \$48.6 million
- › Council's financial strength, indicated by net assets (what we own less what we owe), has increased by \$193 million to \$1.19 billion.

The strong financial position reflects sound financial management and Council's commitment to financial sustainability. It also strengthens Council's financial capacity to deliver on the outcomes and strategies of the *North Sydney Community Strategic Plan*.

2018/19 Financial Results Overview (\$,000)

The following table presents a summary of financial results for 2018/19. For more detailed information, refer to the full Financial Statements (also available from Council's website).

Financial Results (\$,000)	2018/19
Total Income	135,364
Total Expenses	114,856
Net Operating Result	20,508
Operating Result before Capital Income	4,735
Total Assets	1,213,242
Total Liabilities	48,590
Net Assets	1,164,652
Total Cash and Investments	87,228

Council achieved a net operating surplus (total operating result) of \$20.5 million, compared to a surplus of \$7.3 million forecast in the Original Budget and a revised budget surplus of \$9.2 million forecast in the March Quarterly Budget Review. Before grants and contributions provided for capital purposes the surplus was \$47 million, compared to a surplus of \$2.4 million forecast in the Original Budget and a revised budget surplus of \$69,000 forecast in the March Quarterly Budget Review. This amounts to 4% of non-capital revenues and indicates that Council's recurrent revenues and expenditures remain slightly in surplus.

Net Operating Result (\$m)

North Sydney Council has achieved a net operating surplus in each of the last five years.

Net Operating Result (\$m)	2014/15	2015/16	2016/17	2017/18	2018/19
Operating Result before Capital Income	703	1386	698	717	474
Net Operating Result	22.58	61.56	25.46	15.80	20.51

Income:

Council's total income for 2018/19 was \$135.4 million, an increase of \$12.2 million year on year. The key driver was an increase in capital grants and contributions of \$714 million compared to 2017/18.

Income Source (\$m)	2014/15	2015/16	2016/17	2017/18	2018/19
Gains Asset Disposal	0.08	0.03	0.00	0.00	0.00
Interest and Investment	4.61	3.97	3.56	2.65	2.41
Operating Grants & Contributions	4.66	6.12	6.69	4.30	5.55
Capital Grants & Contributions	15.54	47.70	18.48	8.63	15.77
Other Income	20.18	28.51	23.50	17.84	19.11
Fees and Charges	24.81	25.47	29.81	33.21	33.69
Rates and Annual Charges	46.34	49.00	51.48	56.50	58.83
Total	116.22	160.80	133.52	123.13	135.37

Rates & Charges were the highest income source, followed by Fees & Charges, Other Income and Grants & Contributions. Combining operating and capital grants, the four categories accounted for 98% of total income.



Expenses:

Council's total expenditure for 2018/19 was \$114.9 million. Total expenditure increased by \$7.6 million year on year. Loss on asset disposal and depreciation were the key drivers of the reduction.

The top three contributors to expenses in 2018/19 were employee benefits, materials and contracts, and depreciation and amortisation.

Expenses (\$m)	2014/15	2015/16	2016/17	2017/18	2018/19
Employee Benefits	3876	4055	4137	4101	4499
Borrowing Costs	000	028	030	030	037
Materials & Contracts	3089	3442	3416	3673	3680
Depreciation & Amortisation	1568	1554	1869	1913	2211
Other Expenses	831	845	834	947	911
Loss Asset Disposal	000	000	520	069	148
Total	9364	9924	10806	10733	11486

Statement of Cash Flows

This shows Council's cash inflows and outflows, our ability to pay our bills and ensure we have funds available for infrastructure maintenance. Our year ending cash and investments balance was \$87.2 million, \$8.2 million more than 2017/18. This increase was mainly due to the receipt of developer contributions which will be spent in future years.

Cash Balance (\$'000)	2017/18	2018/19
Cash and Cash Equivalents	5,908	14,083
Investments	63,081	73,145
Total Cash, Cash Equivalents and Investments	68,989	87,228

Timely Creditor Payments

During the year we paid 100% of our creditors on time. Council's payment term is 30 days, unless contracts state otherwise.

Key Financial Ratios

Council met or bettered the industry benchmark for all six of the financial performance indicators and one of the three infrastructure asset management performance indicators.

More detail on the asset breakdown is available in *Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2019* in the 2018/19 Financial Statements (see page 91).

Financial performance ratios	Benchmark	2018/19	2017/18	2016/17	2015/16
Operating Performance Ratio	>0%	334%	708%	592%	146%
Own Source Operating Revenue Ratio	>60%	83.83%	89.35%	80.31%	63.67%
Unrestricted Current Ratio	>1.5x	3.45x	2.20x	3.51x	3.30x
Debt Service Cover Ratio	>2x	2762	9117x	8431x	6239x
Rates & Annual Charges Outstanding	<5%	206%	129%	113%	105%
Cash Expenses Cover Ratio	>3mths	874	669	780	800

Infrastructure management performance ratios	Benchmark	2018/19	2017/18	2016/17	2015/16
Building & Infrastructure Renewal Ratio	>=100	121.48%	199.63%	233.52%	322.62%
Infrastructure Backlog Ratio	<2%	6.12%	6.77%	0%	0%
Asset Maintenance Ratio	>100%	95.35%	107.92%	99.53%	106.80%

Operating Performance Ratio: This ratio measures revenue raised and its coverage of operational expenses. A positive ratio indicates operating revenue covers operating expenditure and will help to fund proposed capital expenditure. This has been the case for the last four years. Operating expenditure was entirely funded from operating income, this is a positive result.

Own Source Operating Revenue Ratio: This ratio measures Council's reliance on external funding sources such as grants and contributions. At 83.83%, Council's result was above the industry benchmark of 60%.

Unrestricted Current Ratio: This measure of the adequacy of working capital and the degree to which unrestricted current assets can satisfy the organisation's short-term commitments. As at 30 June 2019, Council's unrestricted current ratio was 3.45 times, above the industry benchmark of 1.5 times. For each \$1 owed, Council had \$3.45 to cover liabilities. Council has liquid assets that can meet short term liabilities as they fall due.

Debt Service Ratio: This ratio measures the availability of operating cash to service Council's borrowings. Excluding capital grants and contributions and non-cash items from the operating result, the net operating surplus was sufficient to cover annual interest payments 27.62 times.

Rate & Annual Charges Outstanding: This ratio assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts. The result at 2.06% is well within the benchmark of 5%.

Cash Expenses Cover Ratio: This ratio indicates the number of months a Council can cover immediate expenses without additional cash inflow. In 2018/19 it exceeded the benchmark of >3 months in 2018/19.

Buildings & Infrastructure Renewal Ratio: This ratio shows whether assets are being renewed at the rate at which they are depreciating. This ratio exceeded the benchmark, a reflection of Council's commitment to allocation of funds to renewal of infrastructure.

Infrastructure Backlog Ratio: This ratio shows the asset renewal backlog as a proportion of the total value of Council's infrastructure. Asset condition audits conducted revealed that the condition of some assets was worse than previously known. This is well above the benchmark of 2%.

Asset Maintenance Ratio: This ratio compares actual versus required annual asset maintenance. The ratio fell just short of the benchmark for 2018/19. Nevertheless it has been at or about the benchmark every year since 2013/14, indicating that Council has been allocating significant funds to asset management.

Asset Management

Assets:

As at 30 June 2019, net assets totalled \$1.16 billion. 99% of Council's total assets are comprised of the below three elements:

- › Cash and investments of \$87.2 million
- › Infrastructure, property plant and equipment valued at \$1.02 billion
- › Investment properties were valued at \$95.5 million

As at 30 June 2019, the estimated cost to bring infrastructure assets to a satisfactory standard was \$42 million, based on fully renewing all assets assessed as being in very poor condition (Category 5). This resulted in an Infrastructure Backlog Ratio of 6.12%, which is above the industry benchmark of 2%.

If infrastructure assets currently in poor or very poor condition (Category 4 and 5) were included, \$104 million of funding, 15.1% would be the Infrastructure Backlog Ratio required to bring them to a satisfactory standard.

In 2019, IPART partially approved Council's Special Rate Variation (SRV) application that was largely driven by the need to increase revenue to maintain service levels and increase the allocation of funds to infrastructure renewal. The SRV commences 1 July 2019.

Total assets (\$m)	2014/15	2015/16	2016/17	2017/18	2018/19
Cash and Cash Equivalents	8,607	5,521	6,172	5,908	14,083
Investments	94,534	95,434	74,606	63,081	73,145
Receivables	5,829	6,840	10,223	8,684	6,417
Inventories	43	43	46	58	57
Prepaid Expenses	228	226	273	282	244
Infrastructure, Property, Plant and Equipment	701,806	855,871	892,742	1,013,603	1,019,274
Investment in Shorelink Library Network	56	34	33	13	10
Investment Property	79,570	92,390	97,623	97,740	95,512
Total Assets	890,673	1,056,359	1,081,718	1,189,369	1,213,242

Liabilities:

Council's liabilities include debt, amounts owed to suppliers and amounts owed to employees for leave entitlements. Our total liabilities at 30 June 2019 were \$48.6 million, an increase of \$2.3 million (5%).

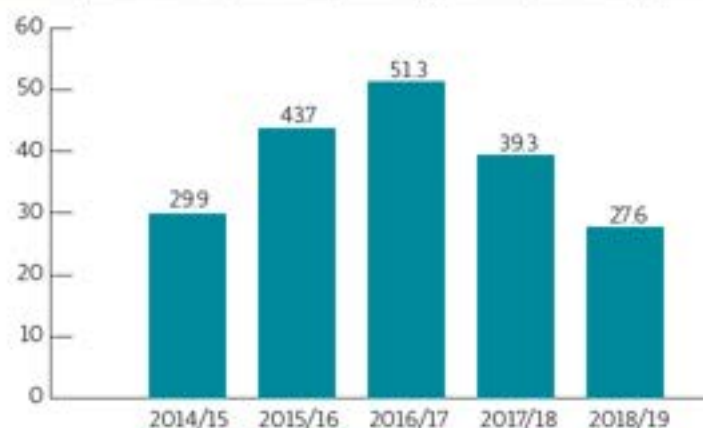
Net assets (\$m)	2014/15	2015/16	2016/17	2017/18	2018/19
Payables	18,802	25,290	20,309	20,697	20,767
Borrowings	172	9,720	9,500	9,500	8,911
Provisions	14,788	16,139	16,038	14,851	16,299
Income received in advance			1,844	1,233	2,613
Total Liabilities	33,762	51,149	47,691	46,281	48,590

Capital Works Expenditure

Council has an extensive capital works program to renew, upgrade and provide new assets. Council spent \$27.6 million on capital works in 2018/19 (excluding plant replacement) compared to \$39 million in 2017/18. Among the most significant works were:

- › North Sydney CBD public domain improvements - \$4.7 million; and
- › North Sydney Oval improvements - \$2.1 million.

Capital Works Expenditure (excluding plant replacement) \$m



Key Works per Asset Class

Council's Capital Works Program is implemented in accordance with the budgeted program outlined in the Delivery Program (Appendix 2). Key capital works projects are summarised below.

Footpaths

28 footpath reconstruction projects were completed. 11,152m² of footpath was replaced across the LGA.

Completed projects include:

- › East Crescent St stairs
- › Undercliffe St, Green Park
- › Civic Park, High St
- › Matthew St
- › Myrtle St
- › Sophia St
- › Union St
- › McDougall St stairs
- › Gerard St, Bayview St
- › King George St
- › Middlemiss St
- › Rocklands Rd
- › Tucker St
- › Pacific Hwy Crows Nest
- › Stannards Place, River Ln
- › Cammeray Ave, Chandos St
- › McPherson St
- › Miller St
- › Ross St
- › Tunks St

Kerb & Gutter Reconstruction

35 kerb and gutter reconstruction projects were completed. 5.8km total kerb and gutter was replaced.

Completed projects include:

- › Elamang Ave,
- › Short St
- › River Ln
- › Civic Park
- › Lithgow St
- › Miller St
- › Prior Ave
- › Tunks Ave
- › Winter Ave
- › Folly Point
- › Harriot Ln
- › Undercliffe St
- › High St
- › McKye St
- › Morton St
- › Ross St
- › West St
- › Yeo Ln
- › McDougall St
- › Nook Ave
- › Bay Rd
- › King St
- › Middlemiss St
- › Palmer St
- › Sophia St
- › Wheatleigh St

Drainage

20 drainage projects were completed. 1.2km total old pipes were replaced. A total of 1,284 linear m (1.2Km) of new pipes have been replaced or re-lined over the financial year.

Completed projects include:

Replaced Pipes:

- › 100 Miller St
- › Alfred St North
- › Atchison and Oxley Sts
- › Carlyle St
- › Harriot Ln
- › Ingram Ln
- › Nook Ave
- › Reynolds St

Relining works:

- › River Ln
- › Short St
- › Undercliffe St
- › Warwick Ave
- › Wulwora Ave

Roads

85 road projects were completed. 61,360m² total road was replaced. Completed projects include:

Crows Nest

- › Chandos St/Brook St
- › Alexander St to Jenkins Ln
- › Gerard St
- › Albany St
- › Oxley St to Alexander St
- › Alexander Ln
- › Donnelly Rd to Chandos St
- › Wheatleigh St

Cremorne

- › Waters Rd to Winnie St
- › Murdoch St
- › Bannerman St to Rangers Rd

Cammeray

- › Abbott St
- › Vale St to Cambridge St
- › Chandos Ln to Atchison St
- › Bellevue St to Arkland St
- › High St

Kirribilli

- › Kirribilli Ave – Waruda St
- › Carter St,
- › High St
- › Hipwood St to Broughton St
- › Short St
- › Burton St to Crescent Pl
- › King St

Neutral Bay

- › Anderson St
- › Barry Ln
- › Yeo St to end
- › Beulah St, Kirribilli

North Sydney

- › Humphrey Pl
- › Lord St
- › Winter Ave

Waverton

- › Whatmore St to McKye St
- › McDougall St

Retaining Walls

19 retaining walls were reconstructed or repaired. Key projects include:

- › Kurraba Reserve
- › Blues Point Rd
- › Elamang Ave
- › Milson Rd
- › St Peters Park
- › Weringa Ave
- › Lithgow St
- › Carr St
- › King George/Waiwera
- › Newlands Ln
- › Stannards Ln
- › Wharf Rd
- › Emmett Ln
- › Cowdroy Ave
- › McDougall St
- › Paraween St
- › Vernon St

Seawalls

A key focus was furthering Council's partnership with the Sydney Institute of Marine Science (SIMS) and Macquarie University for the 'Living Seawalls' program rollout. This included the installation of habitat tiles within the intertidal zone in a mosaic fashion spanning 10m at Sawmillers reserve and Milsons Point. This Project has attracted positive attention through the media and through marine research and development circles.

This concrete tiled prototype was designed to encourage marine biodiversity and improve water quality. These installations were installed in the sea wall at Milsons Point in June 2019 and already have had very promising results in this short period of time. Over 50 species have been observed amongst the tiles positioned in Milsons Point. The project is in collaboration with Volvo and the Sydney Institute of Marine Science Reef Design Lab.

Cycle Paths and Active Transport

Council continues working on several major cycling projects that will help to make cycling a safe, enjoyable and convenient "everyday" transport option for people of all ages and cycling abilities.

The guiding document for these projects is the *North Sydney Integrated Cycling Strategy* adopted by Council in 2014. The Strategy identified 5 Priority Routes which Council is now implementing.

- › Sydney Harbour Bridge to Cammeray: 100% in concept design development
- › Sydney Harbour Bridge to Neutral Bay: 80% complete (Jan 2019)
- › North Sydney to Mosman: 20% complete (2018), 60% design complete, 20% to be designed
- › Cammeray to Crows Nest: 50% complete (2019). Further design (2020)
- › North Sydney to Cremorne: 20% complete (2018), 80% in concept design development.

OUR COMMUNITY



KEY DEMOGRAPHICS

Below is a summary of key demographics for the North Sydney Local Government Area (LGA):

The ABS estimated resident population at 30 June 2018 was **74,172** people - an increase of **1,060** from the previous year.

The population is expected to increase to **84,422** people by 2036, **+11.16%**.

(This forecast is derived using Council records of current and planned residential development.)

MEDIAN AGE

37 ⁽¹⁾



Greater Sydney 36%

COUPLES WITH CHILDREN

18% ^(2.6%)



Greater Sydney 35%



6% ^(1.1%)

Greater Sydney 8%

OLDER COUPLES WITHOUT CHILDREN

LONE PERSON HOUSEHOLDS

32% ^(-1.7%)



Greater Sydney 37%



89% ^(2.7%)

Greater Sydney 44%

MEDIUM AND HIGH DENSITY HOUSING

HOUSEHOLDS RENTING

47% ^(1%)



Greater Sydney 33%

OVERSEAS BORN

38% ^(1.4%)



Greater Sydney 37%



22% ^(2.6%)

Greater Sydney 36%

LANGUAGE AT HOME OTHER THAN ENGLISH

UNIVERSITY EDUCATION

54% ^(4.6%)



Greater Sydney 28%

UNEMPLOYMENT RATE



3.7% ^(0%)

Greater Sydney 6.0%

PARTICIPATION RATE

71% ^(0.2%)

Greater Sydney 36%



PUBLIC TRANSPORT (to work)

40% ^(3.3%)

Greater Sydney 23%



1108

Greater Sydney 1018

SEIFA INDEX OF DISADVANTAGE 2016



HOMELESS PERSONS ESTIMATED 2016*

411

(Source: ABS, 2049.0, Estimating Homelessness, 2016)

(Source ABS 2016 Census of Population & Housing & The population experts, Nov 2017)

Key: Metric

North Sydney Data Point (% v 2011 census)

Greater Sydney %

NORTH SYDNEY PROFILE

Location and Boundaries

The North Sydney Council area is in Sydney's inner northern suburbs, about 3 kilometres from the Sydney GPO. The LGA includes the suburbs of Cammeray, Cremorne, Cremorne Point, Crows Nest, Kirribilli, Kurraba Point, Lavender Bay, McMahon's Point, Milsons Point, Neutral Bay, North Sydney, St Leonards (part), Waverton and Wollstonecraft. It is bounded by Willoughby LGA in the north, the Mosman LGA in the east, Port Jackson in the south and the Lane Cove LGA in the west.



Key Features and History

The municipality of North Sydney was formed on 29 July 1890.

North Sydney incorporates the area north of the Sydney CBD, which was named by Captain Arthur Phillip after Viscount Sydney, Thomas Townsend, who was British Home Secretary at the time. The original inhabitants were the Guringai Tribe and Cammeraygal Clan.

The North Sydney area is now predominantly residential, with substantial commercial areas. Major features include the North Sydney CBD, HMAS Waterhen, Admiralty House, Kirribilli House, May Gibbs' Nutcote Cottage, Luna Park, North Sydney Olympic Pool, North Sydney Oval, TAFE NSW Northern Sydney Institute (St Leonards Campus), Australian Catholic University (MacKillop Campus), Mater Hospital and the Sydney Harbour Bridge.

In 2016, 37.8% of the population was born overseas; 22.8% were from a non-English speaking background. The most common countries of birth are England 7.6%, New Zealand 3% and China 2.9%. The North Sydney population is expected to increase by 13.34% by 2036.

The median age is currently 37, with the majority of the population falling into the young workforce, 25- 34 age group.

The largest expected increase in persons between 2011 and 2036 is in the ages 75 to 79 category, which is expected to increase by 1,361, accounting for 3.4% of the total population.

The population is well educated versus greater Sydney with 54% holding university qualifications.

Most households in North Sydney are family households. There is a high proportion of lone person households and couples without children. 15% of households are made up of couples with children, compared with 35% in Greater Sydney. There is a low proportion of couple families with child(ren) and one-parent families.

In 2016 the North Sydney population was living in 36,785 dwellings. There are 3,764 (10.2%) separate houses in North Sydney, 9,196 (25%) medium density dwellings, and 23,629 (64.2%) high density dwellings. Dwelling density is higher in North Sydney than in other parts of Sydney with 86.5% residing in medium or high-density dwellings, compared to 40% in Greater Sydney.

It is expected the number of dwellings in North Sydney will grow from 37,260 in 2016 to 41,642 in 2026.

The largest increase in household type between 2016 and 2026 is forecasted to be in 'lone person households'.

For more information about North Sydney's demographic characteristics, refer to the community profile at <https://profile.id.com.au/north-sydney>



KEY CHALLENGES AND OPPORTUNITIES

There are considerable trends, challenges and opportunities that have the potential to impact North Sydney's strategic direction and as such should be considered as part of forward planning.

Through the engagement process to prepare the Community Strategic Plan, the following trends, challenges and opportunities were identified:

Growing and Changing Population

North Sydney's population is expected to increase to over 84,000 people by 2036. The number of people aged over 65 will represent 17% of the population by 2036. It is forecast that the most populous age group will be 30-34 year olds. Proportionally more households are likely to be made of single people or couples without children.

The major driver of population change in the North Sydney LGA is the continued attractiveness of the area for young, transient adults seeking inner city accommodation close to employment and entertainment. Also, the addition of large numbers of new dwellings, particularly in St Leonards, will result in population growth in the local government area. Our challenge is to meet the increasing pressure of a growing and changing population and offer appropriately targeted support services to ensure that we adjust to the community's needs.

Greater Pressure on Natural Resources

There are many natural and human challenges that confront North Sydney and the region including increasing pressure from population growth, the increasing demand for resources and diminishing capacity to send waste to landfill sites and potential impact of changes to our climate.

Our challenge is to collaborate with all our partners to address the way we use resources especially water and energy and the predicted long term effects of climate change such as extreme heat and longer droughts, as well as increased risks of extreme storms and floods.

Ageing Infrastructure

Most of the infrastructure in North Sydney was built in the early to mid twentieth century. Many types of infrastructure, including roads, footpaths, drains and public buildings, are therefore coming to the end of their useful life and will soon need to be renewed or replaced.

The expected population growth means that the extent of infrastructure available in the LGA will need to be increased. There is also a need to match community expectations and needs, current and future, with what our resources, existing and future, can realistically sustain.

Our challenge is to share the planning for critical infrastructure with various state government agencies and private developers. This will ensure that Council can continue to meet the needs of existing residents and maintain and upgrade existing infrastructure.

Moving in and around North Sydney

Compared to many parts of Sydney, North Sydney is well serviced by public transport. Nevertheless due to North Sydney's position within metropolitan Sydney's transport network, there are still many private motor vehicles travelling within and through North Sydney, leading to traffic congestion and impacting on pedestrian accessibility and amenity. There is also a high demand for on-street parking particularly within the commercial centres.

Our challenge is to advocate for improved roads and public transport provision, encourage greater use of public transport and walking or cycling as alternatives to car use and balance the demand and supply for parking; and take advantage and maximize benefit of the Metro.

Remaining Competitive and Creating a Stronger Economy

The North Sydney economy is increasingly part of the global economy. There are over 15,000 businesses operating and around 60,000 people working in North Sydney. Employment capacity targets of between 76,000 and 81,500 jobs by 2036 have been set for North Sydney as a major employment centre.

North Sydney offers surrounding high amenity residential and mixed use precincts that, along with the commercial core, provide specialist services and experiences. North Sydney CBD is a thriving office market but the competitiveness of North Sydney has declined. Macquarie Park has replaced the North Sydney CBD as the second largest office market in metropolitan Sydney. North Sydney CBD will continue to benefit from higher proportions of jobs in professional, scientific and technical services, financial and insurance services, and information media and telecommunications.

North Sydney needs a to shift more towards an economy based on knowledge and innovation. The North Sydney CBD is well served by public transport.

Intensification of health and education facilities will occur at St Leonards which has evolved as a health and education precinct. The importance of the precinct as a key employment centre in Greater Sydney combined with the new Metro station proposed at Crows Nest, presents an opportunity for renewal and activation.

Our challenge is to plan for sufficient infrastructure for business, reinvigorate North Sydney CBD, and utilise all the opportunities that the education, medical, telecommunications and multimedia clusters can bring, so that North Sydney remains competitive and nationally significant.

Healthy, Safe and Connected Communities

Living within connected and safe communities and pursuing a healthier lifestyle is increasingly more important to us. Our challenge is to deliver services directly or collaborate with other government and community agencies to facilitate their delivery.

Housing that is Affordable and Diverse

The affordability of local housing continues to place strain on households within North Sydney. Over time declining affordability will continue to prevent low and moderate income earners from entering the property market. This may force our younger population to move to more affordable areas, which could contribute to the ageing demographic of North Sydney.

The numbers of all types of households - parents with children, couples without children, single people and others will grow, suggesting that North Sydney will need to provide diverse housing options. Because North Sydney's population is ageing, North Sydney will also need to become more age friendly.

A growing number of young couples and families preferred to remain in apartments rather than into houses in suburbs that are becoming less accessible and affordable, increasing numbers of families from other cultures have a preference to reside in smaller residences closer to the city, shopping, schools and transport where they are less reliant on private motor vehicles and younger professionals are also attracted to North Sydney for similar reasons.

Our challenge is to offer a range of affordable and diverse choice in housing, through strategic forecasting and planning, that meets the changing needs and demands of our growing community.



Growing Demand for Sport, Recreation and Open Space

An increasing population means that the demand for open space and sporting and recreation facilities grows. Our challenge is to plan and manage the demand for active and passive recreation and leisure opportunities from our community and visitors with the limited land available.

Greater Collaboration between all Stakeholders

Local government operates under a range of legislation which determines the functions Council undertakes on the community's behalf. Many of the aspirations within the Community Strategic Plan are beyond the scope of this legislation and are therefore beyond the direct influence of Council.

Our challenge is to partner and collaborate with other organisations, stakeholders and tiers of government to achieve the outcomes we have worked together to identify.

Growing Community Expectations and Remaining Financially Sustainable

Traditionally, councils focused their activities on collecting rubbish, maintaining roads and collecting rates to pay for these services. While recent Customer Satisfaction Surveys have shown that these and other traditional services, such as street cleaning, park maintenance and development assessment remain important, the list of services which the community believes are important for Council to provide has grown considerably. Council now provides childcare; runs events; provides a library and aquatic and sporting facilities.

North Sydney, like most Australian local government authorities, continues to face a shortage of funds with the largest single demand on Council's resources being the renewal and maintenance of infrastructure. It follows that there is little in the way of discretionary resources that can be used for constructing new assets or expanding non-core services.

Council's challenge is to have an ongoing dialogue with the community to manage expectations, balance service delivery with affordable charges and optimise efficient service delivery.



AUSTRALIA DAY COMMUNITY AWARDS

Council calls for nominations for Australia Day Community Awards for a number of categories and a ceremony to present these awards is held with the community on Australia Day annually. In 2018, the award winners were:

Citizen of the Year: was Laura Tilsed, the long serving secretary of the Holtermann Precinct Committee. Laura is dedicated to serving and representing her local community. She is passionate in pushing for positive outcomes for her neighbourhood and the broader North Sydney community.

Joint Community Group of the Year: Phoenix House Youth Services. Presented to Edmund D'Cruz, the Chief Executive Officer of Phoenix House Youth Services, which provides high quality early intervention and

support to young people experiencing life challenges. Services provided by Phoenix House include case management, counselling, wellbeing and self-care programs as well as organising work experience placements. Every year Phoenix House provides a vital helping hand and support for more than 300 young people in North Sydney.

Young Citizen of The Year: Sophia Skarparis, a Monte Saint Angelo Mercy College student who collected more than 12,000 signatures for her petition to ban single-use plastic bags in NSW. The petition was then tabled in the NSW parliament. Sophia's petition helped generate awareness of the negative environmental impact of single-use plastic.





NORTH SYDNEY
COUNCIL CHAMBERS

200

OUR COUNCIL

OUR COUNCILLORS

Mayor of North Sydney Council



Mayor Jilly Gibson

Tunks Ward



Cr Tony Carr



Deputy Mayor
Cr Stephen Barbour



Cr Dr Alanya Drummond

Victoria Ward



Cr Kathy Brodie



Cr Jessica Keen



Cr MaryAnn Beregi

Wollstonecraft Ward



Cr Zoë Baker



Cr Ian Mutton



Cr Samuel Gunning

The Role of Council

Council operates under the *Local Government Act 1993* (LG Act). The Council is responsible for providing leadership, monitoring the performance of Council, overseeing the allocation of the Council's resources and determining policies of Council.

Electoral Representation

Council elections were held in September 2017. Mayor Jilly Gibson was reinstated until 2020/21. The next election is set for 12 September 2020.

The elected Council comprises the Mayor and 10 councillors who are elected by the residents and ratepayers of the North Sydney LGA.

Local government elections to elect councillors and directly elect a mayor are held every four years. From September 2017 the elected Council has comprised 10 Councillors (including the popularly elected Mayor) across three wards.

The Mayor presides at meetings of the Council, carries out the civic and ceremonial functions of the civic office, exercises the policy making functions of the governing body of the Council between its meetings and any other functions that the Council determines.

The Mayor and Councillors employ and delegate the management and delivery of Council services to the General Manager. The responsibilities of councillors, and the additional responsibilities of the Mayor, are defined under the LG Act.

Mayor and Councillor Allowances, Fees and Expenses

Councillors are entitled to reimbursement for reasonable business expenses when attending conferences, seminars, meetings or functions. Approval to attend conferences and seminars is granted through resolution of the Council. Councillors are entitled to receive facilities such as a computer and printer/fax for Council business purposes, stationery and refreshments at Council and Committee meetings.

Councillors also receive an annual allowance set by the Local Government Remuneration Tribunal. This allowance is paid in recognition of the demands placed on councillors in carrying out their civic duties. Council is categorised as 'metropolitan small'. This determination was made in April 2018. This is based on population growth, operating revenue, services to greater Sydney and industrial, residential and commercial centres. Councillor allowances are paid in accordance with the categorisation.

The Mayor is entitled to receive a Mayoral allowance, and reimbursement of reasonable expenses incurred when attending functions or performing duties in the role of the Mayor. Approval to attend conferences must be through resolution of Council. The Mayor is issued with a mobile phone and has access to a vehicle for Council business purposes only.

The allowances and fees paid in 2018/19 were:

Allowance and Fees	Amount (\$)
Mayor allowance	43,000
Councillors' fees and allowances	198,000
Total	241,000

Council's *Mayor and Councillor Facilities and Benefits Policy*, provides for the following benefits:

Councillor Expenses	Amount (\$)
Conferences and Seminars	6,000
Mobile Phones	4,000
Training	3,000
Sundries	1,000
Sustenance - Councillors	4,000
Travelling - Taxis/Couriers/Tolls/Public transport	2,000
Total	20,000

Councillor Training and Attendance - LG Act s232

Participation of Councillors and the Mayor in ongoing professional development is outlined below.

Councillor	Councillor Training/Development Activities Attended
Mayor Gibson	LGNSW Conference Oct 2018
Cr Drummond	Governance Essentials for Local Government
Cr Barbour	LGNSW Mayors' Weekend
Cr Brodie	LGNSW Conference Oct 2018
Cr Beregi	LGNSW Conference Oct 2018
Cr Keen	Governance Essentials for Local Government

Councillors' Meeting Attendance

This table details Councillor attendance at Council and Committee Meetings; briefings and workshops.

	Council Meetings	Governance & Finance Committee	Legal & Planning Committee	Briefing Workshops
Total Meetings	15	5	4	24
Mayor Gibson	15	4	4	24
Cr Baker	10	4	2	8
Cr Barbour	15	1	0	8
Cr Beregi	10	1	0	2
Cr Brodie	15	5	3	22
Cr Carr	10	2	2	4
Cr Drummond	14	4	2	20
Cr Gunning	7	0	0	0
Cr Keen	14	3	4	24
Cr Mutton	13	3	2	16

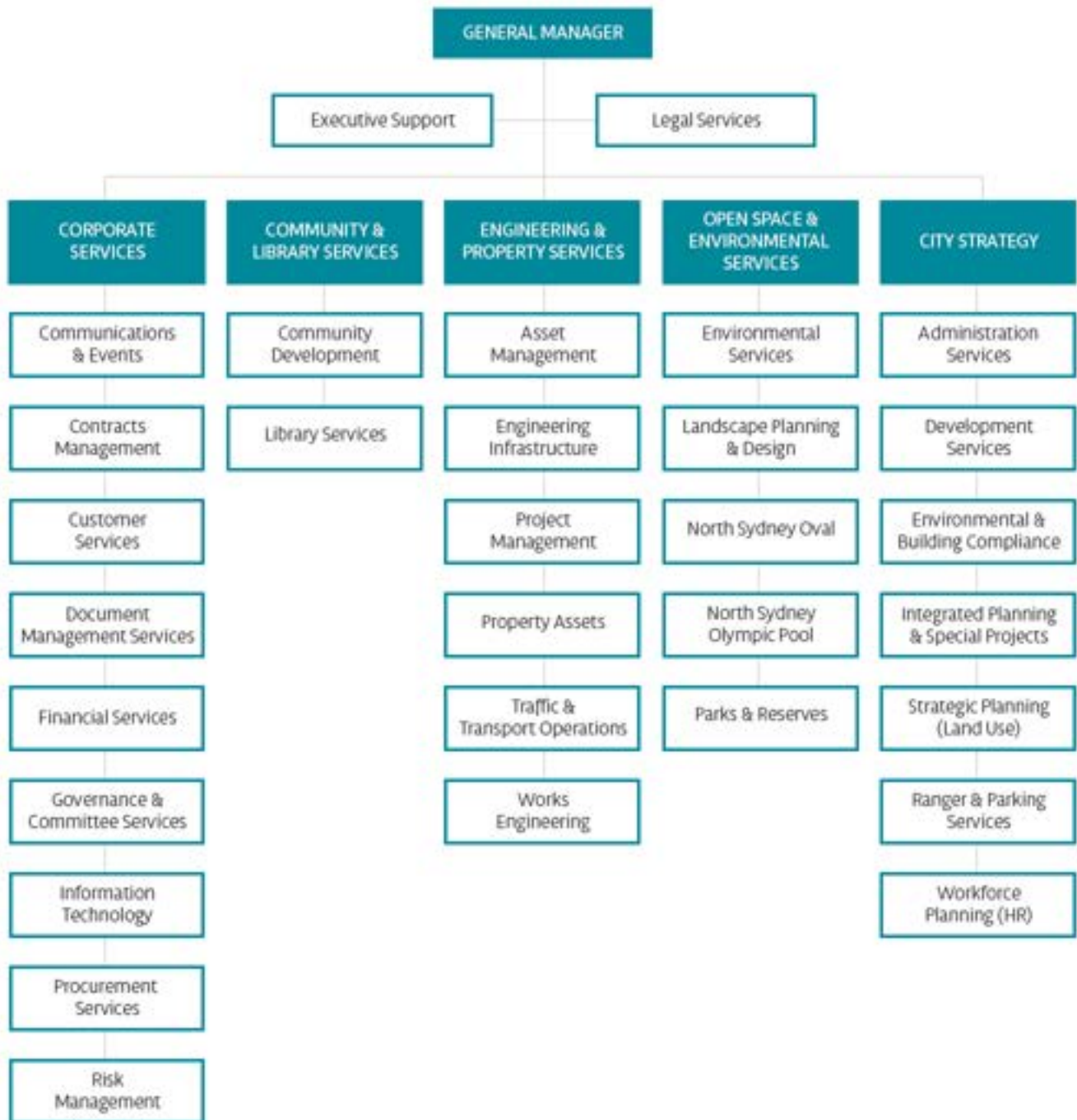


OUR ORGANISATION



ORGANISATION STRUCTURE

Organisation structure as at 30 June 2019



OUR WORKFORCE

Our Staff

Council is committed to recruiting, developing and maintaining its staff. Planning for the needs of our current workforce and those of the future is a major focus for Human Resources. Council's *Workforce Management Strategy* outlines this commitment.

The aim of the strategy is to ensure we retain our staff, hold a strong position within the employment market and remain an employer of choice.

Remuneration - Reg cl 21 7(1)(b) (i),(ii),(iii),(iv),(v)

The management executive ensures the remuneration review process remains transparent and equitable, and that managers are engaged in the process.

Council's performance review program focuses on individual and team performance that can be directly linked to the *Community Strategic Plan* strategic priorities, together with department and personal performance objectives.

The total remuneration including superannuation and non-cash benefits paid to senior staff in 2018/19 was:

Staff	Total Remuneration including all benefits (\$)
Senior Staff (Directors)	1,561,000
General Manager	407,000
Total	1,968,000

Staffing and Recruitment

Human Resource Management

Programs are in place to ensure equitable treatment of staff by recognising and rewarding superior performance, protecting health, safety and welfare and the provision of opportunities for training and development.

Council's Personal Performance Appraisal (PPA) system provides a means to appraise and improve organisational performance by linking and aligning individual, team, and organisational objectives and results. The program focusses on future development and identifies and rewards good performance and provides a means for managing underperformance.

Retaining and Attracting Employees

The number of full time equivalent (FTE) permanent staff increased slightly over the year from 378 to 399.

Total Staff FTE

2014/15	368
2015/16	398
2016/17	389
2017/18	378
2018/19	399

Note: Data excludes 'employees' defined as casuals or agency resources who meet the ad hoc needs of relevant Council business.

Staff Turnover

In 2018/19 Council retained 88% of its workforce. 51 employees terminated their employment, a staff turnover rate of 12% for the year, which is a 7% decrease from the previous year.

Permanent FTEs leaving the organisation

2014	2015	2016	2017	2018
12%	10%	16%	20%	12%

Note: Data excludes "employees" defined as casuals or agency resources who meet the ad hoc needs of relevant Council business. Includes full time, part time and casuals

Joint Consultative Committee

The Joint Consultative Committee (JCC) consists of elected staff and senior management representatives. It is coordinated by the Workforce Planning Department and meets monthly. The JCC facilitates workplace reform to enhance the efficiency and productivity of Council.

Ensuring Equity and Diversity in Employment

Council is rich in talent and diversity. This reflects our approach to recruitment, selection and promotion. Our employment record is evidence of our support for cultural diversity.

In line with Australian trends, Council has a high representation of males in senior management roles.

The number of women as a percentage of the total workforce has remained constant at 45%. The representation of women in middle management has also remained stable at 19.5%.

Women in Middle/Executive Management

2016/17	2017/18	2018/19
9 (25%)	10 (19.5%)	12 (31%)

The majority of employees are at the officer level 92%. Senior management represents 8% of the total workforce.

Employees by Category as at 30 June 2019

(*comprises General Manager and Directors)

Executive*	6
Managerial	25
Non-managerial	368

Return to Work Retention Rates after Parental Leave 30 June 2019, versus prior years

	Male	Female
2014/15	100%	100%
2015/16	100%	100%
2016/17	100%	100%
2017/18	100%	100%
2018/19	100%	100%

Council is an Equal Employment Opportunity (EEO) employer committed to providing a workplace that is free from discrimination and harassment and provides equal employment opportunities for current and prospective employees. Our success depends on attracting and retaining the best people to support our community.

In 2018/19, Council prioritised the following EEO policies:

- > *Anti-discrimination and EEO Policy*
- > *Workplace Adjustment Policy*

The EEO Policy aims to ensure all employees work in an environment that fosters mutual employee respect and where each employee has the opportunity to progress to the fullest of his or her capabilities. This enhances Council's efficiency and service delivery.

As part of our commitment to EEO, employee nominees are given the role of EEO Contact Officers, who are provided training to deal with EEO issues and to assist people who have been harassed or discriminated against.

We conduct awareness raising sessions for managers on EEO complemented by sound recruitment and selection training. We also determine whether vacant positions are suitable for redesign for part time employment or traineeships or as apprenticeships for EEO target groups.

Data collected from the EEO surveys is shown below:

EEO Profile North Sydney Council - Reg cl 217(1)(a9)

(Data is indicative, based on EEO survey data)

EEO Target Group	2015/16	2016/17	2017/18	2018/19
Women	42.5%	45.2%	44.5%	44.3%
Indigenous people	1.2%	2%	2%	1.9%
People from CALD backgrounds	13.4%	13.5%	13%	13.2%
People with disabilities	5%	1.3%	1.3%	1.2%

CORPORATE GOVERNANCE

Our Community Strategic Plan

The *North Sydney Community Strategic Plan 2018-2028* outlines the strategic directions for the North Sydney community. Council tracks progress toward achieving the overall outcomes on a quarterly basis.

Ethical Decision Making

High Standards of Conduct

North Sydney has a culture that strongly values ethical behaviour, integrity, honesty and professionalism.

On induction, all employees are given training and are required to sign the *Code of Conduct*. Refresher training and awareness sessions are provided for Council's longer serving employees.

There were no instances of suspected or actual corrupt conduct reported during 2018/19. The *Code of Conduct* is available for public inspection at Council's Customer Service Centre, Stanton Library and via the website.

New Legislation

There have been no new or amended items of legislation introduced by other levels of government that affect the structure and operations of Council over the past 12 months.

Financial Reporting

Audit, Risk and Improvement Committee (ARIC): This Committee independently reviews the objectivity and reliability of Council's financial information, and ensures Financial Statements are supported by appropriate management sign off on the adequacy of internal controls. A special meeting is also held to review The Annual Financial Statements.

Internal Audit: Council participates in the Northern Sydney Internal Audit Group with neighbouring councils.

External Audit: A private firm appointed by Council annually audits Council's Financial Statements to ensure they are true and fair and comply with applicable Accounting Standards.

Governance and Finance Committee: Deals with the administrative and policy functions of Council, including responsibilities of financial oversight.

Disclosure

Accountability and Transparency

Council regularly informs the public on our performance, expenditure of funds, and of any significant issues that occur. Council does this through our annual and quarterly reporting.

Open Access to Information

Council is committed to complying with the *Government Information (Public Access) Act 2009* (the GIPA Act). Under the GIPA Act there are four ways that information can be made available to the public. These are mandatory disclosure of 'open access information', proactive release of information, informal release of information and through a formal access application.

In accordance with the GIPA Act, the following documents are available on Council's website, unless stated otherwise and are available for inspection free of charge at Council's Customer Service Centre, during normal office hours:

- › North Sydney Community Strategic Plan 2018-2028
- › Annual Financial Statements
- › Annual Report
- › Annual reports of bodies exercising functions delegated by the local authority
- › Any codes referred to in the LG Act 1993
- › Auditor's Reports
- › Code of Meeting Practice
- › Council, Committee and Reference Group meeting agendas, reports (business papers – excluding for matters considered when part of a meeting closed to the public) and minutes
- › Council's Code of Conduct – Councillors and Staff
- › Council's Land Register – available for inspection by appointment at Council's Customer Service Centre
- › Council's policy concerning the payment of expenses, and the provisions of facilities to councillors
- › Departmental representative reports presented at a meeting of the Council in accordance with s433 of the LG Act
- › EEO Management Plan
- › Council's Delivery Program; Operational Plans and Resourcing Strategy (Long Term Financial Plan, Asset Management Strategy and Workforce Management Strategy)

- › Register of current declarations of disclosures of political donations kept in accordance with s328A of the LG Act – online link to the Election Funding Authority website
- › Register of Delegations
- › Register of graffiti removal work – available for inspection by appointment at Council's Customer Service Centre
- › Register of Investments
- › Register of voting on planning matters
- › Returns of the interest of councillors, designated persons and delegates – available for inspection by appointment at Council's Customer Service Centre
- › Schedule of Fees and Charges
- › The Model Code of Conduct for Local Councils prescribed under s440 (1) of the LG Act.

Members of the public may purchase copies of these documents.

Other information that Council has available for inspection includes:

- › Environmental Planning Instruments, Development Control Plans and Plans made under s7.11 (formerly s94) of the *Environmental Planning and Assessment Act 1979* applying to land within the LGA.
- › Local policies adopted by the Council concerning approvals and orders.
- › Plans of Management for Community Land.

Information about development applications is available as follows:

- › Development applications (within the meaning of the *Environmental Planning and Assessment Act 1979*) lodgement documentation and determination is made available online using DA tracking system on Council's website. Associated documents received in relation to a proposed development may be made available by lodgement of an informal access application.

Information not available on the Council website can be obtained by submitting an informal or formal request for the release of government information under the GIPA Act. Such requests are accepted unless there is an overriding public interest against disclosure.

Public Interest Disclosures(PID) - *PID Act 1994, s31; PID Regulation 2011, c14*

Councillors and Council staff are encouraged to report what they believe to be unethical conduct within the organisation.

Council is required under the *Public Interest Disclosures Act* to collect and report on information about public interest disclosures (PIDs).

No PIDs were made in the period 1 July 2018 to 30 June 2019.

Council has the *Internal Reporting – Public Interest Disclosures Policy* in place. This policy is available for public inspection at Council's Customer Service Centre, Stanton Library via the website.

Governance

Council is guided by the principles of integrity, accountability, transparency and community participation. Measures implemented to further strengthen the level of governance across the organisation, this year included:

- › ongoing reviews by the Internal Auditor.
- › our independently chaired Internal Audit, Risk and Improvement Committee (ARIC). The Committee provides independent assurance and assistance to Council on areas including risk management, control, legislative compliance and external accountability responsibilities.

In 2014 the State Government announced its Fit for the Future local government reform program. This program included work commenced prior by the Independent Local Government Review Panel and the Local Government Acts Review Taskforce as well as merger proposals. Council prepared submissions to the various feedback stages.

On 27 July 2017, the NSW Premier announced that the State Government would not proceed with the amalgamation of the councils under proposed mergers. This meant that North Sydney Council would not be merged with Mosman and Willoughby Councils but will continue to stand alone.

Record Keeping

Corporate documents are kept in a best practice electronic records management system.

Functions Delegated by Council to External Bodies - *Reg cl 217(1)(a6)*

Council did not delegate functions to any external bodies during 2018/19.

Controlling Interest in Companies - *Reg cl 217(1)(a7)*

Council holds a controlling interest in Nutcote Pty Ltd which is the trustee company for the Nutcote Trust.

Partnerships, Cooperatives and Joint Ventures - Reg cl 217(1)(a8)

Council was a party to the following partnerships, cooperatives and joint ventures:

Program	Description
Aboriginal Heritage Management Program	Joint Venture between Lane Cove, North Sydney, Manly, Ku-ring-gai, Pittwater, Ryde, Warringah and Willoughby councils and Department of the Environment and NSW Heritage Office to manage and preserve Aboriginal heritage sites
Joint Special Interest Group (SIG)	Joint SIG between Canada Bay, Gosford, Melton (Vic), Mosman, Newcastle, Noosa (Qld), North Sydney, Shellharbour, Tea Tree Gully (SA), Wellington (NSW), Wellington (SA) Councils and Avard and Civica to provide better integration of Civica – Authority and Advanced Data Integration – DataWorks applications in the areas of document storage and management and the control of names within the applications.
Metropolitan Public Libraries Association (NSW)	An organisation representing the concerns of sharing knowledge and bulk purchasing
Northern Sydney Regional Organisation of Councils (NSROC)	An organisation representing the concerns of local government in the greater Sydney region.
Road Safety Program	North Sydney Council and Roads and Maritime Services jointly fund the position of a Road Safety Officer. The Road Safety Officer's role includes public education regarding road safety issues.
Shorelink	A library management network involving Lane Cove, Manly, Mosman, Stanton and Willoughby public libraries.
Statewide Mutual Insurance Pool	A cooperative designed to provide access to reasonably priced insurance.
James Milson Village	A community project providing accommodation for approximately 250 aged people on the lower North Shore. The Village is operated by the North Sydney Retirement Trust, ("the Trust").

Purchasing Decisions

Purchasing decisions are made in compliance with s55 of the LG Act. Goods and services valued above \$150,000 over the life of the contract are subjected to a publicly advertised tender process and require approval by Council resolution. All successful and unsuccessful tenderers are notified in writing of the tender evaluation outcomes. Quotations are to be publicly advertised where expenditure will be greater than \$75,000 and less than \$150,000. For expenditure between \$25,000 and \$75,000, a minimum of three quotations is required. Providing the pricing is competitive, a supplier may be selected, and direct procurement may occur, where expenditure on a good, service or material will not exceed \$25,000 over the life of the contract.

All potential suppliers are treated impartially. All processes, evaluations and decisions are transparent, free from bias and fully documented in accordance with applicable policies and requirements. Any actual or perceived conflicts of interest are identified, disclosed and appropriately managed. Any information provided to Council by a supplier is treated as commercial-in-confidence and is not released unless authorised by the supplier or relevant legislation.

The total value of Council's major contracts (>\$150,000 each) awarded was \$38.92 million.

The following contracts and agreements over \$150,000 were awarded:

Contractor	Goods and Services Supplied	Amount (\$)
Lower North Shore Community Transport	Community Transport Services in North Sydney	\$523,500
Ezy Pave Pty Ltd	North Sydney CBD Post Office Block Public	\$1,642,521
Ground Stabilisation Systems Pty Ltd	Rock Face Stabilisation In Kurraba Reserve	\$250,165
Bermagui Construction Pty Ltd	Media Towers Remediation – North Sydney Oval	\$479,911
Aurora Information Technology	Library Management System (Shorelink)	\$638,000

Contractor	Goods and Services Supplied	Amount (\$)
GPM Constructions Pty Ltd	Milson Park Boat Ramp Upgrade	\$320,841
CA & I Pty Ltd	Neutral Bay & Cremorne Public Domain Upgrade	\$2,384,348
HP PPS Australia Pty Ltd	Desktop Computers & Accompanying Services	\$518,156
TST Property Services Pty Ltd	Cleaning of Open Space Facilities	\$467,156
Hideaway Landscapes Pty Ltd	Hard Surface Weed Control	\$605,529
GRC Hydro	North Sydney Council Local Government Area Wide	\$312,250
Gowrie NSW	Vacation Care – 3 Council Owned Centres	\$165,896
Downer PipeTech Pty Ltd	Stormwater Drainage Relining Works	\$410,872
URM Environmental Services Pty Ltd	Garbage and Recycling Collection	\$987,192
SUEZ Recycling & Recovery Australia	Green waste and Bulky Waste	\$5,314,075
SUEZ Recycling & Recovery Australia	General Waste Processing and Landfill Disposal	\$21,286,199
Ezy Pave Pty Ltd	Willoughby Road, Public Domain Upgrade	\$432,160
Civeco Pty Ltd	Stormwater Drainage Construction Works – Site 1	\$224,867
Ally Property Services Pty Ltd	Stormwater Drainage Construction Works – Site 4	\$288,310
Ezy Pave Pty Ltd	Stormwater Drainage Construction Works	\$691,847
Colliers International (NSW) Pty Ltd	Property Management Services	\$973,212

Social Procurement

Council is committed to socially responsible procurement. All procurement practices are sustainable and strategically aligned with Council's goals:

- › achieving greater value for money across the community through the use of procurement;
- › ensuring all businesses have the same opportunity to tender for Council contracts;
- › enhancing partnerships with other councils and suppliers.

Competition Policy

The principle of competitive neutrality requires that government businesses operate without net competitive advantages over the private sector as a result of their public ownership.

The following functions were categorised as being business activities and ones to which the principles of competitive neutrality would be applied:

Category 1: Turnover of more than \$2m per annum

Name	Description of Activity
Waste management services	Domestic and trade waste and recyclables collection and disposal
Commercial property management	Managed rental property portfolios

Category 2: Turnover of less than \$2m per annum

Name	Description of Activity
Development applications	Buildings, development and subdivision approval processing
Car parking services	Permanent and casual off-street parking facilities subject to hire
North Sydney Oval Function Centre	Bar and catering facilities available for hire to the public and members

The Financial Statements for the year ended 30 June 2019 disclose the operating results for category 1 and category 2 activities.

Council did not receive any competitive neutrality complaints this year.

All competitive neutrality complaints are dealt with in accordance with Council's *Procurement Policy* and *Complaints Handling Policy*. These policies are available on Council's website.

COMMUNITY ENGAGEMENT

Stakeholder engagement

Community engagement is integrated in all parts of Council's project and service delivery so that our community of stakeholders are kept informed. We engage with our stakeholders in three primary ways:

- › responding to specific requests for information and services
- › participating in multi-stakeholder relationships; and
- › conducting project-specific community engagement activities in accordance with Council's *Community Engagement Protocol*.

Council regularly communicates with the community through the *North Sydney News*, published biannually, and a regular corporate advert in the Mosman Daily newspaper. These publications provide topical information about Council and its services. Council has also increased usage of social media to communicate with its stakeholders.

In July 2017 Council launched its online engagement platform. The *Your Say North Sydney* site has improved the presentation of Council's engagements, including documents on exhibition and has enabled greater online participation.

In 2018/19, Council hosted numerous engagements, providing the community the opportunity to provide input into a broad range of projects, services and policies. Methods of engagement are determined per project/decision type in accordance with Council's *Community Engagement Protocol* (2013). Major engagements included:

- › Code of Meeting Practice
- › Draft Arts and Cultural Strategic Plan 2019-2022
- › Draft Anderson Park Plan of Management/Masterplan
- › Draft Family and Children Services Strategy 2018-2024
- › Draft Fees and Charges Schedule 2019/20
- › Draft Older Persons Strategy 2018-2022
- › Draft Operational Plan and Budget 2019/20
- › Draft Motorbike and Scooter Parking Strategy and Action Plan
- › Draft Tunks Park Plan of Management/Masterplan

- › Draft Urban Forest Strategy
- › Draft Ward Street Masterplan
- › Kirribilli Village – Trading Hours and Small Bars
- › Military Road Corridor Planning Study (Stage 1)
- › Milson Park Boat Ramp Upgrade
- › North Sydney CBD Public Domain Strategy (Place Book)
- › Proposal to make North Sydney CBD Smoke-free
- › Proposed New Year's Eve ticketing across North Sydney LGA (from 2019/20)
- › Proposed Special Rate Variation and Minimum Rate Increase (including Amended Delivery Program and Amended Resourcing Strategy)
- › Proposed Young Street Plaza
- › Smart City Strategy (Stage 1)
- › Trailer Parking Restrictions
- › Visitor Economy Strategy (Stage 1)

In addition, Council conducted:

- › 11 consultations for Council Policies (draft or amended)
- › 2 consultations regarding planning proposals
- › 6 consultations regarding active transport/walking and cycling upgrades
- › 13 location-specific traffic and parking consultations, resulting in changes to parking restrictions in residential and commercial areas.
- › 1 consultation regarding a joint plan of management (Men's Shed)

RISK MANAGEMENT

Recognising and Managing Risk

Under the auspices of ARIC and the senior management team, Council has developed an enterprise risk management (ERM) framework that enables its business and protects its assets. In the past year Council updated its ERM Policy to streamline content, reflect current best practice, and enable implementation of the Protective Security Framework (PSF). This work has been accompanied by extensive communication and awareness to staff and other interested parties. Council's approach is consistent with standard *AS ISO 31000:2018 Risk management – Guidelines*, which emphasises:

- › The principles of risk management as critical success criteria
- › Leadership by the senior team
- › Holistic integration of risk management with organisational governance
- › Risk management as a continuous improvement process
- › An open systems model that can be readily adapted to business needs and context.

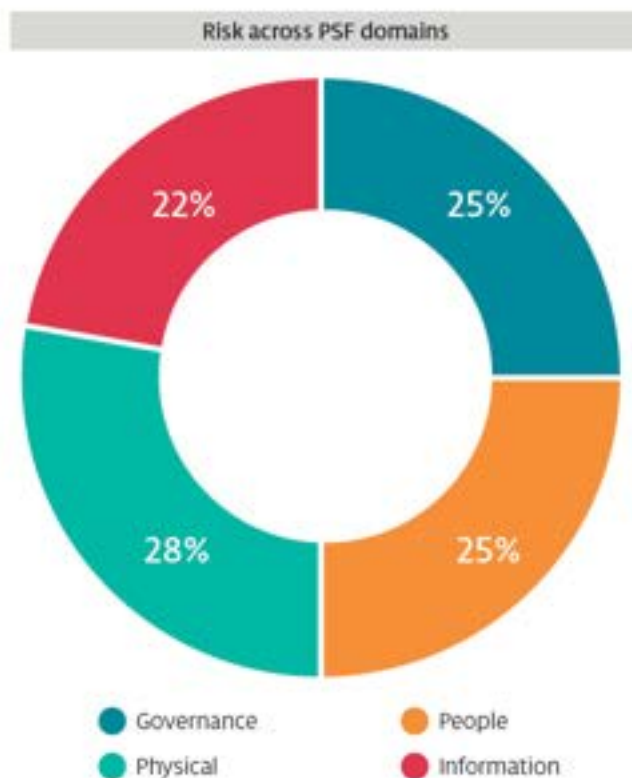
Council received a high commendation for its PSF at the 2019 Statewide Mutual Risk Management Excellence Awards. The PSF aligns risk management with the following domains:

- › Governance: Prudential, systemic and business continuity risks.
- › People: Councillors, staff and others to whom Council owes a duty of care.
- › Information: In digital and analogue form, and including undocumented information embedded in Council's practices and processes.
- › Physical: Buildings, contents, plant, equipment, infrastructure, and public and natural spaces under Council's care and control.

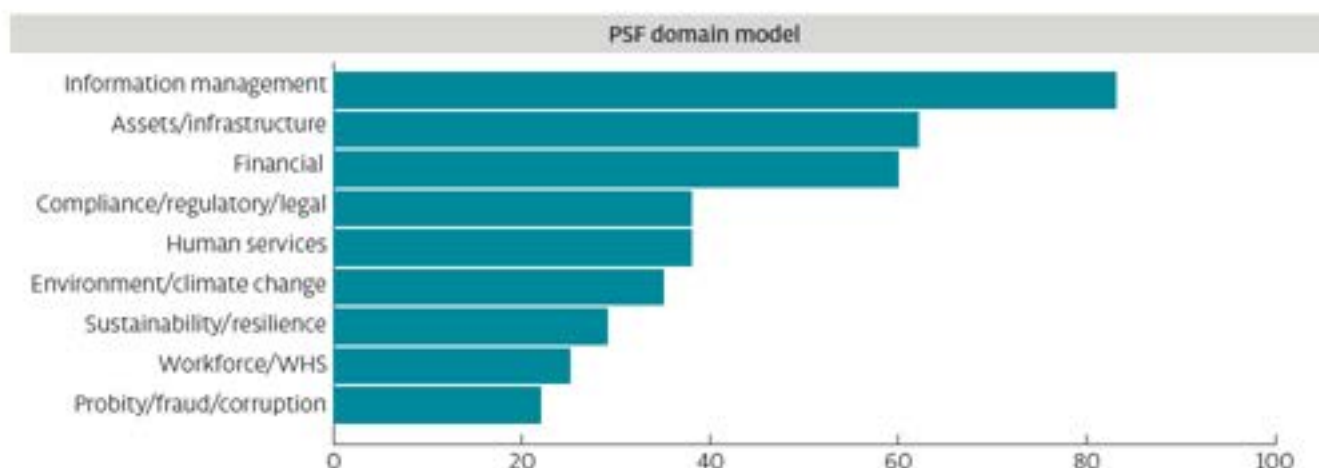
The PSF domains are channels for communication of risk, and Council's model has so far been presented to more than 150 stakeholders, including representatives from all metropolitan councils.

Council's risk profile

Council's enterprise risk methodology assesses risk and the maturity and effectiveness of controls. Behind each assessment in the enterprise risk register is an index value that is the product of the consequence and likelihood scales in the risk matrix. The chart below aggregates index values to give an impression of the distribution of risk across PSF domains.



The PSF domain model includes a taxonomy of risk sources, ranked below.



Governance

- › ARIC: Risk and Internal Audit functions have developed a risk-based protocol, embodied in a dedicated continuous improvement program aligned with the PSF. This model ensures best use of resources and complements the expanding scope of External Audit under the NSW Auditor-General.
- › Business continuity: The *Crisis Plan* has been updated to reflect best practice and a distributed model, supported by specialised sub-plans and incident handling resources.
- › Insurance: Our long-term risk mutualisation strategy is aimed at minimising the impact of adverse global trends such as catastrophic claims, low returns on invested funds, and general market instability. Costs fell -07 % p.a. on average over FY2015-2019.

People

- › Collaboration: Council promotes business unit partnerships to break down silos and improve communication of risk. The past year has seen material improvements flowing from teamwork across ICT, fleet management and workforce planning. Working with its partners in the community, government, Police and Emergency Services, Council is proactive in managing risks to public safety, and contributes significant resources to major social events such as New Year's Eve celebrations.
- › Work Health and Safety: We are pursuing a simple, fit-for-purpose online platform to more effectively promote safety, efficiency, and due diligence of WHS risk exposures and controls. This will provide real-time data about WHS performance to communicate risk and drive continuous improvement.

Information

- › Security architecture: Council is close to completing the first lifecycle of its strategy for improving and maturing information security. The architecture is focussed on security by design and as an enabler of Council's business, and the past year has seen major improvements in managing and monitoring of our information assets.
- › InfoSec Working Group: This internal body is chartered to ensure that the architecture enables business strategy and operations and protects assets and reputation. InfoSec vigorously pursues continuous improvement and provides senior management and other stakeholders with clear insight into risks and opportunities for Council's information assets.

- › Incident management: As recent events across the world have shown, local government is often the target of ransomware attacks and other disruptive cyber incidents. Besides ensuring that our security minimises vulnerability, Council has aligned its incident management to best practice, and provided its Incident Response Team with training and resources to meet material threats. Moreover, we have engaged with cyber insurers to leverage external incident response services and to maximise protection under insurance in the event of loss.

Physical

- › Asset Management Working Group (AMWG): This internal body is chartered to steer improvements in the physical domain, especially in the area of rationalising asset information. The AMWG has developed its knowledge and effectiveness in managing risks to physical assets, with members undertaking training by the Institute of Public Works Engineering Australasia (IPWEA).
- › Fleet management supports the safe and efficient execution of business functions such as community transport, infrastructure, open space and urban forestry. To ensure optimal operation, Council has in the past year:
 - Rationalised its fleet management function.
 - Pursued personal safety and behavioural initiatives.
 - Engaged with insurers to develop a loss minimisation strategy.

SUSTAINABILITY

North Sydney's commitment to ensuring the sustainability of our organisation and community into the future is described in the *North Sydney Community Strategic Plan*. The Community Strategic Plan ensures that we are preparing for a sustainable future.

Organisational Sustainability Policy

Council's *Organisational Sustainability Policy* defines sustainability as: 'maintaining and enhancing our quality of life, while ensuring the viability of Council, now and in the future, through an integrated consideration of environmental, economic, social and governance factors'.

Council applies this quadruple bottom line approach to its planning, reporting and decision making. Planning, reporting and decision making will include consideration of the environmental, economic social and governance implications with the aim the aim to work toward sustainability.

Council's principles of sustainability are:

Environmental quality	Council will enhance natural assets and whilst considering the economic, social and governance implications of decisions.
Economic prosperity	Council will promote a strong local economy, while considering the environmental, social and governance implications of decisions.
Social equity	Council will ensure access to services, facilities and amenities, and encourage community participation while considering the environmental, economic and governance impact of decisions.
Good governance	Council will govern in order to achieve its objectives within an acceptable degree of risk while not compromising its environmental, economic and social wellbeing.

Legislation Relating to Sustainability

Taking into consideration the principles of ecologically sustainable development (ESD) is a legal requirement for all councils under the *Local Government Act 1993*.

North Sydney Council's Sustainable Development Project was implemented in 2013/14.

The project has seen a comprehensive green audit test the effectiveness of Council's own planning provisions. The intention was to improve the sustainability performance of new development by identifying and implementing best practice planning provisions.

The ESD best practice project adopted a whole-of-Council approach to assist in dealing with complex sustainability issues and has policy and work plan implications that extend right across the organisation beyond typical planning and assessment functions. The process and its outcomes can be used by other councils to assist in their drive towards sustainability, making the project significant on a regional and state-wide scale. Refer to Council's website for more information.

Resilient Sydney

The Rockefeller Foundation launched 100 Resilient Cities to mark the centenary of the Red Cross in 2013. This initiative promotes the resilience of major cities around the world based on a model of identifying, assessing and preparing for acute shocks and chronic stresses, which can be characterised as follows:

- › Acute shocks: sudden, sharp events (eg, financial crisis, pandemic, cyber-attack, facility emergency).
- › Chronic stress: gradually emerging phenomena and trends (eg, scarce resources, ageing population, automation, crumbling infrastructure).

There is a roughly equal distribution of acute shocks and chronic stresses across Council's risk profile. The acute shock scenarios inform Council's crisis and business continuity planning. Chronic stresses influence Council's long-term planning, particularly in the area of financial sustainability.

The City of Sydney hosts Resilient Sydney for metropolitan councils, and North Sydney has contributed its PSF model. There is a roughly equal distribution of acute shocks and chronic stresses across Council's risk profile. The acute shock scenarios inform Council's crisis and business continuity planning. Chronic stresses influence Council's long-term planning, particularly in the area of financial sustainability. For its part in contributing to the implementation of Resilient Sydney: A strategic strategy for city reliance 2018, Council understood the following in 2018/19:

- › Integration of the strategy's actions and indicators in our *Local Strategic Planning Statement*;
- › Continued implementation of the *Greenhouse Action Plan and Water Management Plan*;
- › Review of the *Urban Forest Strategy*;
- › Preparation of a *Smart City Strategy*, and
- › Contributed Council's PSF model (as articulated above).





STATUTORY INFORMATION

Access Applications

The *Government Information (Public Access) Act 2009* (GIPA Act) requires Council to report in detail on the handling of access applications. This statement is in accordance with the GIPA reporting requirements. Commentary on applications for information under GIPA can be found below.

Access Applications – GIPA Act s125(1)

The (GIPA Act) requires Council to report in detail on the handling of access applications. This statement is in accordance with the GIPA reporting requirements. Commentary on applications for information under GIPA can be found below.

Review of proactive release program

Council's program for the proactive release of information involves:

- › Ongoing review of document registration standards in relation to online publishing of DA associated documentation in the DA Tracking section of Council's website
- › Ongoing review of document registration standards in relation to onsite public access perusal appointments
- › Review of Council's *Access to Information Policy*
- › Review of Council's *Publication Guide*
- › Review of Council's *Public Registers*
- › Review of Council's *Privacy Management Plan*
- › Review of internal eLearning GIPA module
- › Review of *Staff Reference Guide for Personal & Private Information held by Council*.

During 2018/19, we reviewed this program by:

- › Ongoing consultation with key Council stakeholders
- › Updated documentation and templates to reflect changes in business practices
- › Reviewed mandatory in-house online training

module for GIPA awareness

- › Reviewed mandatory in-house online training module for privacy principles
- › Ongoing consultation and training provided to existing and newly appointed Council staff in public access practices in accordance with reviews of document registration practices
- › Updating publication to online registers
- › Undertaking internal auditor review of privacy management
- › Reviewed departmental processing practices
- › Recruited specialist GIPA role.

As a result of this review, we released the following information proactively:

- › 1,038 responses to documented Informal Access to Information Applications
- › Increased categories of DA associated information on the DA Tracking section of the Council website
- › Online publishing of information referenced in Council's *Publication Guide*
- › Continued Live Minutes at Council Meetings
- › Continued online streaming of Council Meetings.

Number of access applications received

During 2018/19, Council received a total of 6 formal access applications (including withdrawn applications but not invalid applications).

Number of refused applications received

During 2018/19, Council refused a total of 2 access applications either wholly or in part because the information requested was information referred to in Schedule 1 to the GIPA Act. Of those applications, 1 was refused in full, and 1 was refused in part.

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

(More than one decision can be made in respect to an access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.)

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	1	0	0	0	0	0	0	0
Members of the public (other)	3	1	0	0	0	1	0	0

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

NOTE: The total number of decisions in Table B should be the same as Table A.

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

*A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 of the Act) about the applicant (the applicant being an individual).

There were no invalid applications. The conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the GIPA ACT, consideration was not used.

Table C: Other public interest considerations against disclosure: matters listed in table s14 of the Act

	Number of occasions when application not successful
Responsible and effective government	1
Law enforcement and security	0
Individual rights, judicial processes and natural justice	1
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of information legislation	0

Table D: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	6
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0

There were no applications reviewed under Part 5 of the Act.

Customer Privacy Breach¹

During the reporting period, there were nil substantiated complaints regarding breaches of customer privacy and losses of customer data.

Planning Agreements - EP&A Act 1979 s7.5(5)

As an alternative to developer contributions, Council can enter into a planning agreement with a developer. A planning agreement may prescribe for the developer to contribute funds for public infrastructure, land, or the provision of other public facilities and infrastructure.

Council entered into the following voluntary planning agreement during the 2018/19 financial year:

- > 31-33 Albany Street, Crows Nest to facilitate a monetary contribution of \$1,150,000 for the purposes of providing new open space within the precinct and a setback of 3 metres from Hume Lane to allow for increased footpath width and greater separation to buildings to the east of the site.

Companion Animal Management - Reg cl 217(1)(f)

Council's Rangers work with the community to protect residents, their pets and the natural environment by enforcing companion animal laws.

During 2018/19, Council received 21 reports of alleged dog attack incidents. As required, all dog attacks were reported to the Office of Local Government within 72 hours of being advised of an attack. 7 companion animals were impounded. 7 were returned to their owners or re-homed.

Council promotes and assists the desexing of dogs and cats, handing out brochures to veterinary hospitals and on park patrols undertaken by Rangers.

Council has a no euthanasia policy with our pound except for diseased and anti-social animals.

Council provided Bradfield Bark dog day festival for all dog owners.

All Council parks and public reserves are off-leash areas, except for:

- > all bushland areas
- > all playing fields while organised sporting events are in progress
- > St Leonards Oval (No. 1 and 2)
- > Cremorne Reserve, Clark Park, Ancrum St Park, Coal Loader Centre for Sustainability and Platform.

Council spent approximately \$55,000 on companion animal management activities. Council received \$23,765 in companion animal fund money.

¹ <https://g4.globalreporting.org/specific-standard-disclosures/social/product-responsibility/customer-privacy/Pages/G4-PRB.aspx>

Legal Proceedings and Costs – LG Act s428(e)

During 2018/19, Council incurred legal costs in relation to legal proceedings as follows:

Register of Appeals and Court Matters

Legal Proceeding	Cost (\$)	Status	Result
80 Arthur St, North Sydney Karimbla Properties (No.37) Limited LEC 247263/17	-\$2,566.30	Closed	Proceedings discontinued
90-92 Willoughby Rd, Crows Nest Argus LEC 49523/18	-\$24,264.85	Closed	Settled by s34 Agreement
10 Parkes St, Kirribilli Y & C Investments Pty Limited LEC 132606/18	-\$5,332.20	Closed	Consent orders with costs of \$5,000 payable to Council
13 Eden St, North Sydney Modog Pty limited LEC 214578/18	-\$12,121.79	Closed	Discontinued with surrender of CDC by Respondent
275 Alfred St, North Sydney Benmill Pty Ltd LEC 227590/18	-\$38,750.29	Pending	N/A
60% Eden St, North Sydney Silver Fox Massage P/L LEC 237763/18	-\$12,565.89	Closed	Consent orders made with the Respondent to vacate premises and pay costs of \$7,000
60% Eden St, North Sydney Silver Fox Massage P/L LEC 241167/18	-\$12,565.89	Closed	Discontinued as a consequence of Class 4 consent orders
14,16,16A & 16B Thrupp St, Neutral Bay RebelMH Neutral Bay Pty Limited LEC 262685/17	-\$88,709.82	Closed	s97B costs of \$8,000 awarded to Council
8 Queens Ave, McMahons Point Mrs Marion Nicklin LEC 26941/19	\$0.00	Pending	N/A
35 Myrtle St, North Sydney Modog Pty Limited LEC 250690/17	-\$35,521.75	Closed	s97B Costs of \$ 1,300 awarded to Council. Appeal dismissed
37-39 Murdoch St, Cremorne Active Kids Pre School of Excellence Pty Ltd, t/as Active Kids Group LEC 294857/17	-\$127,688.17	Closed	s97B costs of \$5,000 awarded to Council.
19 Waverton Ave, Waverton LEC 324035/17 Wen Li Wang	-\$37,702.12	Closed	Appeal dismissed
55 Lavender St, Milsons Point First Neon (Lavender St) Pty Ltd LEC 337865/17	-\$47,199.99	Closed	Discontinued by Applicant with each party bearing their own costs
40 Brightmore St, Cremorne Modog Pty Limited LEC 345473/17	-\$121,061.34	Closed	Applicant to pay costs of \$ 500 on matter to vacate dates. Further costs orders for amending plans ordered by Court. Appeal dismissed
84- 90 Atchison St, Crows Nest 86 Dunning Avenue Pty Limited LEC 363831/17	-\$7,064.53	Closed	s34 Agreement with amendments. Awarded S97B costs of \$ 23,818.00
34 East Crescent St, McMahons Point Highbury Group Pty Ltd LEC 387950/17	\$0.00	Closed	s34 Agreement with amendments to modifications

Legal Proceeding	Cost (\$)	Status	Result
1 Lower Bent St, Neutral Bay RebelMH Bent Pty Ltd LEC 19113/18	-\$12,705.00	Closed	s34 Agreement with amendments to proposed development
36 Ellalong Rd, Cremorne Wiesener LEC 19029/18	-\$10,214.60	Closed	s34 Agreement
6 The Boulevard, Cammeray Platino Properties Pty Limited LEC 40927/18	-\$60,401.56	Closed	s34 Agreement with applicant modifying development to create better amenity
9 Commodore Street, McMahons Point Bryan Belling and Christine Williams LEC 125672/18	-\$29,827.03	Closed	Appeal upheld and consent granted subject to conditions
14-20 Premier St, Neutral Bay Aidop No 2 Pty Limited LEC 139634/18	-\$41,602.64	Closed	Appeal upheld deferred commencement conditions
15 Richmond Ave, Cremorne Dixon Andrews Architects Pty Ltd LEC 159786/18	-\$22,093.71	Closed	s34 Agreement with modifications
12 Lillis St, Cammeray Hanyu Australia Pty Ltd LEC 156604/18	-\$5,910.25	Closed	s34 Agreement with modifications to basement parking and affirmed commencement of consent
12 Lillis St, Cammeray Betop Property Development Pty Ltd LEC 156624/18	-\$3,403.90	Closed	s34 Agreement with modifications to basement parking and affirmed commencement of consent
2 Spruson St, Neutral Bay The Owners Corporation SP 10698 LEC 204070/18	\$0.00	Closed	Discontinued with modified order
3 Amherst St, Cammeray Brenham P/L LEC 236368/18	-\$43,208.49	Closed	Appeal upheld
177-199 Pacific Hwy, North Sydney Vodafone Hutchison Australia Pty Limited LEC 236147/18	-\$65,573.77	Closed	Appeal dismissed
16-18 Illiliwa St, Cremorne Connoisseur Property Holdings Pty Limited LEC 277470/18	-\$10,634.00	Closed	Appeal upheld
29 Myrtle St, North Sydney Modog Pty limited LEC 320228/18	-\$18,483.85	Closed	Proceedings discontinued
29 Myrtle St, North Sydney Modog Pty Limited LEC 320239/18	-\$36,271.11	Closed	Proceedings discontinued
2A Henry Lawson Ave, McMahons Point East Crescent 3 Pty Ltd LEC 319938/18	-\$16,332.91	Pending	N/A
30 Glen St, Milsons Point The Bunker 2017 Pty Ltd LEC 325991/18	-\$32,116.07	Closed	Appeal upheld
30 Glen St, Milsons Point The Bunker 2017 Pty Ltd LEC 326024/18	-\$32,116.07	Closed	Appeal upheld

Legal Proceeding	Cost (\$)	Status	Result
30 Glen St, Milsons Point The Bunker 2017 Pty Ltd LEC 326020/18	-\$32,116.08	Closed	Appeal upheld
25A Reynolds St, Cremorne Playoust Churcher Architects LEC 339285/18	-\$18,132.36	Pending	N/A
6 Hayes St, Neutral Bay Platform Project Services LEC 346804/18	-\$74,912.20	Pending	N/A
58 Aubin St, Neutral Bay Highbury Group Pty Ltd LEC 351210/18	-\$8,927.36	Pending	N/A
12 Raymond St, Neutral Bay LEC 358115/18 William and Olivia Northcott	-\$26,832.30	Pending	N/A
7 Penshurst St, Neutral Bay Michael McCarthy LEC 363684/18	-\$14,892.90	Pending	N/A
5-7 Doohat Ave, North Sydney Mackenzie Architects International Pty Ltd LEC 377147/18	-\$27,679.00	Pending	N/A
8 Wonga Rd, Cremorne Michelle Jie Wang LEC 385659/18	-\$3,011.25	Pending	N/A
287 Military Rd, Cremorne Captive Vision Pty Limited LEC 393238/18	-\$8,593.86	Pending	N/A
24 Milner Cres, Wollstonecraft Grafton Property Group Pty Ltd LEC 393609/18	-\$29,047.03	Pending	N/A
28 Brook St, Crows Nest Jetsking Round Pty Ltd LEC 387659/18	-\$17,138.60	Closed	Enforceable undertaking
6 The Boulevard, Cammeray Platino Properties Pty Ltd LEC 39238/19	\$0.00	Pending	N/A
63 Carter St, Cammeray 63 Carter St Cammeray Pty Ltd LEC 94274/19	-\$7,406.30	Pending	N/A
141 Carabella St, Kirribilli Nicholas Kougelis LEC 102445/19	-\$2,821.50	Pending	N/A
55-61 Chandos St, St Leonards Tasktea Pty Ltd LEC 100913/19	-\$6,027.34	Pending	N/A
67-69 Chandos St, St Leonards TWT Development Pty Ltd LEC 125653/19	-\$6,642.75	Pending	N/A
12A Milson Rd, Cremorne Point Beth Rahman LEC 126904/19	-\$16,843.48	Closed	Appeal upheld
4 Illiwa St, Cremorne Donald Proctor LEC 137229/19	-\$9,486.85	Closed	Proceedings discontinued

Legal Proceeding	Cost (\$)	Status	Result
43 Pitt St, Kirribilli Helen Caroline Miyakawa LEC 138941/19	\$0.00	Pending	N/A
21 Shellcove Rd, Kurraba Point Giselle Joan Chadwick LEC 153836/19	-\$478445	Pending	N/A
1 Henry Lawson Ave, McMahon's Point David Fox LEC 155417/19	-\$19,28898	Pending	N/A
5 Montpelier St, Neutral Bay Jamie Woodhill LEC 176736/19	\$0.00	Pending	N/A
22 Cairo St, Cammeray Michael Doyle and Sally Mitchell LEC 198061/19	\$0.00	Pending	N/A
Supreme Court Appeal – Cost Assessment Delegate Minister & NSW Dept of Premier and Cabinet, Relates LEC 158919/16	-\$93775	Closed	Costs assessed and determined at \$411,37979 Reviewed by agreement and determined at \$400,000 payable to Council
225 Miller St, North Sydney Karimbla Properties (No.7) Limited SC 72569/18 (Appeal against LEC 301331/16)	-\$32,53595	Closed	Upheld
225 Miller St, North Sydney Karimbla Properties (No.7) Limited SC 72569/18 – Assessment Application	-\$2,47190	Closed	Discontinued – 14 November 18 judgement
225 Miller St, North Sydney Karimbla Properties (No.7) Limited High Court Appeal – S 321/18	-\$26,372.28	Closed	Application dismissed, with costs in favour of Council
2 Vale St, Cammeray Sanctuary Cammeray Pty Limited SC 279894/18	-\$39,51921	Closed	Easement Granted
District Court – James Griffiths DC 31101, 31104, 3113/18	-\$8,43870	Closed	s10 Orders made
NCAT – Shop 3, 190-192 Military Rd, Neutral Bay D'Annunzio, COM: 18/41110	-\$23,436.43	Pending	N/A
14, 16, 16A & 16B Thrupp St, Neutral Bay RebelMH Neutral Bay Pty Limited SC 388014/18	-\$106,74413	Closed	Appeal dismissed costs of \$72,000 awarded in Council's favour
86-96 Mount St, North Sydney Laing O'Rourke Australian Mount Street Pty Ltd Local Court Matter	\$0.00	Closed	Withdrawn and Enforceable Undertaking agreed
Military Rd, Neutral Bay Sydney Poster (NSW) Pty Limited Local Court Matter	-\$10,41250	Closed	Prosecution Dismissed
2 Spruson St, Neutral Bay The Owners Corporation SP10698 Local Court Matter	\$0.00	Closed	Prosecution withdrawn as a result of a modified order
118 Young St, Cremorne Torod Peter Holst Local Court Matter	\$0.00	Closed	Withdrawn as Defendant has undertaken the repair of driveway
Earle St, Cremorne Maria [REDACTED] Local Court Matter	-\$5,89860	Closed	Convicted and fined \$5,500 and ordered to pay costs of \$3,95450

Legal Proceeding	Cost (\$)	Status	Result
221 Miller St, North Sydney Richard Crookes Constructions Local Court Matter	-\$20,781.60	Pending	N/A
101-111 Willoughby Rd, Crows Nest Paynter Dixon Constructions Pty Limited Local Court Matter	-\$15,097.87	Pending	N/A
50 Ridge St, North Sydney North Sydney Leagues Club Limited Local Court Matter	-\$4,933.40	Closed	Proceedings discontinued
Shop 18, 166-174 Military Rd, Neutral Bay LN Enterprises (T/as Daily Delicious Bakery) Local Court Matter	-\$5,351.70	Closed	Convicted and fined
563-565 Pacific Hwy, St Leonards Pyramid Consulting Pty Ltd Local Court Matter	-\$7,940.47	Pending	N/A
83 Mount St, North Sydney Little Vienna Pty Ltd (T/as Vienna Sandwiches) Local Court Matter	\$0.00	Pending	N/A
Shop3, 83 Mount St, North Sydney Thu Ba Pty Ltd (T/as Destination Roll) Local Court Matter	\$0.00	Pending	N/A
Shop 4, 48 Alfred St, Milsons Point Seon Oh Kim (T/as Sushi Ai) Local Court Matter	\$0.00	Closed	Convicted and fined
47a King St, Wollstonecraft SRG Constructions Pty Ltd Local Court Matter	\$0.00	Pending	N/A



Stormwater Management Services (Stormwater Management – LG Reg cl 217(1)(e))

Council has levied an annual charge for stormwater management services since July 2013. The following projects were completed using funds from this charge:

- › Little Young St Gross Pollutant Trap, Cremorne
- › Milson Rd, Cremorne Point
- › Oaks Ave, Cremorne
- › Waruda Ave, Kirribilli
- › Anzac Ave, Cammeray
- › Cammeray Golf Course
- › Gross Pollutant Trap repairs at Hamilton Ln, Cammeray
- › Gross Pollutant Trap repairs at Hayes St, Neutral Bay
- › Gross Pollutant Trap repairs at Honda Rd, Cremorne Point
- › Kareela Ln, Cremorne Point
- › Milner Cres, Wollstonecraft
- › Young St at Denos Ln, Cremorne
- › Russell St, Wollstonecraft
- › 870m of stormwater drainage relined at various sites

Grants and Donations - LG Act s356

\$936,000 was contributed or otherwise granted under s356 (financially assist others) by the Council in 2018/19.

Donations, contributions and assistance to other organisations (section 356)	\$,000
Aboriginal Heritage Office	\$58
Crows Nest Centre	\$396
Crows Nest Mainstreet*	\$16
Neutral Bay Chamber of Commerce*	\$16
North Sydney Community Centre	\$60
Nutcote	\$48
Other Organisations	\$349
Total	\$943

* Funds raised via The Mainstreet Levies

Multicultural Services and Programs – LG Act s428(2)(j)

Council's programs to promote services and access for people with diverse cultural and linguistic backgrounds consistent with principles of multiculturalism involved:

Harmony Week

Observed across Australia in March, this is a week of cultural respect celebrating diversity, belonging and multiculturalism. Council has worked in partnership with the Crows Nest Centre and Sydney Multicultural Community Services to celebrate with an exchange of stories and entertainment.

Refugee Week

Refugee Week raises awareness about issues affecting refugees and celebrates the positive contributions made by refugees to Australian society. A Refugee Week Breakfast was held on 18 June 2019 with A/Professor Munjed Al Muderis who spoke about his extraordinary journey from Iraq to Western Australia's Curtin Detention Centre to become one of the world's foremost pioneering surgeons transforming the lives of amputees, and incredibly back to Iraq.

Refugee Welcome Zone Initiative

Council is a member of the Refugee Welcome Zone initiative, signing the Refugee Welcome Scroll. In February 2019 local artists Natalie Hartog-Gautier and Penelope Lee mounted an exhibition entitled *Imaging the Margin*, highlighting the refugee issues. Council supports local organisations doing practical work with refugees and new arrivals to Australia. Some examples include: Crows Nest Centre's English conversation classes, Spanish and Japanese Mother's group, Bollywood Music, Persian morning teas, Kirribilli Centre's Chinese Seniors Group, Spanish language and playgroup, North Sydney Community Centre's House of Welcome food drive.

Council provides accommodation and resource support to Sydney Multicultural Community Services, a community based not for profit organisation, specialising in service provision for Culturally and Linguistically Diverse (CALD) communities.

Stanton Library holds a vast array of resources – English as a Second Language (ESL), books, CD's, DVD's, magazines and newspapers and facilitates a multicultural writer's group and an array of events that engages with our multicultural community.

Along with the Lower North Shore Multicultural Network, Council made available the *Migrant Services Quick Reference Guide* in English, Chinese, Japanese, Spanish, Korean and Farsi/Dari. It also distributes *The Guide to Renting* for new arrivals.

Lower North Shore Multicultural Network

Council chaired and prepared agendas and guest speakers for the quarterly Network Meetings and co-ordinated the Migrant Employment project sub-committee which produced the online resource *Your Path to Career Success: Tips for Migrants and Refugees to find Work*.

Gai-mariagal Festival

Gai-mariagal Festival aims to raise awareness of Aboriginal and Torres Strait Islander people living in the Northern Sydney region. Council organised several events, including the Stanton Library Indigenous Art Project with Karleen Green a traditional basket weaver, an Aboriginal and Torres Strait Island cultural song, dance, and story performance.

Diwali (Hindu Festival of Light)

Celebrated at Brett Whiteley Place in October 2018 with dance, henna and sweet treats and at Stanton Library in November 2018 with traditional Indian dancers and performers entertaining the public.

North Sydney Art & Culture Guide provided in Japanese, Korean and Traditional Chinese at community centres and libraries.

Children's Services and Programs – LG Act s428(2)(r) and Reg cl 217(1)(c)

Council undertook a major research and community engagement project to produce the *Family and Children's Strategy 2018–2024*. The Strategy is a response to the growing number of developments bringing an increasing number of families and children to North Sydney. It focuses on issues and challenges faced by families locally. The Strategy was publicly exhibited during September 2018 and adopted by Council in October 2018.

In 2018/19, children's services development and usage continued to be highly valued by the community, with the latest satisfaction rates of Council services estimated at 76% and 14% neutral on the topic. The key issue is a need for increased affordability, the provision of high-quality care and high-quality physical spaces, rather than increased access to places.

Council's strategies to develop and promote services and programs that provide for the needs of children are outlined below.

This year Council recurrent expenditure was \$1,088,970, income was \$1,020,806 in direct funds to children's services through its sponsorship and management of North Sydney Family Day Care, Greenwood Long Day Care Centre, the Children's Festival and Council's Vacation Care programs.

Council worked with inclusion support services in both Vacation Care (through KU Children's Services and, from September 2018, Gowrie NSW) and Family Day Care to increase access and participation opportunities for children with disabilities, from non-English speaking backgrounds and with Aboriginal and Torres Strait Islander background.

Through Council's Grants and Subsidies, \$17,000 was granted to community-based occasional care and other children's services in the LGA. Council's Olympic Pool crèche provided \$24,947 in subsidy. Parking and gardening subsidies of \$47,061 annually for parents and carers using children's services was provided. Community centres at Forsyth Park, Green Park, North Sydney, Kirribilli and Crows Nest provides essential facilities for children's services through programs run by their independent Boards, ongoing building support and maintenance was supplied to these centres. Council provided \$56,936 to the Nutcote Trust, (cash, offset of rates and maintenance) for children's museum services at this important site. Capital works valued at \$184,729 were allocated to improvements to child care



facilities during the year, including a new playground at McMahons Point Community Preschool and replacement of major playground features at North Sydney Community Centre. The North Sydney Children's Festival, held annually, is a free event, costing \$22,567 in 2018. The development of all children's services is monitored and reviewed by Council through the *Children's Services Strategic Plan* to assess development trends and the community's capacity to meet child care needs. Council has been active in highlighting to the Commonwealth government issues surrounding the affordability of care in the North Sydney area.

Disability Inclusion Action Plan - Disability Inclusion Act 2014 s13(1)

Council completed and adopted the its *Disability Inclusion Action Plan 2016-2019 (DIAP)* in November 2016. This is an all of Council approach, with consultants, the Australian Network on Disability (AND), developed the DIAP to improve access and inclusion in our community. The DIAP details the steps Council will take to increase accessibility and promote inclusion both within our organisation and to our local community.

The project group is comprised of representatives from the following Council departments:

- › Customer Services (COS)
- › Communications and Events (COS)
- › Community Development (CLS)
- › Environmental and Building Compliance (CIS)
- › Environmental Services (OSE)
- › Information Technology (COS)
- › Parks and Reserves (OSE)
- › Procurement Services (COS)
- › Library Services (CLS)
- › Workforce Planning (CIS)

Key achievements:

Liveable Communities

- › Access audit of 10 of Council's most commonly frequented parks and 8 most highly used buildings, identifying access barriers and areas for improvement.
- › Removal of locks requiring Master Locksmith Access Key (MLAK) entry into restroom facilities in all Council-owned parks, ensuring facilities are accessible to all.
- › Upgrade of signage and wayfinding at Stanton Library and Council Chambers (exterior)
- › Development of an *Events Checklist*, ensuring all Council run events consider accessibility and inclusion in the program design.

Employment

- › Independent review of Council's recruitment practices, ensuring no unintended barriers exist for people with disability to apply for Council jobs.
- › Independent review and redesign of Council's *Workplace Adjustments Policy*.

Systems and Processes

- › Implementation of specialised software to identify access barriers on Council's website.
- › Delivery of training to customer facing teams on welcoming people with disability.

Carers Recognition Act 2010 (CR Act), s8(2) Compliance

Carers and people being cared for are supported through service provision offered through the community centres.

The Crows Nest Centre provides in-home support to people requiring additional assistance to enable them to remain living at home.

Information and advice is provided to carers and people requiring assistance by Council's Access and Inclusion Coordinator.

Swimming Pools Act 1992 (SP Act) - s22F(2) Swimming Pools Regulation 2018 (SP Reg) cl 23

Details of inspections of private swimming pools

Number of inspections of tourist and visitor accommodation: Nil inspections. Council does not have a high number of tourist and visitor's accommodation with swimming pools, and all were previously inspected within the last 3 year cycle.

Number of inspections of premises with more than 2 dwellings: 9 inspections.

Number of inspections that resulted in issuance of a certificate of compliance under s22D of the SP Act: 70 inspections.

Number of inspections that resulted in issuance of a certificate of noncompliance under cl21 of the SP regulation: 27 inspections.

Processing of Development Applications (DAs)

Council operates a fully comprehensive building and development approval service that assesses all applications to build, demolish or develop properties. The service includes the issuing of building certificates and development approvals, building inspections and advice on building regulations. The service ensures that all development within the local government area is approved according to the *Local Environmental Plan* any relevant legislation such as the *Environmental Planning and Assessment Act 1979*.

The total number of residential DAs in North Sydney remains relatively static over the past 5 years. Residential DAs represent 67% of all DAs processed by Council with commercial DAs making up the next largest group at 23.5% of all DAs processed. (Figures are inclusive of s4.55 modifications.)

A total of 343 new dwellings were approved by Council in 2018/19.

New Dwellings Approved

	No. dwellings approved
2014/15	176
2015/16	262
2016/17	735
2017/18	382
2018/19	343

Stimulating Development

2018/19 saw a number of large-scale development proposals lodged with a combined total for estimated cost of works greater than \$443 million.

14 major developments are currently under construction. These include:

- › 118 Mount Street, North Sydney
- › 100 Mount Street, North Sydney
- › 1 Denison Street, North Sydney (77 Berry Street)
- › 101-103 Willoughby Road, Crows Nest

Contribution Plans

During 2018/19, Council received \$11,970,644 in funding from s7.11 Contributions (formerly known as s94).

DA Tracking

The electronic DA tracking tool (accessible via Council's website) is a secure online DA lodgement and tracking service. It allows the tracking of DAs for the entire DA lifecycle – from initial application lodging through to assessment.

Planning Agreements under the *Environmental Planning & Assessment Act 1979*. EP&AA s7.5(5)

As an alternative way of collecting and using developer contributions (Section 7.11 Contributions), Council can enter into a planning agreement with a developer. A planning agreement may prescribe for the developer to contribute funds for public infrastructure, land, or the provision of other public facilities and infrastructure.

Council did not enter into any following planning agreements during the 2018/19 financial year.



*Environmental Upgrade Agreements (EUAs)
Act s54P(1)*

There were no EUAs entered into during 2018/19.

*Rates and Charges Written Off During the
Year - LG Reg 2005, cl 132*

There were no rates and charges written off during 2018/19.

*Overseas visits by Councillors, Council staff
or other persons representing Council - Reg
cl 217(1)(a)*

There were no overseas visits in 2018/19.

*Recovery and Threat Abatement Plans -
Fisheries Management Act 1994, s220ZT
(2)*

There were no recovery and Threat Abatement plans implemented in the North Sydney Council LGA during 2018/19.





OUR PERFORMANCE

PERFORMANCE AGAINST THE DELIVERY PROGRAM/ OPERATIONAL PLAN 2018/19

Our performance is measured against the strategic directions, outcomes and strategies of the *Community Strategic Plan 2018-2028*. We assess how our activities to date, monitored via the annual Operational Plan have progressed towards our desired outcomes and our community's vision to ensure we are on track.

The *Community Strategic Plan 2018-2028 and Delivery Program/Operational Plan 2018/19* comprise five key directions:

- › Our Living Environment
- › Our Built Infrastructure
- › Our Economic Vitality
- › Our Social Vitality
- › Our Civic Leadership

During 2018/19 (Year 1 of the Delivery Program) Council undertook 323 projects in line with these key directions. As at 30 June 2019 96% of projects were on track. Of those projects 38 projects were completed, 9 projects were delayed and carried over to 2019/20 and 6 projects were discontinued or put on hold.

The following is a summary of end of year performance against the *Delivery Program 2018/19-2020/21*. This is a collation of the quarterly Performance Reviews previously endorsed by Council.

Performance Status

Each project has been assessed and given a traffic light rating indicating the achievement of deliverables/scope in line with the schedule:

- Completed
- On track. Completion of 90%+ of the scheduled requirements for period.
- Delayed. Completion of 75%- 89% of the scheduled requirements for period.
- Project not progressing. Completion is less than 75% of the scheduled requirement for period.

DIRECTION 1: OUR LIVING ENVIRONMENT

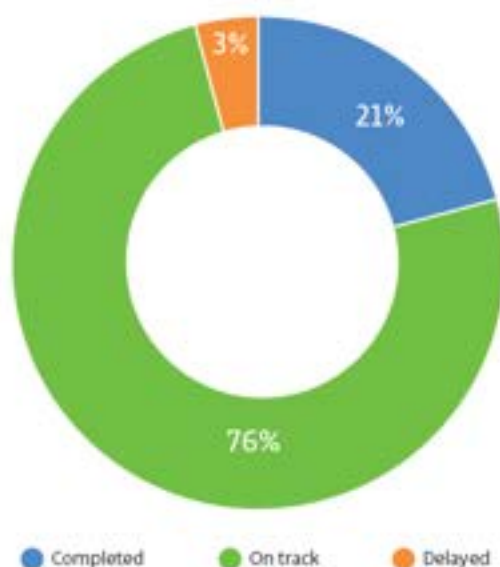
Council is committed to sustaining the effects of population growth on the natural environment right now and in the future. North Sydney's natural environment is accessible to all. Recreational and social activities have been offered throughout 2018/19 with focus on environmental sustainability.

Landscaping improvements have been undertaken at Hayes Street Beach, boat ramp water storage facilities have been installed at Kurraba Reserve and public space works were completed at the HMAS Platypus site at Neutral Bay.

Council continues to support community programs such as Bushcare, Streets Alive and ongoing maintenance of community gardens. There are strong levels of community involvement in these programs. A new community garden was installed at Anzac Park, Cammeray.

Council is focussed on increasing the supply and quality of recreational facilities. The Brennan Park, Wollstonecraft project was completed during the year. North Sydney Oval point of sale technologies and media tower facilities were upgraded, ensuring the oval continues to grow as a top-class entertainment venue.

The Coal Loader Platform won the prestigious 2018 Parks and Leisure Australia, Park of the Year Award. The Platform was also nominated in the 2018 Australian Urban Design Awards, in the built projects, local and neighbourhood scale category.












OUTCOME 1.1: PROTECTED AND ENHANCED NATURAL ENVIRONMENT AND BIODIVERSITY

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
11101	ENV	Implement the Bushcare community workshops and events program	Jul-18	Jun-21	150 active volunteers (including Adopt-a-Plot and Wildlife Watch) and 76 Bushcare workshops, events and school holiday activities delivered in 2018/19.	●
11201	ENV	Implement the Coal Loader Centre for Sustainability Business Plan	Jul-18	Jun-21	Business Plan continues to be implemented in which the Platform Activation Strategy is part of this plan.	●
11301	ENV	Support the HarbourCare program	Jul-18	Jun-21	34 active Harbourcare volunteers and 21 sites in 2018/19.	●
11302	ENV	Implement water quality improvement programs	Jul-18	Jun-21	Education programs for the business and residential communities, including micro plastics beach audits, and quarterly water testing.	●

OUTCOME 1.2: NORTH SYDNEY IS SUSTAINABLE AND RESILIENT

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
12101	ENV	Implement energy and water conservation community and business education programs	Jul-18	Jun-21	Included the Better Business Program and Cityswitch for businesses and school grants and education forums held at the Coal Loader for the community. Energy and water efficient apartment living, and single use plastics was a focus this year.	●
12102	ENV	Support, initiate and promote waste related workshops and community events	Jul-18	Jun-21	7 waste related workshops were held in 2018/19.	●
12103	ENV	Coordinate with regional waste and recycling organisations to develop regional waste reduction community education and awareness program	Jul-18	Jun-21	Council worked cooperatively with NSROC on these waste programs.	●
12104	ENV	Implement Waste Education Community Education Program	Jul-18	Jun-21	222 compost bins and worm farms were issued to the community in 2018/19 through Council's Compost Revolution Program (4 times more than in 2017/18).	●
12105	ENV	Implement the Green Events and Workshops Program	Jul-18	Jun-21	38 Green Events and workshops were held in 2018/19 with a total attendance of 1,238.	●
12201	ENV	Prepare the Environmental Sustainability Action Plan	Jul-18	Jun-19	Finalisation of strategy carried over to 2019/20 due to delay in technical information provision.	●
12203	ENV	Implement the Greenhouse Action Plan and Water Management Plan	Jul-18	Jun-21	Ongoing	●








Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
1.2.2.05	ENV	Maximise Council's efforts to reduce energy and water use to reach reduction goals	Jul-18	Jun-21	Ongoing, see 1.2.3.02 comments	
1.2.2.06	ENV	Increase Council's renewable energy capacity	Jul-18	Jun-21	Regional electricity contract signed to supply 35% renewable electricity to Council's large sites and streetlights as of 2019/20.	
1.2.2.07	ENV	Participate in the NSROC Waste Strategy	Jul-18	Jun-21	Council worked cooperatively with NSROC.	
1.2.3.01	ENV	Conduct sustainability awards for the community, businesses and Council staff	Jul-18	Jun-19	Awards conducted Q2 2018/19	
1.2.3.02	ENV	Undertake energy, water and waste reporting	Jul-18	Jun-21	Ongoing monitoring in place. In 2018/19 Council (Property Portfolio) achieved the following sustainability results: 44,700 kL of water saved, 3,415,600 kWh of energy saved, 5,039 tonnes CO2 (carbon) emissions reduced and 243,883 kWh of free energy from the sun generated through solar PV panels.	
1.2.3.03	ENV	Implement activities and programs to schools, businesses and the community to reduce the ecological footprint of the North Sydney LGA	Jul-18	Jun-21	Council employs a suite of programs to encourage the broader community to be more sustainable, see 1.1.1.01 comments.	
1.2.4.01	ENV	Consider the impacts of climate change in Council's plans, strategies and policies	Jul-18	Jun-21	Climate change considered in all significant documents including Council's Urban Forest Strategy and draft Local Strategic Planning Statement.	
1.2.4.02	ENV	Support the Fire Service in the management of bushfire risk	Jul-18	Jun-21	Ongoing support and participation provided.	
1.2.4.03	ENV	Contribute to the development of the Mosman-North Sydney Local Emergency Management Plan	Jul-18	Jun-21	Council continued to contribute to the development of this plan.	



















OUTCOME 1.3: QUALITY URBAN GREENSPACES

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
1.3.1.01	ENV	Implement the Street Tree Strategy	Jul-18	Jun-21	Approximately 358 street trees were planted (220 of these were new trees and the remainder were replacements for old trees that had to be replaced).	
1.3.1.03	ENV	Implement the Urban Forest Strategy	Jul-18	Jun-21	Strategy readopted January 2018 following community engagement. Implementation on track, including tree protection policy benchmarking survey conducted and proposed policy amendments developed in consultation with planners and education program underway, including presentation to Precinct Committees.	

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
13.2.01	ENV	Support community in the development of community gardens, rooftop and hard surface greening	Jul-18	Jun-21	7 community gardens and 120 Streets Alive sites in 2018/19	
13.2.02	ENV	Establish a community garden at Anzac Park, Cammeray	Jul-18	Jun-19	Completed Q3 2018/19.	
13.3.01	SOC	Underground overhead powerlines as opportunities arise	Jul-18	Jun-21	Pursued as opportunities arise. No opportunities in 2018/19.	

OUTCOME 1.4: PUBLIC OPEN SPACE AND RECREATIONAL FACILITIES AND SERVICES MEET COMMUNITY NEEDS

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
14.1.01	SOC	Provide opportunities to expand a network of multipurpose, accessible, fit for purpose open space, parks and recreation facilities for people of all ages and abilities, that respond to the needs of communities as the population grows	Jul-18	Jun-21	Council is implementing the 2015 Recreational Needs Study recommendations to meet the identified needs of the community	
14.1.02	SOC	Investigate opportunities to provide new open space	Jul-18	Jun-21	Ongoing, as opportunities arise. See 14.1.07 comments.	
14.1.03	SOC	Deliver shared and co-located sports and recreational facilities including shared school grounds, when opportunities arise	Jul-18	Jun-21	Council pursued opportunities for shared facilities for recreational opportunities with schools and other large landowners within North Sydney LGA	
14.1.04	SOC	Participate in the NSROC Regional Sportsground Management Strategy	Jul-18	Jun-21	Ongoing. Continued participation in the NSROC sports professional officers' group (POG) with meetings held on a quarterly basis	
14.1.05	SOC	Investigate potential additional public open space opportunities	Jul-18	Jun-21	Ongoing, as opportunities arise. See 14.1.07 comments.	
14.1.06	SOC	Pursue contact with public schools and owners of private facilities to lease these for public use	Jul-18	Jun-21	Council is in regular contact with both state and private schools within North Sydney to encourage them to open their facilities to the community when not in use by the school. Examples of where this is currently being implemented include North Sydney Boys Highschool and North Sydney Girls High School.	
14.1.07	SOC	Pursue opportunities with owners of land with potential for use as public open space and to lease these for public use	Jul-18	Jun-21	Council does pursue opportunities with land owners within North Sydney to attain additional public open space. Examples include Railway leases, Waverton Bowling Club and Government property, RMS leases and negotiations regarding the North Head Quarantine Station	

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
14.1.10	SOC	Upgrade amenities block at Balls Head Reserve	Jul-18	Jun-20	Preliminary approval from Sydney Water granted. Project moving to the detailed design stage.	
14.1.11	SOC	Expand open space at Hume Street, Crows Nest	Jul-18	Jun-20	Funding obtained, enabling finalisation of brief and procurement preparation of tender documentation.	
14.1.14	SOC	Upgrade fences, furniture and signs at parks	Jul-18	Jun-21	Ongoing improvements program delivered effectively	
14.1.16	SOC	Stabilise rockface at Kurraba Point	Jul-18	Jun-19	Completed Q3 2018/19	
14.1.17	SOC	Implement remedial works for open space assets	Jul-20	Jun-21	Asset Management Plan implemented in accordance with approved budget.	
14.1.18	SOC	Prepare the Anderson Park Plan of Management	Jul-20	Jun-21	Adopted by Council in Dec 2018. Finalised 2019.	
14.1.20	SOC	Prepare the Tunks Park Plan of Management	Jul-18	Jun-19	Adopted by Council in Dec 2018. Finalised 2019.	
14.1.24	SOC	Review the North Sydney Olympic Pool Marketing Plan	Jul-18	Jun-21	Ongoing implementation of marketing plan. Significant review planned once details of NSOP Complex redevelopment plans are confirmed.	
14.1.32	SOC	Upgrade playground at Warringa Park	Jul-18	Jun-19	Project construction commenced and will be completed in Q1 2019/20	
14.1.36	SOC	Upgrade playground at Brennan Park	Jul-18	Sep-18	Completed Q1 2018/19. Positive community feedback received.	
14.1.37	SOC	Install Cremorne Reserve interpretive signage	Jul-18	Sep-18	Completed Q2 2018/19	
14.1.38	SOC	Construct Bicentennial fence	Jul-18	Sep-18	Completed Q1 2018/19	
14.2.01	SOC	Improve and manage access to foreshores and waterways for recreation, tourism, cultural events and water-based transport	Jul-18	Sep-18	Hayes Street Beach and Kurraba Reserve small watercraft storage projects completed. Milson Park boat ramp improvements commenced and will be completed Q1 2019/20	
14.2.02	SOC	Improve boat ramp at Kurraba Reserve	Jul-18	Jun-19	Stage 1 works completed Q4 2018/19.	
14.2.04	SOC	Implement landscaping improvements at Hayes Street beach	Jul-18	Jun-19	Completed Q3 2018/19	
14.2.05	SOC	Work with the Harbour Trust to create parkland at the former HMAS Platypus site at Neutral Bay	Jul-18	Jun-21	HMAS Platypus site has delivered new public open space and Council has been advocating further opportunities	
14.3.01	SOC	Consider the needs of all community members when carrying out park and reserves upgrades	Jul-18	Jun-21	Generally, the open space and recreational facilities meet the community's needs. Council continues to improve the alignment between existing facilities and expectations	
14.4.01	SOC	Identify major regional and sporting events that may be attracted to North Sydney	Jul-18	Jun-21	Opportunities identified within the NSO Business Plan are being vigorously pursued. NSO hosted significant first-class cricket content and football codes	

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
14.4.02	SOC	Work with local, state and national sporting groups to attract state and national titles	Jul-18	Jun-21	NSO hosted local, state, national and international matches this year in Cricket, Rugby League and Rugby Union codes	●
14.4.03	SOC	Prepare bids to secure regional and sporting events	Jul-18	Jun-21	NSO was successful in securing regional sporting events this year due to the capital improvement program investment	●
14.4.04	SOC	Implement the North Sydney Oval Business Plan	Jul-18	Jun-21	Ongoing outcomes illustrated in the increase in patronage and events at the Oval. See comments 1.4.4.01	●
14.4.05	SOC	Implement the North Sydney Oval Plan of Management	Jul-18	Jun-20	Project is affected by the commencement of the new Crown Land Management Act which compels all Council's to prepare new Plans of Management for all Crown Land in their area within 3 years. North Sydney Council has prepared a plan for how this will be implemented in North Sydney (and reported this to Council). Work on a suite of new PoM's has commenced and required initial information has been submitted to Crown Lands. We are currently awaiting endorsement of this information (sign off is required before Council can complete new draft PoM's).	●
14.4.07	SOC	Grow North Sydney Oval's food and beverage business	Jul-18	Jun-19	Ongoing continuous improvement	●
14.4.08	SOC	Undertake continuous improvement upgrades on venue point of sale technologies at North Sydney Oval	Jul-18	Sep-18	Completed Q4 2017/18	●
14.4.09	SOC	Upgrade outdoor video screen at North Sydney Oval	Jul-18	Jun-20	Funding in place for implementation in 2019/20.	●
14.4.10	SOC	Upgrade media tower facilities at North Sydney Oval	Jul-18	Jun-19	Completed Q4 2018/19	●
14.4.11	SOC	Upgrade Duncan Thompson Stand and corporate facilities at North Sydney Oval	Jul-18	Jun-19	Remedial and fire services work completed. Corporate facilities (boxes) upgrade was not undertaken due to budgetary constraints. Listed for consideration under future works programs.	●
14.5.01	SOC	Advocate the relevant State Government departments to allow for permission to access space for Sydney Harbour highline project	Jul-18	Jun-19	Ongoing; project included in Visitor Economy Strategy	●
14.6.01	SOC	Investigate the feasibility of providing for additional public open space over the Warringah Freeway	Jul-18	Jun-21	A draft unsolicited planning proposal has been presented to the NSW Government and is understood to be in its initial stages of pre-lodgement.	●

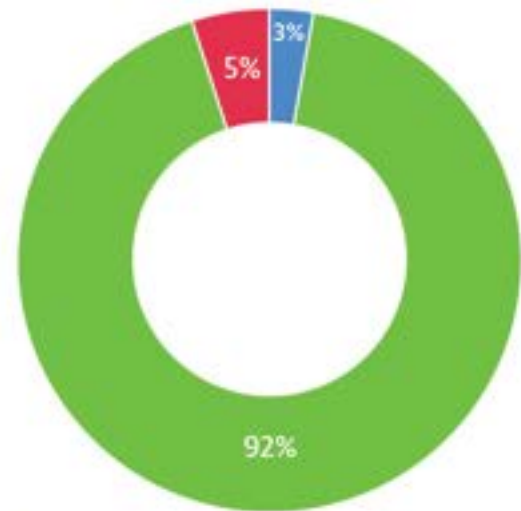
DIRECTION 2: OUR BUILT INFRASTRUCTURE

Council is focussed on ensuring adequate infrastructure to support population growth. This involves ensuring assets are well maintained and constructed to meet community needs. The Asset Management Plans were implemented in accordance with the respective capital works programs. Roll out of the Education Precinct Masterplan continued.

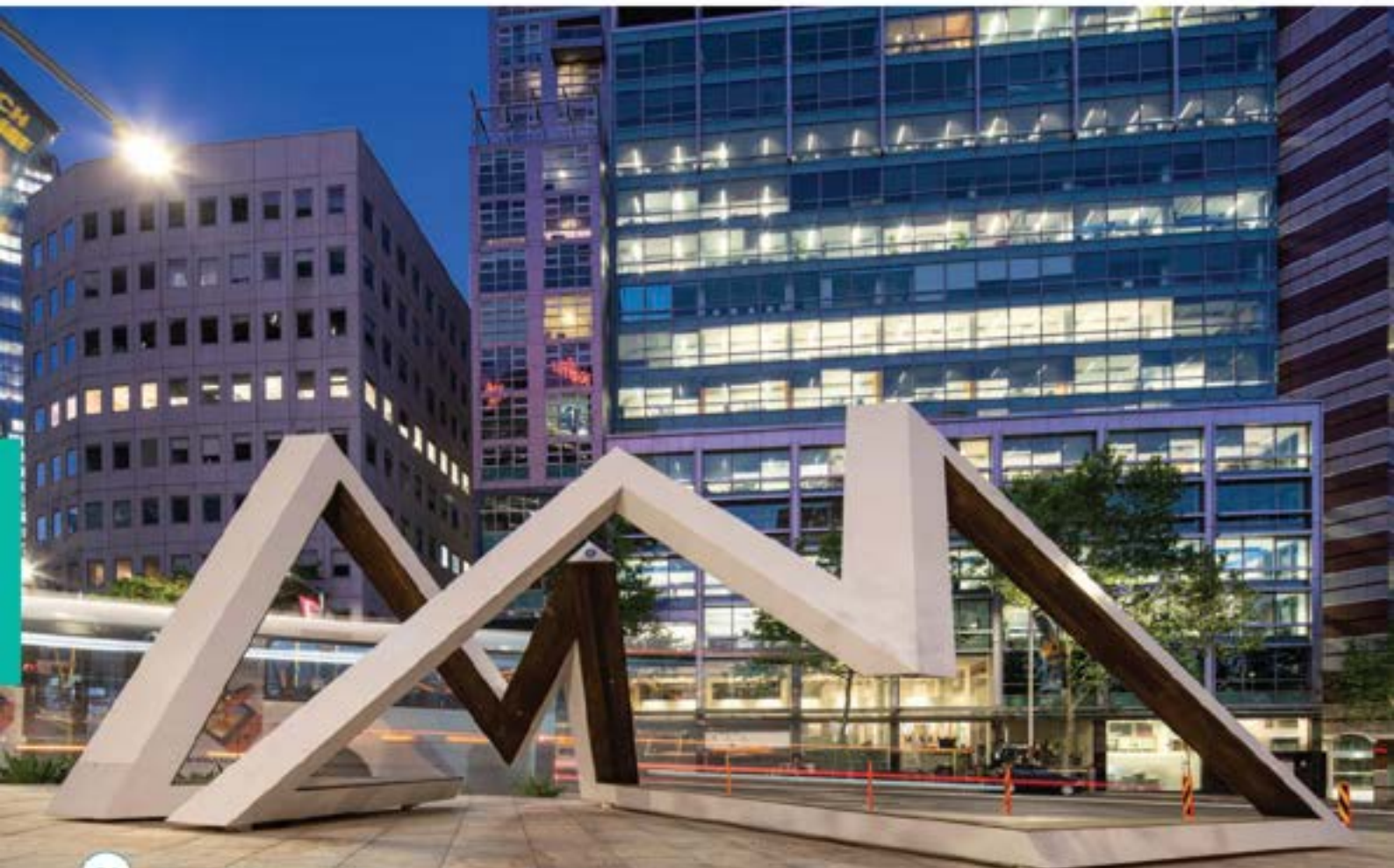
The way people move around North Sydney has improved through 2018/19. Initiatives included the Lower North Shore cycling map, launched in collaboration with Lane Cove and Willoughby Councils, the North Sydney Bike Brekkie attracting 2,000 attendees with more than 350 rider surveys completed. The Anzac Park School, Walk/Ride/Scoot to School "Make Your Move" initiative was launched in Q1. 5 new bike rails were installed. 10 new Electric Vehicle (EV) charging stations were installed, located in the Council-owned parking stations. Each is capable of charging vehicles at a rate of up to 22kw using a three-phase electrical supply.

Council continues to monitor advances in travel options, such as driverless car technologies, bike and

ride share schemes. Car Share is managed in accordance with Council's Car Share Policy and community expectations. Over 3,500 residents and 1,500 business members share 1,139 spaces across the North Sydney LGA reducing demand for on-street car spaces.














● Completed ● On track ● Not progressing








OUTCOME 2.1: INFRASTRUCTURE AND ASSETS MEET COMMUNITY NEEDS

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
21101	SOC	Undertake asset condition surveys and update Asset Management Plans per asset class	Jul-18	Jun-21	The following Asset Management Plans were updated in 2018/19 – local/regional roads, kerb and gutter, traffic facilities (incl. cycleways), bus shelters, footpaths, storm water, lighting, fences, retaining walls, seawalls, and marine structures. Field work, condition surveys of roads, footpaths, fences, street furniture, and bus shelters completed.	●
21102	SOC	Undertake asset valuations and review asset useful lives	Jul-18	Jun-21	In 2018/19 asset valuations were completed and useful lives reviewed for lighting, fences, retaining walls, seawalls, and marine structures.	●
21103	SOC	Implement the Asset Management Plans per asset class	Jul-18	Jun-21	All identified capital works and maintenance projects per Council's Asset Management Plan were implemented in accordance with the available funding for each project and program.	●
21104	SOC	Implement the Asset Management Strategy	Jul-18	Jun-21	Strategy updated in accordance with Council's SRV application.	●
21105	SOC	Implement footpath capital works program	Jul-18	Jun-21	28 footpath reconstruction projects were completed. 11,152m2 total footpath was replaced.	●
21106	SOC	Implement kerb and gutter capital works program	Jul-18	Jun-21	35 kerb and gutter reconstruction projects were completed. 5.8km total kerb and gutter replaced.	●
21107	SOC	Implement drainage capital works program	Jul-18	Jun-21	20 drainage projects were completed. 1.2km total old pipes replaced.	●
21108	SOC	Implement roads capital works program	Jul-18	Jun-21	85 road projects were completed. 61,360m2 total road was replaced.	●
21109	SOC	Implement retaining walls capital works program	Jul-18	Jun-21	19 retaining walls were reconstructed or repaired.	●
21110	SOC	Implement seawalls capital works program	Jul-18	Jun-21	The Living Seawalls Program has furthered Council's partnership with the Sydney Institute of Marine Science (SIMS) and Macquarie University.	●
21111	SOC	Implement marine structures capital works program	Jul-18	Jun-21	5 marine projects were completed, including Hayes St boardwalk repairs, Jeffrey St Bridge repairs, Boatbuilders Walk Bridge repairs, Lower Wycombe Rd Jetty construction, Sawmillers Wharf boardwalk urgent repairs.	●
21112	SOC	Implement safety barriers capital works program	Jul-18	Jun-21	3 x Safety barrier projects were completed, including Cowdroy Ave, Lord St, McDougall St and future design works.	●
21113	SOC	Implement gross pollutant trap upgrade program	Jul-18	Jun-21	4 designs for the reconstruction of 2 key gross pollutant traps (GPTs) completed including the Hayes St GPT; to be tendered 2019/20 based on funding. Major maintenance works completed for 6 GPTs in Council's network.	●

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
21114	SOC	Prepare transport and traffic infrastructure capital works program	Jul-18	Jun-21	148 new traffic facilities were constructed, improving safety for pedestrians, cyclists, drivers and people of all ages and abilities. 17 projects identified in Council's adopted LATM Plans were completed.	
21115	SOC	Implement transport and traffic infrastructure capital works program	Jul-18	Jun-21	Albany/Oxley, Yeo St, Palmer/Abbott commenced Q4 (completion scheduled for Q1 2019/20). Construction for Atchison/Oxley and Russell St completed Q4. St Leonards/Crows Nest HPA traffic study completed Q4 with RMS funding. Designs in progress for Rangers Rd/Spofforth St, due Q2 2019/20.	
21116	SOC	Implement improvements to Works Depot	Jul-18	Jun-19	All identified minor improvement works to the Depot were completed.	
21117	SOC	Investigate options to deliver components of Parraween Street car park re-development	Jul-18	Jun-21	Re-modelling complete. Business case under review	
21.2.01	SOC	Advocate for improved state infrastructure and adequate funding for maintenance and improvement of community assets	Jul-18	Jun-21	Successfully negotiated close to \$20m cash and in-kind contributions from the NSW Government in 2018/19. Infrastructure upgrades to the Military Road corridor will fully funded by the TfNSW and will improve all aspects of the public domain impacted by B-Line works. Council also negotiated an Interface Agreement with Sydney Metro for the 4 Metro Sites; Victoria Cross Station, Crows Nest Station and McMahons Point Park works site. Under this agreement Public Domain Works at the 4 sites will be significantly upgraded as part of the Sydney Metro project at no cost to Council. All works are on Council owned and controlled land. 8,559m ² of Public Domain at the four sites has been agreed to be upgraded to Council's current Public Domain Standards and 9,299m ² of infrastructure around the sites has been agreed to be replaced as new roadway.	
21.3.01	SOC	Prepare site security assessments for high profile places of public congregation	Jul-18	Jun-19	No funding available to implement these works.	
21.3.02	SOC	Prepare Joint Emergency Plans	Jul-18	Jun-21	The Local Emergency Management Plan was completed by the Local Emergency Management Committee and endorsed by the Sydney Metropolitan Regional Emergency Management Committee.	
21.3.03	SOC	Respond to emergencies	Jul-18	Jun-21	In 2018/19 there were no major emergencies were recorded in the LGA. Council attended to some minor local emergencies including an awning collapse in Neutral Bay which closed the footpath for 24 hours – no one was injured; in November 2018 a major storm event in Sydney was identified by the Bureau of Meteorology as a once in one-hundred-year event. Council received several calls and responded to reports of local flooding.	
21.4.01	SOC	Prepare Flood Study	Jul-18	Jun-20	Consultant engaged to undertake next stage (Stage 2 Flood Plain Management Study) which involves review of existing model and community consultation. Implementation will be undertaken alongside the replacement of existing Council drainage assets.	

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
2.1.5.01	SOC	Liaise with education institutions regarding public accessing facilities outside of school hours	Jul-18	Jun-21	See 1.4.1.06 comments.	
2.1.6.01	SOC	Redevelop North Sydney Olympic Pool complex	Jul-18	Jun-21	Council resolved in March 2019 progress to the next stage for Option 2b – DA preparation and statutory approvals, noting that the total project cost is now \$57.9m. Council has secured Federal Government funding and continues to pursue funding State Government funding, that is essential for the project to progress to implementation/construction stage.	










OUTCOME 2.2: VIBRANT CENTRES, PUBLIC DOMAIN, VILLAGES AND STREETSCAPES

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
2.2.1.01	SOC	Implement Public Domain Style Manual and Design Codes	Jul-18	Jun-21	Developers, transport and infrastructure agencies implement public domain projects in accordance with the Manual, which has brought a consistent high-quality finish to all capital upgrades to Council's public places, parks and open spaces.	
2.2.1.02	SOC	Implement the Public Amenities Strategy	Jul-18	Jun-21	In 2018/19, Council executed projects identified in the Public Amenities Strategy, including design, planning and approval for new public amenities in the Alexander St Carpark and a major upgrade of the Neutral Bay Community Centre public amenities, commencing August 2019.	
2.2.1.03	SOC	Implement the North Sydney CBD Upgrade Program	Jul-18	Jun-21	Major projects completed in 2018/19 included Pacific H'way – west side from Blue St to Miller St, Miller St both sides from Pacific H'way to Blue St and Mount St – both sides from Pacific H'way to Edward St. The North Sydney Courthouse and Post Office Block precinct also commenced construction in June 2019. Over 5,300 m2 of new granite paving was installed in the North Sydney Centre, bringing the total of new granite paving installed since 2013/14 to over 16,800 m2.	
2.2.1.04	SOC	Upgrade public domain along Military Road, Cremorne and Neutral Bay associated with the introduction of B-Line	Jul-18	Jun-21	Public Domain upgrades in Neutral Bay and Cremorne ready to commence in 2019/20. Military Road Corridor works between Neutral Bay and Cremorne will take approximately 18 month. Works are fully funded by TfNSW.	
2.2.1.05	SOC	Upgrade footpath at Willoughby Road	Jul-18	Jun-21	The works at the intersection of Falcon St down to the intersection of Burlington St completed in Q4, to positive feedback. Streetscape upgrade on the eastern side of Alexander St also commenced in Q4. When this upgrade is complete the entire Alexander St, Burlington St and Falcon St block in Crows Nest will have been upgraded, including new streetscape furniture (bins, seats bike rings), landscaping, street tree planting, public lighting, decorative lighting, new fencing, new paving and new traffic facilities such as the raised pedestrian crossing and landscaping on Burlington St. Future upgrading work in the Willoughby Rd retail strip is subject to funding.	

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
2.21.06	SOC	Implement the capital works program for North Sydney CBD	Jul-18	Jun-21	See 2.21.03 comments.	●
2.21.07	SOC	Implement the public domain for Crows Nest Masterplan	Jul-18	Jun-21	Rollout of Masterplan continued, enabled by funding made available through the Crows Nest Mainstreet Levy as well as additional funding through Council's Capital Works Reserve. See 2.21.05 comment.	●
2.21.08	SOC	Implement the public domain for Education Precinct Masterplan	Jul-18	Jun-21	Masterplan rollout continued. Works completed in 2018/19 included the western end of Mount St and both sides to Edward St, including new streetscape furniture (bins and seats), new raised crossings, landscaping, decorative lighting and new granite paving. Positive feedback received from residents, Precinct Committees and businesses.	●
2.21.09	SOC	Implement the public domain for Cremorne and Neutral Bay Masterplans	Jul-18	Jun-21	See 2.21.04 comments.	●
2.21.10	SOC	Implement the capital works program for St Leonards Masterplan	Jul-18	Jun-21	Masterplan rollout continued with the identified Atchison St works being designed, tendered and awarded; works to continue in Q1 2019/20.	●
2.21.11	SOC	Undertake gateway treatments throughout LGA	Jul-18	Jun-21	A draft scoping report and Masterplan prepared internally and awaiting funding to take to next stage. Two significant gateway treatments into North Sydney were completed in the last 2 years consisting of strong urban design and public art treatments to celebrate entering/leaving the LGA. The green breathing wall at Mitchell St Plaza was nominated for an Australian Urban Design Award in 2019. The gateway treatment at the southern end of the LGA at the intersection of Blue St and Pacific H'way incorporates "Missing Corners" (Daniel Templeman), commemorating the old Methodist Church that once occupied this location.	●
2.2.2.01	SOC	Prepare lighting strategy	Apr-19	Jun-19	Consultant appointed to prepare comprehensive and integrated Public Lighting Code and Masterplan for the LGA. To provide a strategic approach to delivery of public domain lighting through design principles, palette selection, technical requirements and performance standards to guide all exterior lighting works and upgrades.	●
2.2.2.02	SOC	Upgrade streetscape lighting in North Sydney CBD	Jul-18	Jun-19	Council is partnering with Ausgrid to upgrade all street lighting in the LGA as part of the "Lighting the Way Program" which will see the accelerated replacement of 1,395 Ausgrid residential road street lights with LEDs. Links to 2.2.2.01	●
2.2.2.03	SOC	Upgrade streetscape lighting in village centres	Jul-18	Jun-21	Links to 2.2.2.01 and 2.2.2.02. Public Domain lighting was upgraded in Willoughby Rd and part of the Willoughby Rd streetscape upgrade. The Public Domain upgrades in the Military Rd corridor between Neutral Bay and Cremorne will also include Public Lighting upgrades. Council undertook a "Zebra" Pedestrian Crossing Audit of all 82 "Zebra" pedestrian crossings in the LGA. As a result, several pedestrian crossings had lighting upgrades as they were identified as not meeting current lighting codes or standards.	●

OUTCOME 2.3: SUSTAINABLE TRANSPORT IS ENCOURAGED

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
2.31.01	SOC	Advocate the state government to improve planning and delivery of integrated and efficient public transport	Jul-18	Jun-21	Council staff participate at NSW Government forums on major projects expected to impact on the local area including Sydney Metro, B-Line and WHT/BL	●
2.31.02	SOC	Implement community education campaigns that encourage active transport/use of public transport and alternative modes of transport	Jul-18	Jun-21	Major initiatives undertaken in 2018/19 included preparation of Lower North Shore cycling map in collaboration with Lane Cove and Willoughby Councils, cycling network video posted on Facebook received over 3,500 views, the North Sydney Bike Brekkie attracted 2,000 attendees with 350+ rider surveys completed. Anzac Park School – Walk/Ride/Scoot to School “Make Your Move” initiative launched in Q1	●
2.31.03	SOC	Implement the North Sydney Integrated Cycling Strategy	Jul-18	Jun-21	See page 16 for more detail.	●
2.31.05	SOC	Provide bike rail facilities for cyclists	Jul-18	Jun-21	5 new bike rails installed in 2018/19. New rails planned in conjunction with streetscape works in Neutral Bay and North Sydney CBD for Q1 2019/20.	●
2.31.06	SOC	Monitor bike share schemes and work with operators to improve management of schemes	Jul-18	Jun-21	As at the end of 2018/19 no bike share operators are operating in North Sydney LGA due to the new NSW Government Legislation, which commenced November 2018. Councils and other impounding authorities now have expanded powers to manage shared bicycles on public land that cause obstructions, pose safety risks or are left unused in one place for too long based on clear, risk-based time limits.	●
2.31.07	SOC	Upgrade shared zone at Grosvenor Lane, Neutral Bay	Jul-18	Jun-20	Project designed and tendered. Contract awarded and will commence in Q1, for completion expected Q3 2019/20	●
2.31.08	SOC	Implement the Transport Strategy	Jul-18	Jun-21	Ongoing negotiations with NSW Government agencies on North Sydney ITP, WHT/BL and internal advocacy	●
2.31.09	SOC	Participate in TfNSW Travel Choices Program	Jul-18	Jun-19	Recommended actions from Council's participation in this program presented to MANEX in Q3 2018/19. Draft Staff E-bike Leasing Policy in development.	●
2.31.10	SOC	Implement Active Transport – Young Street, Neutral Bay	Jul-18	Jun-21	Consultation scheduled for Q2 2019/20. The proposed Young St road closure at the intersection of Military Rd and the creation of a Public Plaza and through share bicycle path was resolved on by Council at the August 2019 Council meeting. This project is eligible to be 100% funded through either the TfNSW funding deed of agreement that Council has entered and or through RMS Active Transport Grants.	●
2.31.11	SOC	Implement Active Transport – intersection Oxley and Albany Streets, Crows Nest	Jan-19	Jun-20	The project has been designed consulted on and tendered in 2018/19. Construction to commence Q1 2019/20.	●

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
2.3112	SOC	Implement Active Transport – Winter Avenue, Neutral Bay	Jan-19	Jun-21	Works planned and approved but project currently unfunded.	
2.3113	SOC	Implement Active Transport – Kurraba Road	Jan-19	Jun-21	This project is currently at design stage. Community consultation planned in 2019/20.	
2.3.2.01	SOC	Liaise and coordinate with TfNSW on the Metro project	Jul-18	Jun-21	Ongoing	
2.3.2.02	SOC	Liaise and coordinate with TfNSW on the proposed Western Harbour Tunnel and Beaches Link project	Jul-18	Jun-21	Integrated Transport Plan (ITP) working group comprising TfNSW, GSC, RMS and Council working collaboratively through various CBD transport issues including the Western Harbour Tunnel (WHT).	
2.3.2.03	SOC	Advocate for continued improved public transport on Spit Road/Military Road transport corridor to the Warringah Peninsula and Northern Beaches	Jul-18	Jun-21	Pursuing through the WHT/BL, liaising with TfNSW RMS and through Military Road Corridor Planning Study.	
2.3.2.04	SOC	Participate in the Northern Beaches Transport Masterplan	Jul-18	Jun-21	Pursued through the WHT/BL discussions with TfNSW and RMS.	
2.3.4.01	SOC	Investigate provision of recharge facilities for electric vehicles at public facilities and car parks	Jul-18	Jun-21	Council completed the installation and commissioning process for 10 new Electric Vehicle (EV) charging stations, located in the Council-owned parking stations. Each is capable of charging vehicles at a rate of up to 22kw using a three-phase electrical supply.	
2.3.5.01	SOC	Implement the Road Safety Action plan including education and awareness programs	Jul-18	Jun-21	All 2018/19 initiatives completed, including the school road safety resources pack, child restraint checking days held (70 participants, 180 child car seats installed, checked, or adjusted), initial roll out of 'Slow Down' bollard wraps on local streets, key RMS messages promoted, roll out of road safety promotion on flag banners in CBD, use of existing artwork for promoting road safety messages and senior road safety workshop and presentations. 2020 Road Safety Calendar underway. Truck Awareness campaign in research phase.	
2.3.6.01	SOC	Monitor advances in new forms of travel	Jul-18	Jun-21	Ongoing monitoring of advances in travel options including driverless car technology, bike share, ride share and car share schemes. Ongoing consultation with NSROC and TfNSW regarding progress in point-to-point car share and dockless bike share initiatives.	

OUTCOME 2.4: IMPROVED TRAFFIC AND PARKING MANAGEMENT

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
24.1.01	SOC	Implement the North Sydney Integrated Traffic and Parking Strategy	Jul-18	Jun-21	Strategy implemented through LATMs and parking reviews. Parking is managed in accordance with Strategy and Council's current DCP controls.	●
24.1.02	SOC	Implement Local Area Traffic Management Action Plans	Jul-18	Jun-21	17 LATM planned projects completed.	●
24.2.01	SOC	Investigate funding opportunities and apply for grant funding for new and upgrade of traffic, pedestrian and cycling facilities	Jul-18	Jun-21	Council received 2 grants from RMS through the NSW Government's Active Transport programs for 2019/20. These grants combined with the other 11 other grants that Council has received from the RMS since 2015, bring the total amount of grant funding received to date for Active Transport Projects to \$5,375,698.	●
24.2.02	SOC	Advocate TfNSW for improved pedestrian safety at Rangers Road and Hampden Avenue, Cremorne	Jul-18	Jun-21	Upgrades to these intersections will be implemented as part of the B-Line project that is managed by TfNSW. Council is in ongoing discussions with B-Line regarding design.	●
24.3.01	SOC	Undertake a review of car parking restrictions	Jul-18	Jun-21	Council completed community consultation for Area 10 (west) and Area 21 (Carlow St). Consultation outcomes for Area 26 (west), Area 15, Area 10 (west) and Area 21 (Carlow St) will be reported to Traffic Committee in Q1 2019/20.	●
24.3.02	SOC	Manage car share parking	Jul-18	Jun-21	Council's Car Share Program is managed in accordance with the Car Share Policy and community expectations. Currently 2 operators – GoGet and Popcar. Approximately 3,500 residents and 1,500 business members in North Sydney LGA. Car sharing currently reduces the demand for on-street car parking spaces by 1,139 spaces across North Sydney LGA.	●



DIRECTION 3: OUR FUTURE PLANNING

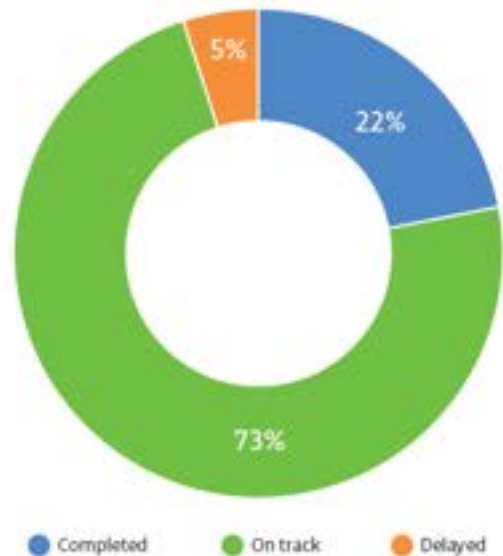
North Sydney is a great place to do business, with strong economic growth balanced with environmental and social wellbeing.

The Nth Syd program is widely recognised by the business and worker communities who provide consistent positive feedback about the events held. Events included the North Sydney lunch club, held twice at Brett Whiteley Place with participation from local businesses offering discounts or free samples to attendees.

Land use and infrastructure plans which strengthen the competitiveness of the North Sydney CBD were developed in 2018/19. These included the gazettal of the 2018 Planning Proposal in November 2018 and completion of the 100 Mount St Laneway.

The North Sydney CBD Public Domain Strategy (Stage 1) was adopted by Council in 2018/19. This place-book establishes a vision for the centres public spaces and will inform Council's statutory and strategic decisions, future capital works programs and discussions with state agencies and the development industry. This has been achieved with input from stakeholders and the community.

The Visitor Economy and Smart City Strategies have been prepared with great engagement from the community via surveys, workshops and precinct committees.





OUTCOME 3.1: PROSPEROUS AND VIBRANT ECONOMY









Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
31.1.01	SOC	Monitor development controls to allow for diverse mix of businesses	Jul-19	Jun-21	Pursued through LEP Review	●
31.2.01	ECO	Implement the Economic Development Strategy	Oct-18	Jun-19	Ongoing, with most actions now completed. Work also undertaken to develop two new strategies, focusing on innovation/smart cities and tourism/visitor economy.	●
31.2.02	ECO	Conduct the Business Network event series, including Business Buzz	Jul-19	Jun-21	5 Business Network events were held. One event postponed to Q1 2019/20.	●
31.3.01	ECO	Support local Chambers of Commerce and peak bodies representing local businesses	Jul-18	Jun-19	Ongoing as opportunities arise	●
31.4.01	ECO	Participate in the State Government's Easy to Do Business Program	Jul-18	Jun-21	Promotion continued. Attended Small Business Friendly Councils event in May 2019.	●
31.4.02	SOC	Consult to gauge community expectation in relation to both café and restaurant trading hours and the permissibility of small bars in Kirribilli Village and Milsons Point	Jul-19	Jun-21	Expected to be finalised by end 2019.	●
31.5.01	ECO	Prepare the Visitor Economy Strategy	Oct-18	Jun-19	Stage 1 engagement completed. Preparation of draft strategy underway.	●
31.6.01	ECO	Ensure resident participation in preparation of Visitor Economy Strategy	Jul-19	Jun-21	Stage 1 community engagement undertaken in May 2019. Included community survey and workshops for community and Precinct Committees.	●

OUTCOME 3.2: NORTH SYDNEY CBD IS ONE OF NSW'S PRE-EMINENT COMMERCIAL CENTRES

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
3.2.1.01	ECO	Create opportunities for commercial centre growth	Jul-18	Jun-21	Planning proposal gazetted in November 2018. Increases growth potential in North Sydney CBD	●
3.2.2.01	ECO	Develop and implement land use and infrastructure plans which strengthen the competitiveness of the North Sydney CBD	Jul-18	Jun-19	Planning Proposal gazetted November 2018, Laneways being developed at 100 Mount (completed) and 1 Denison (underway) and Public Domain Strategy adopted. Ward St Precinct Masterplan exhibited and being refined Negotiations with Transport Agencies regarding CBD Traffic and Transport Plan are ongoing.	●

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
32.202	ECO	Implement North Sydney CBD Marketing Campaign	Jul-18	Jun-21	Nth Syd program is becoming widely recognised by the business and worker communities who provide positive feedback about the events held, including regular verbal comments to staff that they appreciate Council holding the events. The North Sydney lunch club was held twice this year at Brett Whiteley Place with participation from local businesses offering discounts or free samples to attendees.	
32.301	ECO	Prepare the North Sydney CBD Public Domain Strategy	Jul-18	Jun-19	Stage 1 Strategy was adopted in Q4 2018/19	

OUTCOME 3.3: NORTH SYDNEY IS SMART AND INNOVATIVE

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
33101	ECO	Prepare the Smart City Strategy	Oct-18	Sep-19	Stage 1 engagement completed. Draft Strategy prepared, to be reported to Council Q1 2019/20, seeking endorsement to publicly exhibit (Stage 2).	
33103	ECO	Provide information resources to targeted industries and businesses	Jul-18	Jun-21	Business resources on Council's website. Information provided to businesses.	
33201	ECO	Explore option of providing a co-working space through voluntary planning agreement	Jul-18	Jun-21	Planning Proposal 6/16 – 100 Christie St, St Leonards & Draft Voluntary Planning Agreement – Post Exhibition Report adopted in Q3 2018/19	
33301	ECO	Investigate provision of free Wi-Fi in North Sydney CBD	Jul-18	Jun-19	Council resolved to discontinue investigation in Q3 2018/19	
33401	ECO	Prepare grant applications in partnership with local businesses and networks as opportunities arise	Jul-18	Jun-21	Small grant secured for Small Business Month 2018.	
33402	ECO	Prepare a Data Sharing Policy	Jul-18	Jun-21	Preparation of draft policy and guidelines underway in consultation with InfoSec Working Group	
33501	ECO	Participation in the North Sydney Innovation Network	Jul-18	Jun-21	Director City Strategy as appointed representative to attended NSIN Steering Committee meetings throughout the year attended and gave a presentation on Council initiatives.	
33502	ECO	Promote local innovative activity and achievement in Council publicly	Jul-20	Jun-21	Articles included in monthly Business e-News. Smart City Strategy e-newsletter distributed.	

OUTCOME 3.4: NORTH SYDNEY IS DISTINCTIVE WITH A SENSE OF PLACE AND QUALITY DESIGN

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
34.101	ECO	Maintain a contemporary Local Environmental Plan	Oct-18	Jun-20	LEP Review process currently under way which will culminate with the preparation and reporting to Council of a Planning Proposal in Q2 2019/20	●
34.103	ECO	Advance land use projects and proposals that promote economic development, sustainability and neighbourhood quality of life	Oct-18	Jun-20	LEP Review will follow the preparation of a mandated Local Strategic Planning Statement (LSPS) which will be reported to Council in June 2019 and finalised by December 2019.	●
34.105	SOC	Review Council's strategic planning framework to implement the employment targets of the Greater Sydney Commission North District Plan	Jul-18	Jun-19	LEP Review will follow the preparation of a mandated LSPS. See 3.4.103 comments.	●
34.107	SOC	Integrate ecological sustainable development considerations into Council's development controls	Jul-18	Jun-21	Ongoing	●
34.108	SOC	Implement electronic lodgement system for development applications	Jul-18	Dec-19	Project due for September 2019. End user training scheduled for August 2019 and the roll out of related application forms to follow training. A mail merge is being prepared to advise regular customers of the changes.	●
34.109	SOC	Review Council's developer contributions framework	Jul-19	Jun-20	Ongoing	●
34.201	SOC	Respond to reforms in planning process and advocate on behalf of community	Jul-18	Jun-21	Ongoing	●
34.301	SOC	Participate in the Department of Planning and Environment's Priority Precinct process and advocate for Council's planning objectives for the precinct	Jul-18	Jun-19	DPE commenced exhibition of its 2036 Plan and associated documents. Three reports prepared and endorsed regarding this plan, related rezoning and DA for Metro site in December 2018 and January 2019 Council meetings. Council still awaits the response from the DPE.	●
34.401	SOC	Prepare detailed design of North Sydney's Central Laneways Plan	Jul-18	Jun-19	Work with developers on 100 Mount and 1 Denison are ongoing. See 3.2.2.01 comments.	●
34.402	SOC	Prepare Military Road Corridor Planning Study	Jul-18	Jun-20	Stage 1 Study to be presented to Council in July 2019. Exhibition planned for Q1 2019/20	●
34.501	SOC	Conduct Design Excellence Panel	Jul-18	Jun-21	Ongoing	●
34.502	SOC	Investigate ways to celebrate and promote local architecture and urban design	Jul-18	Jun-19	Heritage Forum held on September 2018. Well attended. Positive feedback received.	●
34.503	SOC	Prepare the place making policy	Jul-18	Jun-19	Draft policy prepared, to be reported to Council in Q1 2019/20 for endorsement to public exhibition.	●

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
34.601	SOC	Monitor heritage inventory and areas	Jul-18	Jun-21	Ongoing	
34.702	SOC	Prepare the Local Housing Strategy	Jul-18	Jun-21	Draft North Sydney Local Housing Strategy endorsed in June 2019. Council endorsed public exhibition for Q1 2019/20	
34.703	SOC	Work in partnership with other levels of government and developers to increase the level of affordable housing in North Sydney	Jul-18	Jun-21	Ongoing	

OUTCOME 3.5: NORTH SYDNEY IS REGULATORY COMPLIANT

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
35.101	SOC	Regulate activities to minimise impacts on the environment and public health	Jul-18	Jun-21	Ongoing	
35.102	SOC	Implement the North Sydney Construction Works Management Strategy	Jul-18	Jun-21	Ongoing	
35.201	SOC	Develop the companion animal owner's education program	Jul-18	Jun-19	Completed Q3 2018/19	
35.301	SOC	Harmonise parking patrol beats in resident parking areas	Jul-18	Sep-18	Project was completed in February 2019; the POs are now working in line with resident parking areas	
35.302	SOC	Integrate in-ground sensors into parking management operations	Jul-18	Jun-19	PSOs are ready for the implementation of the sensors into enforcement actions	

DIRECTION 4: OUR SOCIAL VITALITY

The North Sydney lifestyle offers fantastic quality of life to its residents. Community members have access to the information and support services they require.

The Family and Children's Services Strategy was adopted in 2018/19. This strategy is a framework to support the changing childcare needs of our community over time. The strategy identifies core priorities such as affordable childcare through the grants and subsidies program, maintaining and upgrading playground facilities and supporting Family Day Care.

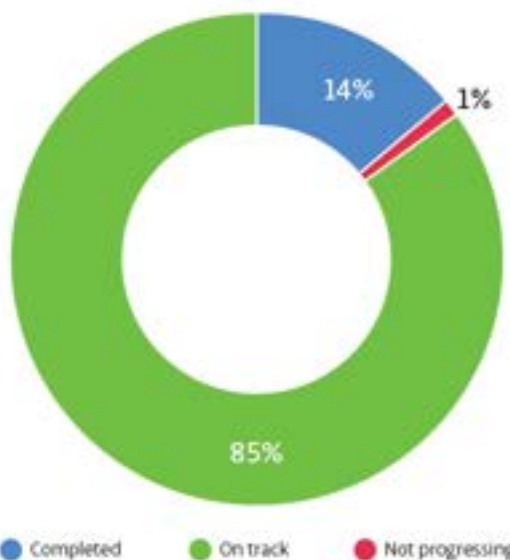
2018/19 included the upgrade of the McMahons Point Community Centre playground. The Primrose Park Art and Craft Centre was restored and reopened in April 2019. The centre is a wonderful creative hub offering educational and recreational resources to the community.

Annual inspections led to improvements made to playgrounds at all community centres. Shades sails were upgraded at Kidsnest, Kelly's Place and Family Day Care. The wooden structures at Cammeray Children's Centre were refurbished.

Council organised and chaired the Refugee Week Breakfast Seminar held at the Crows Nest Centre in June with Dr Al Muderis, Antoinette Unwerra from Asylum Seeks Centre and Roje Ndayambaje. Over 130 people attended this great event. Diwali, the Indian festival of lights was celebrated and an event was held as part of

the Gaimaraigal Festival. Multicultural Mental Health Week and Aboriginal Culture Month were highlighted through a display of relevant items in the Library's collection. Councils heritage sites hosted 205 residents and 185 school students for 6 tours led by the Library's professional historical service staff. History Week and the Heritage Festival events attracted 2,014 attendees.

Stanton Library partnered with Lively, an organisation that brings young people and older people together to learn from each other. Over a 6-week period, youth volunteers provided quality training to booked out sessions. A new partnership with Link Housing has been developed as a result of the success of this program.



OUTCOME 4.1: NORTH SYDNEY IS CONNECTED, INCLUSIVE, HEALTHY AND SAFE

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
411.02	SOC	Support local community organisations assisting the community accessing the National Disability Insurance Scheme	Jul-18	Jun-21	Support given by the Access and Inclusion Officer to individuals and to local agencies Neutral Bay Seniors and the Crows Nest Centre	●
411.03	SOC	Update and promote translated information to the community	Jul-18	Jun-21	Translated information up to date as at 30 June. TIS included in all brochures. Translation information also available on the Language Assistance page of the website.	●
411.04	SOC	Review the provision of information in community languages relevant to the North Sydney Community	Jul-18	Jun-21	Review of information is ongoing and in consultation with Council's Social Planner. Information provided in Chinese and Japanese for Arts and Culture Guide. Explanation notes for Children's Services Guide in Chinese, Japanese, Spanish and Hindi.	●
412.01	SOC	Advocate to the State Government to ensure community service delivery meets evolving community needs	Jul-18	Jun-21	Areas of advocacy included: Library Services funding, Affordable Housing Management transfers, and Youth Services Partnerships.	●
412.02	SOC	Prepare the Family and Children Strategy	Jul-18	Jun-19	Family and Children's Services Strategy 2018-2024 completed Q4 2018/19.	●
412.08	SOC	Support youth development throughout North Sydney through the implementation, funding and management of youth programs	Jul-18	Jun-21	Funding support provided to Bradfield College for Parent Seminar. Chaired and organised 11 Youth Interagency Network meetings. Co-chaired Parent Support Network Group providing assistance and options to parents of teenagers. Operation of Planet X Youth Centre to engage vulnerable and at-risk young people.	●
412.09	SOC	Promote youth services and facilities throughout North Sydney	Jul-18	Jun-21	Promotional material and Youth Card Guide printed and disseminated. Counsellors and FACS and Juvenile Justice staff attended Planet X Youth Centre to engage young people.	●
412.11	SOC	Upgrade facilities and equipment at Planet X Youth Centre	Jul-18	Jun-21	5 computers upgraded. Music Studio set up allowing young people to jam and record. Very popular.	●
412.12	SOC	Provide services and activities to seniors through community centres	Jul-18	Jun-21	Neutral Bay Seniors management restructured; Men's Shed governance issues addressed. Crows Nest Centre supported throughout the year. Seniors Festival involved most Centres and other agencies.	●
412.13	SOC	Review the Older Persons Plan	Jul-18	Jun-19	Plan adopted Q2 2018/19.	●
412.14	SOC	Implement the Older Persons Plan	Jul-18	Jun-21	Action Plan implemented from Q3 2018/19.	●
412.15	SOC	Coordinate and promote activities in Seniors Festival	Jan-19	Jun-19	Seniors Festival held in February 2019.	●
412.18	SOC	Manage squalor, hoarding and homelessness enquiries with appropriate referrals	Jul-18	Jun-21	Most recent example of action taken, in Q4 there have been two reports of homelessness. Follow up in accordance with Council's policy on homelessness, visiting rough sleeper within 48 hours. Additionally, two people have been supported to access social housing	●

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
4.1.2.19	SOC	Implement Stanton Library Masterplan	Jul-18	Jun-21	DA has been prepared for Stage 1 of the second entrance into the Library from James Place.	●
4.1.2.20	SOC	Develop and employ strategies to increase customer awareness, access and usage of digital resources	Jul-18	Jun-21	Received grant to facilitate technology training for seniors. The Library partnered with Lively, an organisation that brings young people and older people together to learn from each other. Over a 6-week period, the youth volunteers provided quality training to booked out sessions. Arising from the success of this program is a new partnership with Link Housing.	●
4.1.2.21	SOC	Enhance the Library's website, improving accessibility, interactivity and ease of use	Jul-18	Jun-21	Participated in the Council's internal project control group for the website upgrade. This will be addressed as part of that project.	●
4.1.2.22	SOC	Undertake annual consultation with customers about library resources, services and facilities	Jul-18	Jun-21	Key staff completed IAP2 community engagement training.	●
4.1.2.23	SOC	Develop targeted marketing and promotional strategies	Jul-18	Jun-19	All promotional material reviewed. Fresh, new branding templates for regular events and programs developed.	●
4.1.2.25	SOC	Investigate ways to meet the needs of community language groups with relevant resources	Jul-18	Jun-21	The Library supplied community language boxes of books from the State Library to provide access to a wide range of languages for library customers. Magazines and DVDs in Asian languages also purchased.	●
4.1.2.26	SOC	Upgrade McMahons Point Community Centre playground	Jul-18	Dec-18	Completed Q2. The playground design has been a great success and highly praised by the families attending the playground.	●
4.1.3.01	SOC	Review the range and quality of Council childcare programs	Jul-18	Jun-19	Gowrie Services, the new provider of the Council's Vacation Care program, delivered four programs and the program is operating safely, with a positive feedback surveys from parents. The first Quality Assessment visit conducted last October gained an above average rating.	●
4.1.3.02	SOC	Review Council service against demand and modify as required	Jul-18	Jun-21	Market tested for Community Transport. Current user groups consulted. Contract drafted to extend hours of service and offer opportunities for new groups to participate. Community Connect awarded contract for 2+2 years to align with their contract with Ministry of Transport.	●
4.1.4.02	SOC	Contribute to strategic direction of James Milson Village	Jul-18	Jun-21	Planning Proposal process outlined following a legal review. Submission made to RMS to advance the JMV Masterplan. Outcome pending.	●
4.1.5.01	SOC	Provide advice and support to community groups	Jul-18	Jun-21	Held successful 'Meet the Experts' Workshop on "Storytelling – a new way to market your organisation" in April 2019. Well attended by community groups with excellent feedback.	●
4.1.5.02	SOC	Assist local groups to access external funding and support	Jul-18	Jun-21	Email goes out with relevant information on funding and training to groups and networks regularly.	●
4.1.5.03	SOC	Target funding to North Sydney's community outcomes through Council's community grants program	Feb-19	Aug-19	Small Grant application's assessed and distributed equitably over Youth, CALD, Disability, Family Support Services, Children's Services and cultural and recreational activities.	●

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
4.16.01	SOC	Provide opportunities for indigenous and intercultural learning opportunities	Jul-18	Jun-21	Through Council's involvement with the Aboriginal Heritage Office opportunities are provided for indigenous learning.	●
4.16.02	SOC	Coordinate and promote Harmony Day activities	Jan-19	Mar-19	Harmony Day event completed in March 2019. Organised and chaired Refugee Week Breakfast Seminar held at the Crows Nest Centre in June with Dr Al Muderis. Over 130 people attended, great event including talk from Antoinette Unwerra from Asylum Seekers Centre and Roje Ndayambaje, who gave a moving poetic performance.	●
4.16.03	SOC	Coordinate and promote activities in Indigenous festivals	Jul-18	Jun-21	Council participated in the Gai-marigal Festival with an exhibition of paintings from desert communities in the Northern Territory	●
4.16.04	SOC	Develop public programs and activities to support cultural celebrations and festivals in the community	Jul-18	Jun-21	Diwali, the Indian festival of lights was celebrated and well attended as was an event held as part of the Gaimaraigal Festival. Multicultural Mental Health Week and Aboriginal Culture Month were highlighted through a display of relevant items in the Library's collection.	●
4.17.01	SOC	Continue to participate in the Welcome Here project	Jul-18	Jun-21	The Library continued to participate in this project with events organised for Pride Month.	●
4.18.01	SOC	Facilitate access to services for residents with or at risk of developing mental illnesses or developmental delays	Jul-18	Jun-21	See 4.18.03 comments.	●
4.18.02	SOC	Implement drug and alcohol minimisation strategies	Jul-18	Jun-21	Ongoing drug related engagement with multiple young people at the Youth Centre. Juvenile Justice conferences attended for 2 young people regarding drug related issues.	●
4.18.03	SOC	Promote events and activities in Mental Health Month	Oct-18	Dec-18	The Library promoted Mental Health Month through organising activities and events such as a book talk and painting class, meditation and a talk called "Redesign your thinking" as well as participated in Council's Lost Bird project	●
4.110.01	SOC	Promote health and wellbeing activities through arts programs	Jul-18	Jun-21	Range of programs presented including: Drawing in pastels and Charcoal with Karen; Potting with Pim; Stich drawing with Rhonda; Remake and recreate Jewellery with Bridget; all programs well attended.	●
4.111.01	SOC	Participate in Local Liquor Accords	Jul-18	Jun-21	Quarterly Liquor Accord meetings attended. Mayor and General Manager addressed NYE ticketing and smoke free CBD at the forum. The accord is addressed by the local licensing sergeant on activity for the quarter and by other speakers such as Office of Liquor and Gaming. As a body the Accord has made several donations to Mary's House, Women's Refuge this year.	●
4.111.02	SOC	Participate in Lower North Shore Domestic Violence Network	Jul-18	Jun-21	LNSDV Network Meetings (project planning) attended in April and June. Projects include to run a '#1minutesilence4violence' event in December 2019, DV resources for clients and services, including brochure and financial information checklist to assist those leaving an abusive relationship, posters on emotional abuse, and liaising around a White Ribbon Garden Bed launch in November 2018.	●

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
4.11103	SOC	Participate in Lower North Shore Child and Family Interagency	Jul-18	Jun-21	Child and Family Interagency meetings attended in April and June. Community Worker – Social Planner chaired the ‘Supporting Resilience in Children and Families’ Forum on 12 June 2019. Forum well attended with two excellent speakers.	●

OUTCOME 4.2: NORTH SYDNEY IS CREATIVE AND HOME TO POPULAR EVENTS

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
4.2.101	SOC	Review the Arts and Cultural Development Plan	Jul-18	Jun-19	Draft completed and placed on public exhibition during Q4 2018/19	●
4.2.105	SOC	Identify art projects that are eligible for funding	Jul-18	Jun-21	North Sydney Symphony Orchestra; Gilbert and Sullivan Opera; Highland Dancers; Ensemble Theatre; Royal Art Society Dance Chance Incorporated all received small grants. Studio A and residents interested in Street Murals assisted in applying for NSW Government grant funding.	●
4.2.106	SOC	Increase public awareness of the arts programming offered throughout North Sydney	Jul-18	Jun-21	North Sydney Art Trail; Artists Studio Public Programs; North Sydney Art Prize – Symphony concerts, well promoted throughout the year and well attended.	●
4.2.107	SOC	Restore Primrose Park Art and Craft Centre	Jul-18	Dec-18	Launched in April 2019	●
4.2.108	SOC	Install St Peters Park sculpture	Jul-18	Jun-19	Park refurbished and sculpture structure installation due for completion Q1 2019/20.	●
4.2.201	SOC	Investigate and implement ticketing for New Year's Eve	Jul-18	Dec-19	Consultation conducted. There was negative feedback from some residents and businesses and positive feedback from ticketholders and some residents. All feedback from ticketing trial taken into consideration for planning for ticketing for NYE 2019.	●
4.2.202	SOC	Review the North Sydney Events Strategy	Jul-18	Jun-19	Revised strategy incorporates new directions in events including an increased emphasis on tourism, Coal Loader event program and increased emphasis on partnerships.	●
4.2.204	SOC	Review current library events and programs and develop a tool to aid in creating and measuring outcomes	Oct-18	Jun-21	Workshop sessions held with key staff involved in planning and delivery of library programs, to assess and review activities across all age ranges. The outcomes of these sessions, community engagement and customer feedback will form the basis of a Library-wide Programs and Outreach Plan. Templates for event planning and promotion to be implemented in 2020.	●
4.2.205	SOC	Support local weekend markets	Jul-18	Jun-21	5 community markets supported: Twilight food fair operated by Council (Friday evenings in Summer); Northside Produce Market, by North Sydney Community Centre 1st and 3rd Saturday of the month; Kirribilli General Market by Kirribilli Centre, 4th Saturday of the month; Kirribilli Art, Design and Fashion Market by Kirribilli Centre 2nd Sunday of the month; Coal Loader Artisan Market 3 times a year by Council.	●
4.2.206	SOC	Install electricity and water supply in Bradfield Park	Jul-18	Sep-19	Project deemed not feasible upon investigation.	●

OUTCOME 4.3: NORTH SYDNEY SUPPORTS LIFELONG LEARNING

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
4.31.01	SOC	Liaise with Department of Education regarding future education facilities planning	Jul-18	Jun-21	Ongoing. Background Paper prepared on local issues, including waiting lists relating to Before and After School Care for Council and the Department of Education. Mayor met with senior DET officers and strategies for moving forward were agreed.	●
4.3.2.01	SOC	Implement the Library Services Strategy	Jul-18	Jun-21	The biography reading area was reconfigured, improving access and letting in natural light as envisaged by the masterplan. A Development Application for a second library entrance, connecting to the Ridge St Car park was lodged.	●
4.3.2.02	SOC	Implement a staff information technology program to develop skills to enable confident and effective customer service	Jul-18	Jun-21	Ongoing program, successful in improving staff skills and confidence in addressing IT issues and customer requests.	●
4.3.2.03	SOC	Review collections according to demographic statistics and usage patterns to ensure they meet community need and reflect emerging trends and user expectations	Jul-18	Jun-21	Under the auspice of the Shorelink Library Network, Collection HQ (an online product) was purchased. This has allowed for more effectively managed collections aligning usage to budgets. Subject strengths throughout the collection are under review to better fit current interests of the users.	●
4.3.3.01	SOC	Provide a range of spaces for functions, activities, events and courses for the community	Jul-18	Jun-21	First floor study areas refurbished to provide more seating and to utilise the leafy outlook, now used for quiet study, author talks, adult education and occasional break out for children's events. The second-floor conference room is heavily booked by the public, despite this used by the Children's Librarians for school holiday programs. The dedicated Children and Young Adult area on the lower ground floor is used regularly. The Heritage Centre prioritises research such as local family historians fortnightly. Also provides, when available, for overflow HSC study. A small staff meeting room is being refurbished for use as a bookable meeting room for library users.	●
4.3.3.02	SOC	Develop modern branch library options to service LGA growth areas	Jul-18	Jun-21	Contributed a brief for the development of a library hub as part of the Ward St Masterplan. Discussions held with Lane Cove Council to explore jointly-managed library facilities in Crows Nest/St Leonards. Major new council library projects studied through site visits to Marrickville, Green Square and Woollahra.	●
4.3.3.03	SOC	Investigate partnership opportunities with local educational institutions	Jul-18	Jun-21	Council worked with and shared information with local schools such as including recreational use of school facilities out of hours, performances by the North Sydney Symphony Orchestra, ongoing before and after school care arrangements, library usage and collections, Young Writers Award and others.	●
4.3.3.04	SOC	Review the Community Centre Plans of Management – Crows Nest Community Centre, Kirribilli Neighbourhood Centre and North Sydney Community Centre	Jan-19	Mar-19	Plans reviewed by Council in Q3 2019 with the outcomes taken into consideration for the 2019/20 estimates.	●
4.3.3.05	SOC	Upgrade facilities and equipment at community centres	Jul-18	Jun-21	Improvements made to playgrounds at all centres following the annual inspections. Shades upgraded at Kidsnest, Kelly's Place and Family Day Care. New playground at McMahons Point Community Centre. Refurbished wooden structures at Cammeray Children's Centre.	●

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
4.3.4.01	SOC	Promote activities and programs that address the educational needs of the community	Jul-18	Jun-21	All Council programs relating to education promoted through the Noticeboard Program and website. Brochures "Schools in North Sydney" and "Adult Education in North Sydney" available in Stanton Library, Customer Service, Community Centres and website.	●
4.3.5.02	SOC	Conduct annual events recognising volunteers	Oct-18	Dec-18	Council-wide event for Council volunteers held in December 2018.	●

OUTCOME 4.4: NORTH SYDNEY'S HISTORY IS PRESERVED AND RECOGNISED

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
4.4.1.01	SOC	Conduct public programs which increase awareness of local history and heritage	Jul-18	Jun-21	205 residents and 185 school students attended 6 tours through the year at Council's Heritage sites. Other events encompassing History Week and the Heritage Festival and attracted 2,014 attendees. All tours guided by the Library's professional historical service staff.	●
4.4.1.02	SOC	Transfer current image databases to Stanton Library's online catalogue	Jul-18	Dec-19	Images from the Face of North Sydney transferred to montage in July 2018 (12,221 images) and 1890s Block Plans in August 2018 (88 images).	●
4.4.1.03	SOC	Update heritage walking tours using new maps or apps	Jul-18	Jun-19	10 walking maps successfully researched, plotted, drafted and designed.	●
4.4.1.04	SOC	Improve public interface in Heritage centre	Jul-18	Jun-19	Redesign of Heritage Centre Information Desk completed, improving supervision, security and the customer experience.	●
4.4.2.01	SOC	Manage Don Bank Museum, Sextons Cottage Museum and St Thomas' Rest Park and explore opportunities for further interpretation	Jul-18	Jun-21	Don Bank Museum and Garden provided an enlightening and moving museum experience throughout the year with interpretative exhibitions in every room. Staffed by volunteers, 200 visitors enjoyed the exhibitions alone. In addition, regular hirers such as the Live Poets Society brought contemporary life to the timber cottage. Council facilitated the White Family reunion at Don Bank and the History Council took up the writer in residence opportunity. A columbarium for the Dibbs Family was installed at St Thomas Rest Park and a ceremony held to commemorate the internment of Richard Dibbs. Tours of the Rest Park were given to students from Cammeray Public School.	●
4.4.2.02	SOC	Manage and develop Council's historical and heritage collections to sector standard	Jul-18	Jun-21	7,500 items catalogued and accessible through the Montage software. 54,000 Heritage Database items held accessible to online searching. 248 in-depth reference enquiries completed utilizing the collections; 63 items requiring conservation/end-processing. Collections preserved and held in three distinct locations: Heritage Centre; Historic Archives at the Depot in Ernest St and the contents of Don Bank Museum.	●

DIRECTION 5: OUR CIVIC LEADERSHIP

Council continues to plan for what the community needs now, and for what will be needed by future generations. The North Sydney community is actively involved in defining the future direction of North Sydney, with a continued high level of participation in engagement opportunities.

In 2018/19, a new online customer feedback process was implemented, including a quick survey link on outgoing emails to gather feedback to help improve our service to our residents and ratepayers.

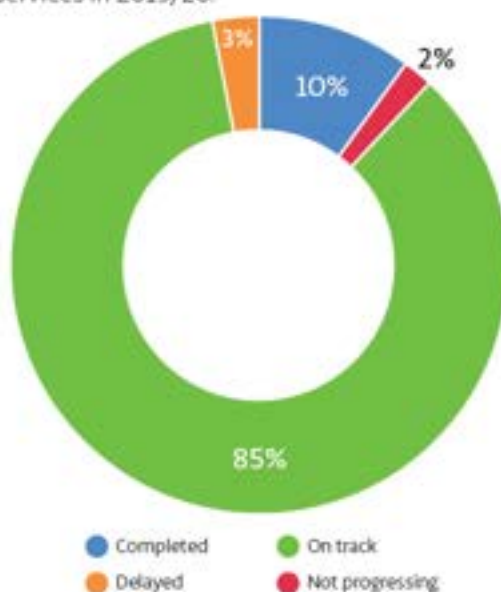
Digital communication was a successful marketing mechanism used through the year. 20 videos were produced, reaching 46,221 individuals, and leading to 4,465 engagements. The most viewed campaigns were the Loader Lights event and North Sydney Art Prize.

A new Code of Conduct and Code of Meeting Practice were adopted in accordance with the Model Codes.

Digitalisation of Council records continued, and the ICT program was rolled out, including PC upgrades and a new phone system. Council also considered its online form projects, which targets enabling online submission of frequency used forms.

Council's SRV application was partially approved for 3 years commencing from 2019/20. Council conducted a comprehensive consultation over 2.5 months which included direct mail to all ratepayers, four information sessions and eight drop-in kiosks.














The Draft Operational Plan 2019/20 (Year 2 of Delivery Program) was endorsed by Council following public exhibition, guiding how Council will deliver its projects and services in 2019/20.



OUTCOME 5.1: COUNCIL LEADS THE STRATEGIC DIRECTION OF NORTH SYDNEY

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
5.1.1.01	GOV	Request participation of Council on relevant external committees as required	Jul-18	Jun-21	Ongoing, as opportunities arise	●
5.1.1.02	GOV	Work with NSROC to promote Council's position on matters of common interest	Jul-18	Jun-21	Ongoing, as opportunities arise	●
5.1.1.03	GOV	Develop and maintain links with government agencies and local members of state and federal parliament	Jul-18	Jun-21	Ongoing	●
5.1.1.04	GOV	Initiate and/or explore partnerships when opportunities and funding present themselves	Jul-18	Jun-21	Ongoing, as opportunities arise	●
5.1.1.05	GOV	Participate in regional partnerships through the NSROC	Jul-18	Jun-21	Ongoing	●
5.1.2.01	GOV	Promote the Community Strategic Plan to staff and the community	Jul-18	Jun-21	Ongoing	●
5.1.2.04	GOV	Prepare annual Operational Plan	Oct-18	Jun-19	Draft Operational Plan 2019/20 (Year 2 of Delivery Program) endorsed by Council for public exhibition from 21 May to 17 June 2019. Final plan adopted 24 June 2019.	●
5.1.2.05	GOV	Implement performance reporting solution	Jul-18	Jun-21	Supplier awarded. Software set up commenced in Q4. Staff training scheduled for Q1 2019/20.	●
5.1.2.07	GOV	Implement Project Management Framework	Jan-19	Jun-20	Project to recommence in Oct/Nov 2019. Delayed due to other workload priorities, including SRV application.	●
5.1.3.01	GOV	Advocate for changes as appropriate to advance local government in NSW, via submissions	Jul-18	Jun-21	In Q4, OLG released three long awaited IPART recommendation reports for comment. Preparation of submission regarding Rating System review underway.	●
5.1.4.01	GOV	Review rating structure	Oct-18	Jun-21	Council's SRV application was partially approved for 3 years commencing from 2019/20. OLG is reviewing the local government rating system in response to IPART's recommendations (2016). See 5.1.3.01 comment.	●
5.1.4.02	GOV	Review the Long-Term Financial Plan in accordance with preparation of the annual Operational Plan	Oct-18	Jun-19	LTFP reviewed in context of Council's SRV application.	●
5.1.4.03	GOV	Undertake quarterly budget reviews to monitor financial performance	Oct-18	Jun-21	QBRS presented each quarter during 2018/19. Q4 review previously hasn't been undertaken.	●
5.1.5.01	GOV	Identify commercial opportunities on Council's land and building assets	Jul-18	Jun-21	Strategic review of Council Property Portfolio proposed, that is more than just looking at commercial opportunities for Council land and building assets. The review will look at properties "fit for purpose," that meet the community's requirements both now and in the future.	●

OUTCOME 5.2: COUNCIL IS WELL GOVERNED AND CUSTOMER FOCUSED












Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
5.2.1.01	GOV	Implement electronic Business Paper solution	Jan-19	Dec-19	Business analysis and process mapping undertaken, followed by a Councillor workshop. RFQ undertaken. Supplier selected Q4.	
5.2.2.01	GOV	Develop Councillor Development Strategy and Program	Jul-18	Dec-19	Matter reported to Council Q3 2018/19.	
5.2.2.04	GOV	Review Code of Meeting Practice	Jul-18	Jun-19	Draft Code reported to Council in April 2019. Final Code adopted by Council in June 2019.	
5.2.2.05	GOV	Review Code of Conduct – Councillors and Staff	Jul-18	Jun-19	Final Code adopted by Council in April 2019.	
5.2.3.01	GOV	Review Council's Committee and Reference Group meeting structure in line with the Community Strategic Plan structure	Jul-18	Sep-19	Following discussions with councillors in September 2019, no changes are proposed to the Committee and Reference Group meeting structure before the 2020 Council elections.	
5.2.3.02	GOV	Update Committee and Reference Group Charters	Oct-18	Dec-18	See 5.2.3.01. Governance and Finance Committee Charter updated..	
5.2.3.03	GOV	Review Delegations of Authority	Oct-18	Dec-18	Completed Q1 2018/19	
5.2.3.04	GOV	Review Council Policy Manual at least once in term of Council	Jul-18	Sep-18	Completed Q1 2018/19	
5.2.4.01	GOV	Implement the Customer Service Strategy	Jul-18	Jun-21	Strategy reviewed; to be presented to MANEX in 2019/20	
5.2.4.02	GOV	Implement a customer feedback process	Jul-18	Sep-18	New online customer feedback process implemented, as well as a quick survey link on outgoing Customer Service emails that has received good feedback from the public.	
5.2.4.03	GOV	Investigate functionality of Customer Relationship Management System (CRMS)	Jul-18	Sep-18	A consolidation of workflows and processes that are currently spread across our systems is being conducted, resulting in the removal of many confusing CRM forms in Authority. This work due to be concluded by the end of the year.	
5.2.4.04	GOV	Improve online Council services for all business-related information and approval processes	Jul-18	Jun-21	29 forms have been implemented to date, resulting in greater efficiency and access to the public in these areas. Project to continue in future years to ensure roll out to cover all external Council forms, and is also intended to cover internal forms in due course.	
5.2.4.05	GOV	Review the Complaints Management Framework	Jul-18	Dec-18	Completed Q1 2018/19	

OUTCOME 5.3: COMMUNITY IS INFORMED AND CONSULTED

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
5.3.1.01	GOV	Review the External Communications Strategy	Jan-19	Dec-19	Draft strategy prepared to be reported to Q1 2019/20. Strategy confirms direction of multi-channel targeted communication, expanded digital communication and partnering with business to support economic development.	●
5.3.1.03	GOV	Review the Internal Communications Strategy	Jan-19	Dec-19	Draft Strategy prepared and internal consultation undertaken. To be finalised in 2019/20.	●
5.3.2.01	GOV	Expand the use of video communication	Jul-18	Jun-21	Strong growth in digital communications with 20 videos produced reaching 46,221 people with 63,302 video view, and 4465 engagements. Strong performers were Loader Lights and North Sydney Art Prize.	●
5.3.2.02	GOV	Expand the use of digital platforms for promotion and advertising	Jul-18	Jun-21	Strong growth in followers on all social media platforms. Successful use of targeted websites for advertising and successful trial of advertising by influencers completed.	●
5.3.3.01	GOV	Promote the Community Engagement Protocol	Jul-18	Jun-21	Protocol reviewed and CPP requirements integrated (relates to 3.4.2.02). Amended Protocol to be reported to Council in Q1 2019/20 for endorsement to publicly exhibit.	●
5.3.3.03	GOV	Investigate new and complementary engagement mechanisms to meet the different needs of the community	Jul-18	Jun-21	Ongoing	●
5.3.4.01	GOV	Conduct Precinct System Review	Jul-18	Jun-20	Updating of 2012/13 Discussion Paper progressing in accordance with Council resolution (Dec 2017)	●
5.3.4.02	GOV	Provide training for Precinct Office Bearers	Jul-18	Jun-21	Annual Office Bearer Training held March 2019. Other training options being investigated in context of Precinct System Review.	●

OUTCOME 5.4: COUNCIL'S SERVICE DELIVERY IS WELL SUPPORTED












Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
5.4.1.01	GOV	Deliver ICT Foundations Program to position Council for future business requirements	Jul-18	Dec-19	PC refresh complete, Microsoft Skype for Business Unified Communications and Enghouse Interactive Communications Centre (EICC) solution completed, Data Centre Refresh Program in progress, and ITSM Enterprise Tools replacement in progress.	●
5.4.1.02	GOV	Review the ICT Strategy	Jul-18	Dec-19	ICT strategic planning steps set out including mechanisms for addressing Council's ICT priorities, as well as actions to ensure that each business unit's individual strategic/corporate/business goals and Results and Services Plans and Asset Strategies are supported effectively. Internal ICT Working Group has been reformed.	●

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
5.4.1.04	GOV	Review the IT Governance and Project Delivery Framework	Jul-18	Jan-20	IT Governance Framework is centred round value creation and meeting stakeholder needs through benefit's realisation, risk optimisation, resource optimisation, covering Council end-to-end (coverage of all corporate processes and functions that relate to information flow and technologies) Ongoing review and continuous improvement underway with Key User Group ICT Advisory (Governance) working group re-established	
5.4.1.05	GOV	Implement the IT Governance and Project Delivery Framework	Jan-19	Jun-21	InfoSec Working Group reconstituted. Both InfoSec and ICT Working Groups support the ICT Strategy and Governance Frameworks.	
5.4.1.06	GOV	Prepare the End User Experience Program	Jan-19	Dec-20	At consultation stage by end 2018/19	
5.4.1.08	GOV	Review Council's website	Jan-19	Dec-20	Internal consultation underway	
5.4.1.09	GOV	Standardise integration of Council's multi-supplier information management ecosystem	Apr-19	Jun-20	Supplier Governance Capability Framework being developed	
5.4.2.02	GOV	Implement the Recordkeeping Plan of Management	Jul-18	Jun-21	Ongoing recordkeeping training to new users and intensified training to DMS Officers in accordance with existing documentation, guidelines, and registration standards. Review of documentation underway in line with review of revised NSW State Records Standards.	
5.4.2.05	GOV	Implement the Retention and Disposal of Records Strategy	Jul-18	Jun-21	Proposed implementation of whole of business functionality delayed due to service delivery of new R&D functionality within module due for implementation Q2 2019/20.	
5.4.2.08	GOV	Digitisation of hard copy files	Jul-18	Jun-21	Successful completion of Stage One to be followed up with RFQ practices in accordance with recommended ICT approved suppliers. Processes are currently on track with procurement documentation now being prepared.	
5.4.3.01	GOV	Implement the Risk Management Framework	Jul-18	Jun-21	Council's ERM framework enables its business and protects its assets, consistent with standard AS ISO 31000:2018. Council received a high commendation for its Protective Security Framework (PSF) at the 2019 Statewide Mutual Risk Management Excellence Awards. Council's PSF model has been presented to 150+ stakeholders, including representatives from all metropolitan councils.	
5.4.3.02	GOV	Review the WHS Management System and injury management process	Jul-18	Jun-21	2018/19 focused on reviewing WHS documentation with a view to modernise and simplify current processes. Key forms identified for digitisation processes for the impending online WHS platform.	
5.4.3.03	GOV	Improve the WHS leadership, safety culture and engagement	Jul-18	Jun-21	WHS Communications Strategy (links to 5.3.1.03) with a focus on developing safety culture through internal communications. Key initiatives RUOK Day and Safe Work Month aim to actively encourage journey safety.	

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
5.4.304	GOV	Review the WHS and injury management training requirements	Jul-18	Jun-21	In 2018/19, a review of all WHS training requirements was undertaken, including reviewing training needs for teams undertaking higher risk operations. WHS induction requirements were revamped as part of Council's e-Learning System (see 5.5.1.03). During this period, 15 group statutory training programs were delivered, involving co-ordination of 35 separate training sessions plus multiple individual ad hoc training requests. Key training programs delivered include: WHS induction, Manual Handling, First Aid & CPR, various Traffic Management courses, Construction Induction, Fire Awareness/Warden, Chemical Application, Chainsaw, Powerline Awareness, Heavy vehicle training and verification of competency, Forklift, and Working at Heights.	●
5.4.305	GOV	Investigate solution to simplify and improve WHS management	Jul-18	Jun-19	WHS IT platform/software solution proposed approved by MANEX in Q4. Investigation of available platforms, vendors and functionality was undertaken to inform tender specifications; to be advertised in 2019/20.	●
5.4.401	GOV	Consider initiatives to manage legal matters and reduce legal costs	Jul-18	Jun-21	Ongoing	●
5.4.501	GOV	Review the Procurement Policy and Manual	Jul-18	Jun-21	Procurement Policy and Manual reviewed.	●
5.4.502	GOV	Review the Contract Management Manual	Jul-18	Jun-21	Tender Templates for Consultancy Contracts under review. Manual review to commence January 2020	●
5.4.503	GOV	Develop corporate wide procurement and contract management training	Jul-18	Jun-21	See 5.4.305 comments, related project.	●
5.4.504	GOV	Use Council's buying power to achieve best value for goods and services purchased	Jul-18	Jun-21	Staff awareness program completed. Key outcome is increased efficiency of procurement through use of Government and Council contracts and the consolidation of spend categories corporately to minimise wastage in effort.	●



OUTCOME 5.5: COUNCIL IS AN EMPLOYER OF CHOICE

Project #	QBL Link	Project Name	Scheduled Start Date	Scheduled Due Date	Comments	Status
5.5.1.01	GOV	Utilise e-recruitment to provide more efficient and timely recruitment	Jul-18	Jun-21	Ongoing	
5.5.1.02	GOV	Review employee value proposition and protocols to attract and retain appropriately skilled staff	Jul-18	Jun-21	Recruitment and retention strategies reviewed with contingency plans	
5.5.1.03	GOV	Review the employee on-boarding and induction offer	Jul-18	Sep-18	New induction program and onboarding launched and well received. New e-learning module launched.	
5.5.1.04	GOV	Implement the EEO Management Plan	Jul-18	Jun-20	Ongoing. Managing Mental Health Awareness implemented in Q4 2018/19	
5.5.1.06	GOV	Prepare and implement action plan in response to results of Employee Satisfaction Survey 2018	Jul-18	Jun-21	Action Plan prepared and implemented	
5.5.1.08	GOV	Review the personal performance appraisal system	Sep-18	Jan-19	Completed in Q4 2018/19	
5.5.1.09	GOV	Review the Employee Assistance Program offer	Sep-18	Jan-19	Completed in Q1 2018/19	
5.5.2.02	GOV	Implement the Workforce Strategy	Jul-18	Jun-21	Ongoing	
5.5.2.04	GOV	Prepare contingency plans, highlighting training needs and knowledge retention strategies	Jan-19	Jun-19	Plans prepared by each Department.	
5.5.2.05	GOV	Develop an age management plan to support employees in the workplace throughout their life cycle	Jan-19	Jan-21	Ongoing	
5.5.2.06	GOV	Implement the Managers Leadership Program	Jul-18	Jun-21	Two programs completed in 2018/19	

NORTH SYDNEY COUNCIL FINANCIAL STATEMENTS 2018/19



progressive *vibrant* diverse

North Sydney Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019

*Shaping a progressive, diverse and vibrant North Sydney
community.*



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Overview

North Sydney Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:
200 Miller Street
North Sydney NSW 2060

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

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

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

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 publicly available on our website: www.northsydney.nsw.gov.au

General Purpose Financial Statements

for the year ended 30 June 2019

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2019.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

North Sydney Council

General Purpose Financial Statements

for the year ended 30 June 2019

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 28 October 2019.



Jilly Gibson
Mayor
28 October 2019



Stephen Barbour
Councillor
28 October 2019



Ken Goldthorp
General Manager
28 October 2019



Garry Ross
Responsible Accounting Officer
28 October 2019

Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018 ¹
Income from continuing operations				
<u>Revenue:</u>				
59,293	Rates and annual charges	3a	58,831	56,505
29,640	User charges and fees	3b	33,691	33,208
1,645	Interest and investment revenue	3c	2,407	2,653
15,590	Other revenues	3d	16,907	17,835
4,335	Grants and contributions provided for operating purposes	3e,3f	5,550	4,300
4,850	Grants and contributions provided for capital purposes	3e,3f	15,773	8,625
<u>Other income:</u>				
402	Net gains from the disposal of assets	5	-	-
1,005	Fair value increment on investment properties	11	2,205	-
116,760	Total income from continuing operations		135,364	123,126
Expenses from continuing operations				
44,214	Employee benefits and on-costs	4a	44,992	41,006
336	Borrowing costs	4b	367	302
34,563	Materials and contracts	4c	36,799	36,734
21,000	Depreciation and amortisation	4d	22,111	19,127
9,321	Other expenses	4e	9,103	9,238
-	Net losses from the disposal of assets	5	1,481	692
-	Fair value decrement on investment properties	11	-	212
-	Net share of interests in joint ventures and associates using the equity method	16	3	20
109,434	Total expenses from continuing operations		114,856	107,331
7,326	Operating result from continuing operations		20,508	15,795
7,326	Net operating result for the year		20,508	15,795
7,326	Net operating result attributable to council		20,508	15,795
2,476	Net operating result for the year before grants and contributions provided for capital purposes		4,735	7,170

⁽¹⁾ The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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

North Sydney Council

Statement of Comprehensive Income for the year ended 30 June 2019

Financial Statements 2019

\$ '000	Notes	2019	2018 ¹
Net operating result for the year (as per Income Statement)		20,508	15,795
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10	-	93,266
Total items which will not be reclassified subsequently to the operating result		-	93,266
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		1,056	-
Total items which will be reclassified subsequently to the operating result when specific conditions are met		1,056	-
Total other comprehensive income for the year		1,056	93,266
Total comprehensive income for the year		21,564	109,061
Total comprehensive income attributable to Council		21,564	109,061

⁽¹⁾ The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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

Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	Restated 2018 ¹	Restated 1 July 2017
ASSETS				
Current assets				
Cash and cash equivalent assets	6(a)	14,083	5,908	6,172
Investments	6(b)	73,145	63,081	74,606
Receivables	7	5,967	8,397	9,897
Inventories	8a	57	58	46
Other	8b	244	282	273
Current assets classified as 'held for sale'	9i	4,500	-	-
Total current assets		97,996	77,726	90,994
Non-current assets				
Receivables	7	450	287	326
Infrastructure, property, plant and equipment	10	1,019,274	1,013,603	892,742
Investment property	11a	95,512	97,740	97,623
Investments accounted for using the equity method	16	10	13	33
Total non-current assets		1,115,246	1,111,643	990,724
TOTAL ASSETS		1,213,242	1,189,369	1,081,718
LIABILITIES				
Current liabilities				
Payables	12	20,767	20,656	20,309
Income received in advance	12	2,613	1,233	1,844
Borrowings	12	811	9,500	-
Provisions	13	16,021	14,667	15,849
Total current liabilities		40,212	46,056	38,002
Non-current liabilities				
Payables	12	-	41	-
Borrowings	12	8,100	-	9,500
Provisions	13	278	184	189
Total non-current liabilities		8,378	225	9,689
TOTAL LIABILITIES		48,590	46,281	47,691
Net assets		1,164,652	1,143,088	1,034,027
EQUITY				
Accumulated surplus	14a	813,480	791,916	776,121
Revaluation reserves	14a	351,172	351,172	257,906
Council equity interest		1,164,652	1,143,088	1,034,027
Total equity		1,164,652	1,143,088	1,034,027

⁽¹⁾ The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

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

Statement of Changes in Equity

for the year ended 30 June 2019

\$ '000	Notes	2019			2018 ¹		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		789,766	357,878	1,147,644	773,971	264,612	1,038,583
Correction of prior period errors	14b	2,150	(6,706)	(4,556)	2,150	(6,706)	(4,556)
Restated opening balance		791,916	351,172	1,143,088	776,121	257,906	1,034,027
Net operating result for the year		20,508	–	20,508	15,795	–	15,795
Restated net operating result for the period		20,508	–	20,508	15,795	–	15,795
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	10	1,056	–	1,056	–	93,266	93,266
Other comprehensive income		1,056	–	1,056	–	93,266	93,266
Total comprehensive income		21,564	–	21,564	15,795	93,266	109,061
Equity – balance at end of the reporting period		813,480	351,172	1,164,652	791,916	351,172	1,143,088

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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

Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
Cash flows from operating activities				
<u>Receipts</u>				
59,106	Rates and annual charges		58,153	56,178
31,302	User charges and fees		34,598	33,997
1,645	Investment and interest revenue received		2,909	3,145
9,382	Grants and contributions		19,194	13,374
4,000	Bonds, deposits and retention amounts received		3,546	4,015
16,424	Other		26,751	25,701
<u>Payments</u>				
(44,108)	Employee benefits and on-costs		(42,880)	(42,863)
(38,301)	Materials and contracts		(41,441)	(39,544)
(336)	Borrowing costs		(321)	(301)
(3,000)	Bonds, deposits and retention amounts refunded		(4,118)	(2,414)
(12,208)	Other		(9,669)	(13,307)
23,906	Net cash provided (or used in) operating activities	15b	46,722	37,981
Cash flows from investing activities				
<u>Receipts</u>				
45,660	Sale of investment securities		69,062	44,514
889	Sale of infrastructure, property, plant and equipment		690	1,497
<u>Payments</u>				
(40,000)	Purchase of investment securities		(79,126)	(33,000)
-	Purchase of investment property		(66)	(329)
(24,738)	Purchase of infrastructure, property, plant and equipment		(28,518)	(50,927)
(18,189)	Net cash provided (or used in) investing activities		(37,958)	(38,245)
Cash flows from financing activities				
<u>Payments</u>				
-	Repayment of borrowings and advances		(589)	-
-	Net cash flow provided (used in) financing activities		(589)	-
5,717	Net increase/(decrease) in cash and cash equivalents		8,175	(264)
2,000	Plus: cash and cash equivalents – beginning of year	15a	5,908	6,172
7,717	Cash and cash equivalents – end of the year	15a	14,083	5,908
Additional information:				
46,473	plus: Investments on hand – end of year	6(b)	73,145	63,081
54,190	Total cash, cash equivalents and investments		87,228	68,989

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

Notes to the Financial Statements

for the year ended 30 June 2019

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Notes to the Financial Statements for the year ended 30 June 2019

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 28/10/2019. Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not-for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 20 – Material budget variations

and are clearly marked.

(a) New and amended standards adopted by Council

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2019.

Those newly adopted standards which had an impact on reported position, performance and/or disclosures have been discussed in Note 14.

(b) 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 infrastructure, property, plant and equipment and investment property.

(c) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

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

- estimated fair values of investment properties – refer Note 11
- estimated fair values of infrastructure, property, plant and equipment – refer Note 10
- employee benefit provisions – refer Note 13.

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 – refer Note 7.

North Sydney Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

Monies and other assets received by Council

(a) The Consolidated Fund

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

(b) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (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. Council does not have a separate Trust Fund.

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

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

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods (and which have not been early adopted by Council).

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 16 Leases

AASB 16 will result (for YE 19/20 and beyond) in almost all operating leases being recognised on the balance sheet by Council (alongside existing finance leases) with the distinction between operating and finance leases removed.

Under the new standard, a financial liability (i.e. a lease liability) and an asset (i.e. a right to use the leased item) will be recognised for nearly all arrangements where Council commits itself to paying a rental fee for the use of a specific asset.

The only exceptions are short-term and low-value leases which are exempt from the accounting (but not disclosure) requirements of AASB 16 - Leases.

Council staff have reviewed all of Council's leasing arrangements over the last 12 months taking into consideration the new lease accounting rules in AASB 16 (applicable from 1/7/19).

AASB 16 will (on the whole) affect Council's accounting for existing operating lease agreements that are in place as at 30/6/19.

As at the end of this reporting period, lease agreements currently in place will have no material impact on Council's reported financial position, performance and/or disclosures.

AASB 15 Revenue from Contracts with Customers and associated amending standards.

AASB15 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.

Notes to the Financial Statements for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

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

Each revenue stream will need to be assessed but particular impact is expected for grant income and rates which are paid before the commencement of the rating period.

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. The impact of AASB15 is expected to have no material impact on Council's reported financial position, performance and/or disclosures.

AASB 1058 Income of NFP Entities

AASB 1058 supersedes all the income recognition requirements relating to councils, previously in AASB 1004 Contributions.

Under AASB 1058 the future timing of income recognition will depend on whether the transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service) related to an asset (such as cash or another asset) received by an entity.

AASB 1058 also 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.

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, or
- (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. Council will then recognise income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15.

If the transaction does not enable council to acquire or construct a recognisable non-financial asset to be controlled by council, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

The specific impacts of AASB1058 for Council are expected to have no material impact on Council's reported financial position, performance and/or disclosures.

AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities

This Standard provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below market terms and conditions, principally to enable the entity to further its objectives (for example, concessionary or peppercorn leases).

The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases

As per a NSW Office of Local Government recommendation, Council has elected to measure right-of-use assets (under a concessionary or peppercorn lease) at cost. The standard requires additional disclosures be provided in relation to below market-value leases measured at cost.

The specific impacts of AASB2018-8 for Council are expected to have no material impact on Council's reported financial position, performance and/or disclosures.

Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2018.

Notes to the Financial Statements

for the year ended 30 June 2019

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

Income, expenses and assets have been directly attributed to the following functions or activities.
Details of those functions or activities are provided in Note 2(b).

\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Functions or activities										
Our Living Environment	24,813	24,924	33,003	32,156	(8,190)	(7,232)	197	35	329,160	329,675
Our Built Infrastructure	46,820	36,782	29,765	25,831	17,055	10,951	4,148	3,219	545,187	541,269
Our Future Planning	12,946	13,589	13,711	12,981	(765)	608	750	5	130,905	131,637
Our Social Vitality	2,518	2,720	8,300	7,758	(5,782)	(5,038)	1,005	888	74,848	74,262
Our Civic Leadership	48,267	45,111	30,077	28,605	18,190	16,506	1,510	1,521	131,292	112,526
Other	-	-	-	-	-	-	-	-	1,850	-
Total functions and activities	135,364	123,126	114,856	107,331	20,508	15,795	7,610	5,668	1,213,242	1,189,369

Notes to the Financial Statements

for the year ended 30 June 2019

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

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

Our Living Environment

Encompasses but is not limited to bushland management, environmental sustainability, recreational facilities, tree preservation and community gardens.

Our Built Infrastructure

Encompasses but is not limited to asset management, land use planning, development and design, heritage preservation, streetscapes, compliance and traffic and transport planning.

Our Future Planning

Encompasses but is not limited to economic development, tourism and our commercial centres and shopping villages.

Our Social Vitality

Encompasses but is not limited to community services, arts and culture, access and safety, housing, health and wellbeing, recreational planning and volunteering.

Our Civic Leadership

Encompasses but is not limited to governance (i.e. how Council is managed).

Notes to the Financial Statements for the year ended 30 June 2019

Note 3. Income from continuing operations

\$ '000	2019	2018
(a) Rates and annual charges		
Ordinary rates		
Residential	24,308	24,171
Business	16,249	14,796
Less: pensioner rebates (mandatory)	(148)	(147)
Less: pensioner rebates (Council policy)	(121)	(120)
Rates levied to ratepayers	40,288	38,700
Pensioner rate subsidies received	148	147
Total ordinary rates	40,436	38,847
Special rates		
Infrastructure levy	1,780	1,759
Environmental levy	1,997	1,938
Main street levies	493	483
Rates levied to ratepayers	4,270	4,180
Total special rates	4,270	4,180
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	13,521	12,878
Stormwater management services	565	561
Section 611 charges	74	74
Less: pensioner rebates (mandatory)	(42)	(42)
Less: pensioner rebates (Council policy)	(35)	(35)
Annual charges levied	14,083	13,436
Pensioner subsidies received:		
– Domestic waste management	42	42
Total annual charges	14,125	13,478
TOTAL RATES AND ANNUAL CHARGES	58,831	56,505

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and charges

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates.

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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(b) User charges and fees		
Specific user charges		
<small>(per s.502 - specific 'actual use' charges)</small>		
Domestic waste management services	1,321	1,254
Total specific user charges	1,321	1,254
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	3,546	5,046
Regulatory / statutory fees	7,231	6,630
Section 10.7 certificates (EP&A Act)	260	285
Section 603 certificates	129	147
Total fees and charges – statutory/regulatory	11,166	12,108
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Swimming centres	2,687	2,537
Business trade waste	438	380
Community centres / facilities	162	85
Domestic waste management – other	33	26
Family day care	253	184
Library	107	116
On street parking	10,297	9,879
Off street parking	3,579	3,301
Ovals	1,300	1,371
Planning and building regulation (non-statutory)	594	563
Public events	102	67
Reinstatements	1,486	1,166
Other	166	171
Total fees and charges – other	21,204	19,846
TOTAL USER CHARGES AND FEES	33,691	33,208

Accounting policy for user charges and fees

User charges and fees are recognised as revenue when the service has been provided.

(c) Interest and investment revenue (including losses)

Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	80	84
– Cash and investments	2,116	2,528
– Developer contributions	120	52
Fair value adjustments		
– Movements in investments at fair value through profit and loss	91	(11)
TOTAL INTEREST AND INVESTMENT REVENUE	2,407	2,653

Notes to the Financial Statements
for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	80	84
General Council cash and investments	2,207	2,517
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	109	46
– Section 7.4	11	6
Total interest and investment revenue	2,407	2,653

Accounting policy for interest and investment revenue

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

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

\$ '000	Notes	2019	2018
(d) Other revenues			
Advertising banner production and hire		46	40
Advertising on Council infrastructure		1,335	1,451
Better waste and recycling fund		105	107
Commissions and agency fees		5	2
Community housing accumulated surplus (from Link Housing)		289	1,031
Container Deposit Scheme refunds		130	–
Credit card payment surcharge		85	2
Ex gratia rates		44	39
Fines – environmental and compliance		55	168
Fines – parking		7,138	7,055
Insurance bonuses, rebates and claim recoveries		–	54
Legal fees recovered		91	662
Miscellaneous sales		26	2
New Years Eve event revenue		195	46
Other charges for overdue rates and charges		22	3
Rental income – investment property	11	6,071	6,193
Rental income – other council properties		884	792
Other		386	188
TOTAL OTHER REVENUE		16,907	17,835

Accounting policy for other revenue

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

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

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

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

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance	-	-	-	-
Financial assistance – general component	742	744	-	-
Financial assistance – local roads component	237	237	-	-
Payment in advance - future year allocation				
Financial assistance	-	-	-	-
Financial assistance – general component	769	777	-	-
Financial assistance – local roads component	246	245	-	-
Other				
Total general purpose	<u>1,994</u>	<u>2,003</u>	<u>-</u>	<u>-</u>
Specific purpose				
Community care				
- Aged care	-	62	-	-
- Family day care child care benefit subsidy	766	585	-	-
- Vacation care	15	15	-	-
- Youth care	2	2	-	-
- Other Community Care	40	39	-	-
Economic development	-	5	-	-
Environment Protection	23	15	-	-
Recreation and culture				
- Library – per capita	135	136	-	-
- Library – special projects	6	-	40	49
- Parks and gardens	30	-	168	20
Town Planning	750	-	-	-
Transport				
- Bicycle facilities	-	82	-	2,215
- Bus weight tax subsidy	25	-	-	-
- Pedestrian facilities	-	-	73	184
- Roads safety	77	64	-	-
- Traffic Route Lighting subsidy	196	192	-	-
- Other roads funding	67	-	3,203	-
Total specific purpose	<u>2,132</u>	<u>1,197</u>	<u>3,484</u>	<u>2,468</u>
Total grants	<u>4,126</u>	<u>3,200</u>	<u>3,484</u>	<u>2,468</u>
Grant revenue is attributable to:				
- Commonwealth funding	771	585	123	-
- State funding	3,354	2,615	3,361	2,468
- Other funding	1	-	-	-
	<u>4,126</u>	<u>3,200</u>	<u>3,484</u>	<u>2,468</u>

Notes to the Financial Statements for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(f) Contributions					
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.4 – contributions using planning agreements		-	-	302	-
S 7.11 – contributions towards amenities/services		-	-	11,862	5,970
Total developer contributions – cash		-	-	12,164	5,970
Non-cash contributions					
S 7.4 – contributions using planning agreements		-	-	62	-
Total developer contributions non-cash		-	-	62	-
Total developer contributions	24	-	-	12,226	5,970
Other contributions:					
Cash contributions					
Bicycle facilities		-	-	-	32
Drainage		-	-	-	1
Environment protection		508	430	-	-
Recreation and culture		-	-	63	-
RMS contributions (regional roads, block grant)		891	490	-	-
Streetscape improvements		-	-	-	154
Town planning		15	180	-	-
Other		10	-	-	-
Total other contributions – cash		1,424	1,100	63	187
Total other contributions		1,424	1,100	63	187
Total contributions		1,424	1,100	12,289	6,157
TOTAL GRANTS AND CONTRIBUTIONS		5,550	4,300	15,773	8,625

Accounting policy for grants and contributions

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed below.

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979*.

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
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(g) Unspent grants and contributions

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

Operating grants

Unexpended at the close of the previous reporting period	29	–
Add: operating grants recognised in the current period but not yet spent	487	24
Add: operating grants received for the provision of goods and services in a future period	–	5
Less: operating grants recognised in a previous reporting period now spent	(29)	–
Unexpended and held as restricted assets (operating grants)	487	29

During 2018/19, Council was successful in obtaining a \$2.5 million grant from the NSW Department of Planning & Environment to fund the accelerated review of our Local Environment Plan. Of this amount, \$750,000 was received in 2018/19 with the balance due in 2019/20. Of the \$750,000 received, \$323,000 had been spent by 30 June 2019. The remaining \$427,000 is scheduled to be spent in 2019/20 along with the additional \$1.75 million still to be received.

A further two operating grants were partially or wholly unspent as at 30 June 2019: a \$30,000 grant received from the NSW Office of Local Government to assist in the implementation of the new *Crown Land Management Act 2016* which came into force on 1 July 2018 and a \$39,000 grant received from NSW Roads & Maritime Services to assist in the implementation of the 40 km/h High Pedestrian Activity Area Program. The unexpended funds are scheduled to be utilised in 2019/20.

Capital grants

Unexpended at the close of the previous reporting period	1,247	(1)
Add: capital grants recognised in the current period but not yet spent	194	1,248
Add: capital grants received for the provision of goods and services in a future period	3,111	–
Less: capital grants recognised in a previous reporting period now spent	(1,193)	–
Unexpended and held as restricted assets (capital grants)	3,359	1,247

During 2018/19, Council was successful in obtaining a \$9.4 million grant from Transport for NSW towards the cost of urban landscaping works along the Military Road corridor in conjunction with the Northern Beaches B-Line Program. Of this amount, \$3.2 million was received in 2018/19 with the balance due in 2019/20. Of the \$3.2 million received, \$92,000 had been spent by 30 June 2019. The remaining \$3.11 million is scheduled to be spent in 2019/20 along with the additional \$6.2 million still to be received.

A further \$249,000 of capital grant funding was unexpended as at 30 June 2019. This consisted of six grants received towards the improvement traffic facilities and parks, the works for which were incomplete at balance date but are scheduled to be finished in 2019/20.

North Sydney Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
Contributions		
Unexpended at the close of the previous reporting period	13,684	23,254
Add: contributions recognised in the current period but not yet spent	206	75
Add: contributions received for the provision of goods and services in a future period	12,293	1,864
Less: contributions recognised in a previous reporting period now spent	(5,648)	(11,509)
Unexpended and held as restricted assets (contributions)	20,535	13,684

As at 30 June 2019, Council held \$20.15 million of unspent developer contributions levied under S7.11 or S7.4 of the Environmental Planning & Assessment Act, 1979. These funds will be utilised in future years to assist in the cost of providing local public infrastructure and facilities required as a consequence of development.

The majority of the remaining \$385,000 of unspent contributions consisted of funds received from Hunters Hill, Mosman, Lane Cove, Ryde and Willoughby Councils towards costs incurred by North Sydney operating a Community Recycling Centre at Artarmon. These funds are proposed to be spent during 2019/20.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations

\$ '000	2019	2018
(a) Employee benefits and on-costs		
Salaries and wages	33,967	32,096
Employee leave entitlements (ELE)	6,897	5,276
Superannuation – defined contribution plans	3,182	2,971
Superannuation – defined benefit plan	927	962
Workers' compensation insurance	598	473
Fringe benefit tax (FBT)	151	232
Gratuities	126	(215)
Other	187	233
Total employee costs	46,035	42,028
Less: capitalised costs	(1,043)	(1,022)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>	<u>44,992</u>	<u>41,006</u>
Number of 'full-time equivalent' employees (FTE) at year end	399	373

Accounting policy for employee benefits and on-costs

Employee benefit expenses are recorded when the service has been provided by the employee.

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.

Superannuation 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.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore 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 – refer to Note 18 for more information.

(b) Borrowing costs

(i) Interest bearing liability costs

Interest on loans	367	302
Total interest bearing liability costs expensed	367	302
<u>TOTAL BORROWING COSTS EXPENSED</u>	<u>367</u>	<u>302</u>

Accounting policy for borrowing costs

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

Notes to the Financial Statements
for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(c) Materials and contracts		
Raw materials and consumables	4,087	4,474
Contractor costs		
– Agency staff	1,181	1,402
– Cash collection	387	393
– CBD marketing	265	100
– Cleaning of Council properties	374	403
– Community transport	173	172
– Computer hardware and software maintenance	1,380	1,415
– Family Day Care child care assistance	767	585
– Drainage maintenance	503	471
– Footpath maintenance	786	641
– Graffiti removal	129	133
– Internal audit program	79	73
– Mowing	1,027	1,096
– Other infrastructure maintenance	625	778
– Parking meter maintenance	989	980
– Parks, gardens and tree maintenance	2,018	1,665
– Property maintenance	4,145	3,928
– Property management	311	348
– Public events	815	575
– Roads maintenance	1,344	968
– Security	11	5
– Waste and recycling disposal	4,575	4,597
– Waste and recycling collection	5,503	5,150
– Other	1,144	1,194
Consultancy	1,280	2,100
Auditors remuneration ²	68	81
Infringement notice contract costs (SEINS)	932	949
Legal expenses:		
– Legal expenses: planning and development	1,672	1,498
– Legal expenses: debt recovery	22	265
– Legal expenses: other	207	295
Total materials and contracts	36,799	36,734
TOTAL MATERIALS AND CONTRACTS	36,799	36,734

Auditor remuneration

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

Audit and other assurance services

Audit and review of financial statements	66	79
Remuneration for audit and other assurance services	66	79
Total Auditor-General remuneration	66	79

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
Non NSW Auditor-General audit firms:		
Audit and other assurance services		
Audit of regulatory returns	2	2
Remuneration for audit and other assurance services	<u>2</u>	<u>2</u>
Total remuneration of non NSW Auditor-General audit firms	<u>2</u>	<u>2</u>
Total Auditor remuneration	<u>68</u>	<u>81</u>

(d) Depreciation, amortisation and impairment of intangible assets and IPP&E

Depreciation and amortisation

Furniture and fittings	522	502
Office equipment	931	963
Land improvements (depreciable)	625	512
Plant and equipment	1,937	1,982
Infrastructure:		
– Buildings – specialised	2,706	3,151
– Buildings – non-specialised	31	38
– Footpaths	2,687	1,709
– Other structures	46	26
– Roads	5,637	3,818
– Stormwater drainage	2,016	1,665
– Swimming pools	381	397
– Other open space / recreational assets	788	547
– Other infrastructure	3,360	3,400
Other assets:		
– Heritage collections	52	30
– Library books	392	387
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR IPP&E</u>	<u>22,111</u>	<u>19,127</u>

Accounting policy for depreciation, amortisation and impairment expenses of intangibles and IPP&E

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 10 for IPPE assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Assets that do not meet the criteria above 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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

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

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

\$ '000	2019	2018
(e) Other expenses		
Advertising	175	148
Bad and doubtful debts	73	26
Bank charges	500	462
Community recycling centre rent	231	225
Contributions/levies to other levels of government		
– Department of planning levy	270	263
– Emergency services levy (includes FRNSW and SES levies)	1,274	1,367
– Land tax	26	25
– Other contributions/levies	–	5
Councillor expenses – mayoral fee	43	41
Councillor expenses – councillors' fees	198	190
Councillors' expenses (incl. mayor) – other (excluding fees above)	20	28
Donations, contributions and assistance to other organisations (Section 356)		
– Aboriginal Heritage Office	58	42
– Crows Nest Centre	396	396
– Crows Nest Mainstreet	16	16
– Neutral Bay Mainstreet	16	16
– North Sydney community centre	60	70
– Nutcote	48	45
– Other organisations	349	351
NSW Local Government Association membership	51	35
Election expenses	–	371
Electricity and heating	1,130	1,072
Insurance	1,883	1,798
Postage	373	346
Staff training	345	341
Staff travel expenses	254	333
Street lighting	865	886
Telephone and communications	352	241
Valuation fees	72	74
Other	25	25
Total other expenses	9,103	9,238
TOTAL OTHER EXPENSES	9,103	9,238

Accounting policy for other expenses

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 5. Gains or losses from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2019	2018
Property (excl. investment property)			
Proceeds from disposal – property		–	127
Less: carrying amount of property assets sold/written off		(275)	(21)
Net gain/(loss) on disposal		(275)	106
Plant and equipment			
	10		
Proceeds from disposal – plant and equipment		627	1,370
Less: carrying amount of plant and equipment assets sold/written off		(535)	(1,224)
Net gain/(loss) on disposal		92	146
Infrastructure			
	10		
Less: carrying amount of infrastructure assets sold/written off		(1,298)	(944)
Net gain/(loss) on disposal		(1,298)	(944)
Investments			
	6(b)		
Proceeds from disposal/redemptions/maturities – investments		69,062	44,514
Less: carrying amount of investments sold/redeemed/matured		(69,062)	(44,514)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(1,481)	(692)

Accounting policy for disposal of assets

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

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

North Sydney Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
Cash and cash equivalents		
Cash on hand and at bank	10,984	4,839
Cash-equivalent assets		
– Deposits at call	3,099	1,069
Total cash and cash equivalents	14,083	5,908

Accounting policy for cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: 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.

Note 6(b). Investments

\$ '000	2019 Current	2018 Current
Investments		
a. 'Financial assets at fair value through profit and loss'		
– 'Held for trading'	73,145	63,081
Total Investments	73,145	63,081
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	87,228	68,989
Financial assets at fair value through the profit and loss		
Long term deposits	58,000	49,000
NCD's, FRN's (with maturities > 3 months)	15,145	14,081
Total	73,145	63,081

Accounting policy for investments

Accounting policy under AASB 9 – applicable from 1 July 2018

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(b). Investments (continued)

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

Accounting policy under AASB 139 – applicable for 2018 comparatives only

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.

Financial assets at fair value through profit or loss

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

Recognition and derecognition

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. Investments 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.

Impairment of financial assets

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.

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

\$ '000	2019 Current	2018 Current
Total cash, cash equivalents and investments	<u>87,228</u>	<u>68,989</u>
attributable to:		
External restrictions	31,289	18,923
Internal restrictions	47,674	45,520
Unrestricted	8,265	4,546
	<u>87,228</u>	<u>68,989</u>

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

\$ '000	2019	2018
Details of restrictions		
External restrictions – other		
Developer contributions – general	20,147	13,449
Specific purpose unexpended grants	3,846	1,276
Domestic waste management	5,734	2,861
Environment levy	1,027	984
Infrastructure levy	–	24
Mainstreet levies	133	56
Other specific purpose contributions	388	235
Waste and sustainability improvement funds	14	38
External restrictions – other	31,289	18,923
Total external restrictions	31,289	18,923
Internal restrictions		
Capital works	18,150	14,585
Community housing – capital purchases	963	963
Community housing – major maintenance	1,632	1,364
Deposits, retentions and bonds	9,978	10,549
Employees leave entitlement	8,149	7,425
I.T. hardware and software	193	781
Income producing projects	5,724	6,015
Insurance	625	851
Loan principal	836	1,425
Plant and vehicle replacement	1,424	539
Property maintenance	–	1,023
Total internal restrictions	47,674	45,520
TOTAL RESTRICTIONS	78,963	64,443

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Purpose				
Rates and annual charges	770	336	444	194
Interest and extra charges	23	96	24	75
User charges and fees	1,462	–	1,690	–
Accrued revenues				
– Interest on investments	438	–	940	–
– Other income accruals	1,679	–	1,310	–
Government grants and subsidies	124	–	2,330	–
Net GST receivable	800	–	783	–
Outstanding infringements	850	–	1,004	–
Other debtors	18	18	5	18
Total	6,164	450	8,530	287
Less: provision of impairment				
User charges and fees	(197)	–	(133)	–
Total provision for impairment – receivables	(197)	–	(133)	–
TOTAL NET RECEIVABLES	5,967	450	8,397	287
Externally restricted receivables				
Domestic waste management	206	–	185	–
Stormwater management	10	–	10	–
Other				
– Environmental levy	35	–	33	–
– Infrastructure levy	31	–	30	–
– Mainstreet levies	14	–	9	–
Total external restrictions	296	–	267	–
Unrestricted receivables	5,671	450	8,130	287
TOTAL NET RECEIVABLES	5,967	450	8,397	287

\$ '000	2019	2018
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 9)	133	133
Balance at the end of the period	133	133

Accounting policy for receivables

Recognition and measurement

Receivables 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.

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

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

Notes to the Financial Statements for the year ended 30 June 2019

Note 7. Receivables (continued)

Impairment

Accounting policy under AASB 9 applicable from 1 July 2018

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the ECL for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Accounting policy under AASB 139 – applicable for 2018 comparatives only

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.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable 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 the 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.

When a receivable for which an impairment allowance had been recognised becomes uncollectable 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.

Rates and annual charges outstanding are secured against the property.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets

\$ '000	2019 Current	2018 Current
(a) Inventories		
Inventories at cost		
Stores and materials	2	–
Trading stock	55	58
Total inventories at cost	57	58
<u>TOTAL INVENTORIES</u>	<u>57</u>	<u>58</u>
(b) Other assets		
Prepayments	244	282
<u>TOTAL OTHER ASSETS</u>	<u>244</u>	<u>282</u>

Accounting policy for inventories and other assets

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. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

North Sydney Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 9. Non-current assets classified as held for sale



(i) Non-current assets

\$ '000	2019 Current	2018 Current
Non-current assets 'held for sale'		
Investment Property	4,500	-
Total non-current assets 'held for sale'	4,500	-

(ii) Reconciliation of non-current assets 'held for sale'

\$ '000	2019 Assets 'held for sale'	2018 Assets 'held for sale'
Opening balance	-	-
<u>Plus new transfers in:</u>		
- Assets 'held for sale'	4,500	-
Closing balance of 'held for sale' non-current assets	4,500	-

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as assets arising from employee benefits; financial assets; and investment properties that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) 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 (or disposal group), 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 (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

North Sydney Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 10. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2018 ²			Asset movements during the reporting period						as at 30/6/2019		
	Gross carrying amount	Accumulated depreciation	Not carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Gross carrying amount	Accumulated depreciation	Not carrying amount
Capital work in progress	6,935	-	6,935	1,785	700	-	-	(2,096)	-	7,324	-	7,324
Plant and equipment	16,995	(8,621)	8,374	1,164	115	(535)	(1,937)	185	-	17,277	(9,911)	7,366
Office equipment	18,158	(15,761)	2,397	1,091	95	-	(931)	102	-	19,445	(16,691)	2,754
Furniture and fittings	8,747	(5,314)	3,433	86	6	-	(522)	20	-	8,859	(5,836)	3,023
Land:												
- Operational land	153,661	-	153,661	-	-	-	-	-	-	153,661	-	153,661
- Community land	156,266	-	156,266	-	62	-	-	-	-	156,328	-	156,328
Land improvements - depreciable	18,095	(3,976)	14,119	-	400	-	(625)	27	-	18,522	(4,601)	13,921
Infrastructure:												
- Buildings - non-specialised	1,266	(395)	871	134	-	-	(31)	14	-	1,415	(427)	988
- Buildings - specialised	203,574	(76,303)	127,271	2,774	134	(275)	(2,706)	473	-	206,498	(78,827)	127,671
- Other structures	2,218	(43)	2,175	-	5	-	(46)	-	-	2,223	(89)	2,134
- Roads	323,244	(111,221)	212,023	7,508	1,137	(676)	(5,637)	491	-	329,828	(114,982)	214,846
- Footpaths	91,424	(33,395)	58,029	5,981	-	(622)	(2,687)	346	-	95,945	(34,898)	61,047
- Stormwater drainage	196,433	(68,443)	127,990	2,080	193	-	(2,016)	165	-	198,872	(70,460)	128,412
- Swimming pools	22,471	(9,608)	12,863	9	-	-	(381)	8	-	22,488	(9,989)	12,499
- Other open space / recreational assets	11,145	(7,528)	3,617	385	108	-	(788)	12	1,056	11,648	(7,258)	4,390
- Other infrastructure	222,388	(101,396)	120,992	1,982	528	-	(3,360)	253	-	225,151	(104,756)	120,395
Other assets:												
- Heritage collections	2,388	(894)	1,494	-	5	-	(52)	-	-	2,393	(946)	1,447
- Library books	2,324	(1,231)	1,093	367	-	-	(392)	-	-	2,331	(1,263)	1,068
Total Infrastructure, property, plant and equipment	1,457,732	(444,129)	1,013,603	25,346	3,488	(2,108)	(22,111)	-	1,056	1,480,208	(460,934)	1,019,274

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

(2) These columns have been restated

Notes to the Financial Statements for the year ended 30 June 2019

Note 10. Infrastructure, property, plant and equipment (continued)

\$ '000	as at 30/6/2017 ²			Asset movements during the reporting period							as at 30/6/2018 ²		
	Gross carrying amount restated	Accumulated depreciation restated	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount restated	Accumulated depreciation restated	Net carrying amount
Capital work in progress	25,296	–	25,296	1,681	623	–	–	(20,665)	–	–	6,935	–	6,935
Plant and equipment	16,204	(8,403)	7,801	3,779	–	(1,224)	(1,982)	–	–	–	16,995	(8,621)	8,374
Office equipment	17,689	(14,887)	2,802	404	175	(21)	(963)	–	–	–	18,158	(15,761)	2,397
Furniture and fittings	8,499	(4,812)	3,687	159	69	–	(502)	20	–	–	8,747	(5,314)	3,433
Land:													
– Operational land	81,247	–	81,247	–	3,831	–	–	–	–	68,583	153,661	–	153,661
– Community land	156,266	–	156,266	–	–	–	–	–	–	–	156,266	–	156,266
Land improvements – depreciable	16,856	(3,464)	13,392	326	855	–	(512)	58	–	–	18,095	(3,976)	14,119
Infrastructure:													
– Buildings – non-specialised	2,194	(1,613)	581	77	–	–	(38)	–	–	251	1,266	(395)	871
– Buildings – specialised	168,001	(83,849)	84,152	4,604	2,322	–	(3,151)	17,514	214	21,616	203,574	(76,303)	127,271
– Other structures	1,209	(17)	1,192	–	935	–	(26)	74	–	–	2,218	(43)	2,175
– Roads	316,513	(110,181)	206,332	8,965	1,080	(685)	(3,818)	149	–	–	323,244	(111,221)	212,023
– Footpaths	84,098	(32,822)	51,276	8,105	167	(259)	(1,709)	449	–	–	91,424	(33,395)	58,029
– Stormwater drainage	193,877	(66,778)	127,099	2,284	187	–	(1,665)	85	–	–	196,433	(68,443)	127,990
– Swimming pools	25,093	(14,705)	10,388	56	–	–	(397)	–	–	2,816	22,471	(9,608)	12,863
– Other open space/recreational assets	10,072	(6,981)	3,091	549	268	–	(547)	256	–	–	11,145	(7,528)	3,617
– Other infrastructure	213,658	(98,095)	115,563	4,808	2,175	–	(3,400)	2,060	(214)	–	222,388	(101,396)	120,992
Other assets:													
– Heritage collections	2,277	(790)	1,487	26	11	–	(30)	–	–	–	2,388	(894)	1,494
– Library books	7,403	(6,313)	1,090	390	–	–	(387)	–	–	–	2,324	(1,231)	1,093
Total Infrastructure, property, plant and equipment	1,346,452	(453,710)	892,742	36,213	12,698	(2,189)	(19,127)	–	–	93,266	1,457,732	(444,129)	1,013,603

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

(2) These columns have been restated

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Increases in the carrying amounts arising on revaluation are credited to the 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 as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated. 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 the Council will obtain ownership at the end of the lease term. 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 and equipment	Years	Buildings	Years
Office equipment	3 to 10	Buildings	25 to 150
Computer equipment	3 to 8	Building components	
Furniture	5 to 10	Substructure	60 to 200
Vehicles	5	Superstructure	60 to 200
Other plant and equipment	5 to 10	Roof cladding	50 to 60
		Finishes	25 to 30
		Fittings	25 to 30
Transportation assets	Years	Mechanical services	30 to 40
Sealed roads: surface	15 to 50	Other services	50 to 60
Sealed roads: structure	60 to 100		
Sealed roads: formation	200	Other sport and recreation assets	Years
Kerb and gutter	70	Playgrounds	20
Footpaths	10 to 50	Sports lighting	10 to 25
Traffic facilities	50	Park furniture	10
Street furniture	15 to 50	Sport and fitness	10 to 20
Bus shelters	50	Other	10 to 20
		Swimming pools	20 to 200
Stormwater drainage assets	Years	Depreciable land improvements	Years
Drainage pipes	70 to 100	Depreciable land improvements	5 to 100
Drainage pits	80		
Culverts	70 to 100	Other	Years
Gross pollutant traps	80	Library collection	5
		Heritage collection	10 to 100
Other infrastructure	Years		
Lighting	20 to 35		
Seawalls	110		
Marine structures	25 to 50		
Fences	20 to 80		
Retaining walls	90		

Note 10. Infrastructure, property, plant and equipment (continued)

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

Land under roads

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

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

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

Crown reserves

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

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

Note 11. Investment property

\$ '000	2019	2018
(a) Investment property at fair value		
Investment property on hand	95,512	97,740
Reconciliation of annual movement:		
Opening balance	97,740	97,623
- Capitalised expenditure - this year	67	329
- Net gain/(loss) from fair value adjustments	2,205	(212)
- Classified as held for sale	(4,500)	-
CLOSING BALANCE - INVESTMENT PROPERTY	95,512	97,740

(b) Valuation basis

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

The 2019 revaluations were based on independent assessments made by:
Adam Wallace AAPI CPV.

(c) Contractual obligations at reporting date

Refer to Note 18 for disclosures relating to any capital and service obligations that have been contracted.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Investment property (continued)

\$ '000	2019	2018
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(d) Leasing arrangements – Council as lessor

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

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

Within 1 year	5,925	6,064
Later than 1 year but less than 5 years	12,219	13,880
Later than 5 years	11,890	14,729
Total minimum lease payments receivable	30,034	34,673

(e) Investment property income and expenditure – summary

Rental income from investment property:		
– Minimum lease payments	6,071	6,193
Direct operating expenses on investment property:		
– that generated rental income	(2,548)	(2,317)
Net revenue contribution from investment property	3,523	3,876
plus:		
Fair value movement for year	2,205	(212)
Total income attributable to investment property	5,728	3,664

Accounting policy for investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as a separate line item.

Properties that are under construction for future use as investment properties are regarded as investment property. 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.

Notes to the Financial Statements for the year ended 30 June 2019

Note 12. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Payables				
Goods and services – operating expenditure	5,568	–	4,746	–
Goods and services – capital expenditure	3,650	–	3,382	41
Accrued expenses:				
– Borrowings	60	–	14	–
– Salaries and wages	848	–	481	–
– Other expenditure accruals	347	–	1,174	–
Security bonds, deposits and retentions	9,978	–	10,550	–
Other	316	–	309	–
Total payables	20,767	–	20,656	41
Income received in advance				
Payments received in advance	2,613	–	1,233	–
Total income received in advance	2,613	–	1,233	–
Borrowings				
Loans – secured ¹	811	8,100	9,500	–
Total borrowings	811	8,100	9,500	–
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>24,191</u>	<u>8,100</u>	<u>31,389</u>	<u>41</u>

⁽¹⁾ Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 19.

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Payables and borrowings relating to restricted assets				
Externally restricted assets				
Domestic waste management	1,330	–	782	–
Special rate levies	146	–	111	–
Stormwater management	–	–	4	–
Payables and borrowings relating to externally restricted assets	1,476	–	897	–
Total payables and borrowings relating to restricted assets	1,476	–	897	–
Total payables and borrowings relating to unrestricted assets	22,715	8,100	30,492	41
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>24,191</u>	<u>8,100</u>	<u>31,389</u>	<u>41</u>

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Payables and borrowings (continued)

\$ '000	2019	2018
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(b) Current payables and borrowings not anticipated to be settled within the next twelve months

The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.

Payables – security bonds, deposits and retentions	7,136	7,361
Total payables and borrowings	7,136	7,361

(c) Changes in liabilities arising from financing activities

\$ '000	as at 30/6/2018					as at 30/6/2019
	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	9,500	(589)	–	–	–	8,911
TOTAL	9,500	(589)	–	–	–	8,911

\$ '000	as at 30/6/2017					as at 30/6/2018
	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	9,500	–	–	–	–	9,500
TOTAL	9,500	–	–	–	–	9,500

\$ '000	2019	2018
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(d) Financing arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	350	350
Total financing arrangements	850	850

Undrawn facilities as at balance date:

– Bank overdraft facilities	500	500
– Credit cards/purchase cards	350	350
Total undrawn financing arrangements	850	850

⁽¹⁾ The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Note 12. Payables and borrowings (continued)

Accounting policy for payables and borrowings

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Council comprise trade payables, bank and other loans.

Payables

These amounts represent liabilities for goods and services provided to the council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

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 drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Provisions

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Provisions				
Employee benefits				
Annual leave	3,845	–	3,571	–
Sick leave	93	–	86	–
Long service leave	8,749	278	8,290	184
Gratuities	3,285	–	2,671	–
Other leave – RDO's	49	–	49	–
Sub-total – aggregate employee benefits	16,021	278	14,667	184
<u>TOTAL PROVISIONS</u>	<u>16,021</u>	<u>278</u>	<u>14,667</u>	<u>184</u>

(a) Provisions relating to restricted assets

Externally restricted assets

Domestic waste management	258	4	210	2
Provisions relating to externally restricted assets	258	4	210	2
Total provisions relating to restricted assets	258	4	210	2
Total provisions relating to unrestricted assets	15,763	274	14,457	182
<u>TOTAL PROVISIONS</u>	<u>16,021</u>	<u>278</u>	<u>14,667</u>	<u>184</u>

\$ '000	2019	2018
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(b) Current provisions not anticipated to be settled within the next twelve months

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	12,086	10,932
	<u>12,086</u>	<u>10,932</u>

Notes to the Financial Statements for the year ended 30 June 2019

Note 13. Provisions (continued)

(c) Description of and movements in provisions

\$ '000	ELE provisions					
	Annual leave	Sick leave	Long service leave	RDO's	Gratuities	Total
2019						
At beginning of year	3,571	86	8,474	49	2,671	14,851
Additional provisions	2,906	17	1,984	-	740	5,647
Amounts used (payments)	(2,632)	(10)	(1,431)	-	(126)	(4,199)
Total ELE provisions at end of period	3,845	93	9,027	49	3,285	16,299
2018						
At beginning of year	3,632	100	8,613	52	3,641	16,038
Additional provisions	2,739	-	1,240	-	655	4,634
Amounts used (payments)	(2,800)	(14)	(1,379)	(3)	(755)	(4,951)
Remeasurement effects	-	-	-	-	(870)	(870)
Total ELE provisions at end of period	3,571	86	8,474	49	2,671	14,851

Accounting policy for 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.

Employee benefits

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.

Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Provisions (continued)

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

Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

(b) Correction of errors relating to a previous reporting period

Nature of prior-period error

In accordance with applicable accounting standards Council made assessments during the reporting period to determine whether the carrying amount of each asset class was materially consistent with its fair value. The assessments identified material differences between the carrying amount and fair value of the land improvements and other open space and recreation assets asset classes resulting from three separate issues.

Some expenditure initially capitalised under the land improvements and other open space and recreation assets classes in prior periods was found to relate to construction of physical assets that Council classifies under the footpaths and other infrastructure asset classes. Investigations determined that these assets had been included in revaluations of the footpaths and other infrastructure assets classes completed in prior periods and were therefore overstated. The carrying amount of assets overstated as a result of this error was \$6.7 million in total, \$6.5 million under the land improvements asset class and \$200,000 under the other open space and recreation assets asset class.

The carrying amounts of both asset classes were also found to include a small number of assets that had been disposed of in prior periods and were therefore overstated. The carrying amount of assets overstated as a result of this error was \$900,000 in total of which nearly all was for assets classified under the land improvements asset class.

In previous reporting periods Council has used depreciated historic cost as a representation of fair value for the land improvements and other open space and recreation assets asset classes. Council's assessment of the carrying amount of these asset classes compared with their fair value showed that this approach did not provide an accurate representation of fair value. As there was insufficient time to complete a comprehensive valuation of both asset classes in the current reporting period the depreciated historic cost of assets within these classes were indexed using the Rawlinsons Construction Cost Guide Sydney Building index to improve the approximation of fair value and reduce the likelihood of a material difference between the carrying amount and fair value for both classes. As a result, the carrying amount of the land improvements asset class was increased by \$2.8 million and the carrying amount of the other open space and recreation assets asset class was increased by \$300,000. Council will complete a comprehensive valuation of both asset classes that will be included in the general-purpose financial statements for the next reporting period.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2017) and taking the adjustment through to the accumulated surplus and revaluation reserves at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

North Sydney Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Statement of Financial Position

\$ '000	Original Balance 1 July, 2017	Impact Increase/ (decrease)	Restated Balance 1 July, 2017
Changes to the opening Statement of Financial Position at 1 July 2017			
Infrastructure, property, plant and equipment	897,298	(4,556)	892,742
Total assets	1,086,274	(4,556)	1,081,718
Total liabilities	47,691	–	47,691
Accumulated surplus	773,971	2,150	776,121
Revaluation reserves	264,612	(6,706)	257,906
Total equity	1,038,583	(4,556)	1,034,027

Adjustments to the comparative figures for the year ended 30 June 2018

Statement of Financial Position

\$ '000	Original Balance 30 June, 2018	Impact Increase/ (decrease)	Restated Balance 30 June, 2018
Infrastructure, property, plant and equipment	1,018,159	(4,556)	1,013,603
Total assets	1,193,925	(4,556)	1,189,369
Total liabilities	46,281	–	46,281
Accumulated surplus	789,766	2,150	791,916
Revaluation reserves	357,878	(6,706)	351,172
Total equity	1,147,644	(4,556)	1,143,088

(c) Changes in accounting policies due to adoption of new accounting standards (not-retrospective)

During the year, Council adopted a number of new accounting standards. The impact of the adoption and associated transition disclosures are shown below.

Classification of financial assets

The financial assets of Council have been reclassified into one of the following categories on adoption of AASB 9, based primarily on the business model in which a financial asset is managed and its contractual cash flow characteristics are:

- measured at amortised cost
- fair value through profit or loss
- fair value through other comprehensive income – equity instruments

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an ECL model in AASB 9 for assets measured at amortised cost. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Statement of cash flows - additional information

\$ '000	Notes	2019	2018
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6(a)	14,083	5,908
Balance as per the Statement of Cash Flows		14,083	5,908
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		20,508	15,795
Adjust for non-cash items:			
Depreciation and amortisation		22,111	19,127
Net losses/(gains) on disposal of assets		1,481	692
Non-cash capital grants and contributions		(62)	-
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investments classified as 'at fair value' or 'held for trading'		(91)	11
– Investment property		(2,205)	212
Share of net (profits)/losses of associates/joint ventures using the equity method		3	20
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		2,203	1,539
Increase/(decrease) in provision for impairment of receivables		64	-
Decrease/(increase) in inventories		1	(12)
Decrease/(increase) in other current assets		38	(9)
Increase/(decrease) in payables		822	457
Increase/(decrease) in accrued interest payable		46	1
Increase/(decrease) in other accrued expenses payable		(460)	427
Increase/(decrease) in other liabilities		815	908
Increase/(decrease) in provision for employee benefits		1,448	(1,187)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		46,722	37,981
(c) Non-cash investing and financing activities			
S7.4 contributions 'in kind'		62	-
Total non-cash investing and financing activities		62	-

North Sydney Council

Notes to the Financial Statements

for the year ended 30 June 2019

Financial Statements 2019

Note 16. Interests in other entities

\$ '000	Council's share of net income		Council's share of net assets	
	2019	2018	2019	2018
Joint ventures	(3)	(20)	10	13
Total	(3)	(20)	10	13

Joint arrangements

Joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

(a) Net carrying amounts – Council's share

\$ '000	Nature of relationship	Measurement method	2019	2018
Shorelink Library Network	Joint venture	Equity	10	13
Total carrying amounts – material joint ventures			10	13

(b) Details

	Principal activity	Place of business
Shorelink Library Network	Automation of regional public library services	North Sydney

(c) Relevant interests and fair values

\$ '000	Interest in outputs		Interest in ownership		Proportion of voting power	
	2019	2018	2019	2018	2019	2018
Shorelink Library Network	38.7%	31.4%	33.3%	32.1%	33.3%	25.0%

(d) Summarised financial information for joint ventures

\$ '000	Shorelink Library Network	
	2019	2018
Statement of financial position		
Current assets		
Cash and cash equivalents	79	141
Other current assets	2	10
Non-current assets	1	2
Current liabilities		
Other current liabilities	51	111
Net assets	31	42
Reconciliation of the carrying amount		
Opening net assets (1 July)	42	137

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Interests in other entities (continued)

\$ '000	Shorelink Library Network	
	2019	2018
Profit/(loss) for the period	(11)	(95)
Closing net assets	31	42
Council's share of net assets (%)	33.3%	32.1%
Council's share of net assets (\$)	10	13
Statement of comprehensive income		
Income	370	574
Interest income	2	3
Depreciation and amortisation	(2)	(3)
Other expenses	(371)	(628)
Profit/(loss) from continuing operations	(1)	(54)
Profit/(loss) for the period	(1)	(54)
Total comprehensive income	(1)	(54)
Share of income – Council (%)	38.7%	31.4%
Profit/(loss) – Council (\$)	-	(20)
Total comprehensive income – Council (\$)	-	(20)

North Sydney Council

Notes to the Financial Statements for the year ended 30 June 2019

Note 17. Commitments

\$ '000

2019

2018

Capital commitments (exclusive of GST)

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings	253	2,045
Computer equipment	202	240
Infrastructure	7,386	11,609
Library books	15	8
Other structures	248	217
Plant and equipment	300	341
Total commitments	8,404	14,460

These expenditures are payable as follows:

Within the next year	8,404	14,460
Total payable	8,404	14,460

Sources for funding of capital commitments:

Unrestricted general funds	15	17
Section 7.11 and 64 funds/reserves	661	3,221
Unexpended grants	3,263	1,037
Externally restricted reserves	221	377
Internally restricted reserves	4,244	9,808
Total sources of funding	8,404	14,460

Details of capital commitments

Infrastructure Capital works in North Sydney CBD, Neutral Bay and Cremorne.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Contingencies and other assets/liabilities not recognised

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

The Local Government Superannuation Scheme is a defined benefit plan that has been deemed to be a "multi-employer fund" for the purposes of AASB 119 Employee Benefits. Accordingly, Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

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

(ii) Statewide Limited

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

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

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

(iii) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

(ii) 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.

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

(iii) Legal Claims

Council is the planning authority for its area under the Environmental Planning and Assessment Act 1979. Pursuant to that Act, certain persons dissatisfied by a planning decision of the Council may appeal to the Land and Environment Court. It is the Court's normal practice in Class 1 proceedings that parties bear their own legal costs. In Class 4 proceedings, costs usually follow the event. As at 30 June 2019, there were twenty eight (28) Land and Environment Court matters ongoing and nine (9) Local Court matters to be prosecuted. All known costs have been recognised but the amount of further costs cannot be known until the appeals are determined.

ASSETS NOT RECOGNISED

(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 30/6/08.

(ii) Repayment of community funds

In 2001, Council entered into an agreement to fund building works relating to child care services in return for specific and continuing obligations from the service provider in relation to the provision of additional child care services.

In the event that such services are not provided to the levels agreed, Council has the right to be repaid its contribution to the building works at a rate amortised over the term of the agreement.

Council is not aware of any circumstances that would require it to seek the repayment of the funds in accordance with the Contractual Deed of Agreement.

Notes to the Financial Statements for the year ended 30 June 2019

Note 19. Financial risk management

Risk management

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

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

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk. Financial risk management is carried out by Council's finance section under policies approved by the Council.

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

\$ '000	Carrying value 2019	Carrying value 2018	Fair value 2019	Fair value 2018
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	14,083	5,908	14,083	5,908
Receivables	6,417	8,684	6,417	8,684
Fair value through profit and loss				
Investments				
– 'Held for trading'	73,145	63,081	73,145	63,081
Total financial assets	93,645	77,673	93,645	77,673
Financial liabilities				
Payables	20,767	20,697	20,767	20,697
Loans/advances	8,911	9,500	8,911	9,500
Total financial liabilities	29,678	30,197	29,678	30,197

Fair value is determined as follows:

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

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

Council's Finance area manages the cash and investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments 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 are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.

Notes to the Financial Statements for the year ended 30 June 2019

Note 19. Financial risk management (continued)

- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

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

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

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2019				
Possible impact of a 10% movement in market values	1,515	1,515	(1,515)	(1,515)
Possible impact of a 1% movement in interest rates	874	874	(874)	(874)
2018				
Possible impact of a 10% movement in market values	1,412	1,412	(1,412)	(1,412)
Possible impact of a 1% movement in interest rates	692	692	(692)	(692)

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. The level of outstanding receivables is reported to Council monthly 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 most non-rate debtors. There are no material receivables that have been subjected to a re-negotiation of repayment terms.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Financial risk management (continued)

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
Credit risk profile						
2019						
Gross carrying amount	770	264	8	23	41	1,106
2018						
Gross carrying amount	444	122	8	23	41	638

Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2019 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2019						
Gross carrying amount	4,710	134	110	16	538	5,508
Expected loss rate (%)	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%
ECL provision	7	-	-	-	1	8
2018						
Gross carrying amount	7,575	187	48	12	357	8,179
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	-	-	-	-	-	-

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Financial risk management (continued)

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2019							
Trade/other payables	0.00%	9,978	10,789	-	-	20,767	20,767
Loans and advances	4.02%	-	1,159	5,793	3,765	10,717	8,911
Total financial liabilities		9,978	11,948	5,793	3,765	31,484	29,678
2018							
Trade/other payables	0.00%	10,550	10,106	-	-	20,656	20,697
Loans and advances	2.65%	-	336	1,770	10,503	12,609	9,500
Total financial liabilities		10,550	10,442	1,770	10,503	33,265	30,197

Notes to the Financial Statements for the year ended 30 June 2019

Note 20. Material budget variations

Council's original budget for 2018/19 was adopted by the Council on 25 June 2018 and is unaudited.

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

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

Material variations represent those variances between the original budget figure and the actual result that amount to 10% or more.

Variation Key: F = Favourable budget variation, U = Unfavourable budget variation.

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
REVENUES				
Rates and annual charges	59,293	58,831	(462)	(1)% U
User charges and fees	29,640	33,691	4,051	14% F
Additional revenue generated from increased development in the North Sydney CBD resulted in Construction Zone and Plant Permit fees exceeding original forecasts by \$1.1M and \$631K respectively. Greater than expected revenue from road and footpath reinstatement fees (\$836K), on-street parking fees (\$802K), off-street parking fees (\$351K) and North Sydney Olympic Pool fees (\$294K) also contributed significantly to the favourable variance for this line item.				
Interest and investment revenue	1,645	2,407	762	46% F
Council traditionally adopts a conservative approach when budgeting for returns from its investment portfolio. This, along with a greater than anticipated pool of funds available for investment due to delays in the commencement and/or completion of some capital projects and the increased revenue from user charges and fees and grants and contributions, was the reason for the favourable variance in interest and investment revenue.				
Other revenues	15,590	16,907	1,317	8% F
Operating grants and contributions	4,335	5,550	1,215	28% F
The actual amount of grants received often depends on decisions made by the State and Commonwealth governments after the original budget was adopted. Subsequent to the adoption of the budget, Council received a \$750,000 grant from the NSW Department of Planning and Environment to fund the acceleration of Council's Local Environmental Plan Review Program. This grant and additional revenue from the Family Day Care Child Care Assistance Subsidy and the R.M.S. Regional Roads Repair Program contribution was the main reason for the favourable variance for this line item.				
Capital grants and contributions	4,850	15,773	10,923	225% F
The favourable variance for this line item can be primarily attributed to greater than expected revenue from developer contributions which exceeded the amount originally forecast by \$9.2M. Subsequent to the adoption of the original budget, Council received funding of \$3.2M from Transport for NSW for urban landscaping works along the Military Road corridor in conjunction with the Northern Beaches B-Line Program. Partially offsetting this, the receipt of a budgeted \$1.75M grant from the NSW Department of Planning and Environment towards the Hume Street Park redevelopment in Crows Nest was delayed until 2019/20.				
Net gains from disposal of assets	402	-	(402)	100% U
During the year, property and infrastructure assets with a carrying amount of \$1.6M were replaced. The resulting write-off turned the forecast modest gain from the disposal of assets into a loss thus creating an unfavourable variance for this line item.				
Fair value increment on investment property	1,005	2,205	1,200	119% F
Council has entered into a contract for the sale of one investment property, the terms of which included a delayed settlement. The sale price of this property represented a significant premium over its previous fair value. The fair value of the property was adjusted at balance date and this resulted in the favourable variance for this line item.				

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Notes to the Financial Statements for the year ended 30 June 2019

Financial Statements 2019

Note 20. Material budget variations (continued)

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
EXPENSES				
Employee benefits and on-costs	44,214	44,992	(778)	(2)% U
Borrowing costs	336	367	(31)	(9)% U
Materials and contracts	34,563	36,799	(2,236)	(6)% U
Depreciation and amortisation	21,000	22,111	(1,111)	(5)% U
Other expenses	9,321	9,103	218	2% F
Net losses from disposal of assets	-	1,481	(1,481)	∞ U
As disclosed above, property assets with a carrying amount of \$1.6M were replaced during the year. The resulting write-off turned the forecast modest gain from the disposal of assets into a loss thus creating an unfavourable variance on this line item.				
Joint ventures and associates – net losses	-	3	(3)	∞ U

STATEMENT OF CASH FLOWS

Net cash provided from (used in) operating activities	23,906	46,722	22,816	95% F
As disclosed above, the amount of revenue raised from user charges and fees, interest from investments and grants and contributions was well in excess of that forecast in the original budget and this was the reason for the favourable variance in net cash provided from operating activities.				
Net cash provided from (used in) investing activities	(18,189)	(37,958)	(19,769)	109% U
While \$13.3 million of funding allocated to capital projects in 2018/19 remained unspent at 30 June 2019, \$18 million was unspent at 30 June 2018, carried forward and subsequently spent during 2018/19. The difference of \$4.7 million was not forecast when the original budget was prepared and this was the main reason for the unfavourable variance in net cash used in investing activities.				
Net cash provided from (used in) financing activities	-	(589)	(589)	∞ U
During the year, Council restructured its loan portfolio from interest only repayments to principal and interest repayments. The unbudgeted repayments in loan principal was the reason for the unfavourable variance in net cash used in financing activities.				

Notes to the Financial Statements for the year ended 30 June 2019

Note 21. Fair Value Measurement

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

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

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

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

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) Assets and liabilities that have been measured and recognised at fair values

2019	Notes	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv- able inputs	
Recurring fair value measurements					
Financial assets					
Investments	5(b)				
- 'Hold for trading'		-	58,141	-	58,141
Total financial assets		-	58,141	-	58,141
Financial liabilities					
Total financial liabilities	12	-	-	-	-
Investment property					
Investment properties	11	-	95,512	-	95,512
Total investment property		-	95,512	-	95,512
Infrastructure, property, plant and equipment					
Plant and equipment	10	-	-	7,366	7,366
Office equipment		-	-	2,754	2,754
Furniture and fittings		-	-	3,023	3,023
Operational land		-	67,387	86,274	153,661
Community land		-	-	156,328	156,328
Land improvements - depreciable		-	-	13,921	13,921
Buildings - non-specialised		-	830	158	988
Buildings - specialised		-	26	127,645	127,671
Other structures		-	-	2,134	2,134
Roads		-	-	214,846	214,846
Footpaths		-	-	61,047	61,047
Stormwater drainage		-	-	128,412	128,412
Swimming pools		-	-	12,499	12,499
Other open space/recreation assets		-	-	4,390	4,390
Other infrastructure assets		-	-	120,395	120,395
Heritage collections		-	-	1,447	1,447
Library books		-	-	1,068	1,068
Total infrastructure, property, plant and equipment		-	68,243	943,707	1,011,950

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Note 21. Fair Value Measurement (continued)



2019	Notes	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv- able inputs	
Non-recurring fair value measurements					
Non-current assets classified as 'held for sale'	9				
Investment property		–	4,500	–	4,500
Total NCA's classified as 'held for sale'		–	4,500	–	4,500

Notes to the Financial Statements for the year ended 30 June 2019

Note 21. Fair Value Measurement (continued)

2018	Notes	Fair value measurement hierarchy			Total ¹
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv- able inputs	
Recurring fair value measurements					
Financial assets					
Investments	6(b)				
- 'Held for trading'		-	63,081	-	63,081
Total financial assets		-	63,081	-	63,081
Financial liabilities					
Total financial liabilities	12	-	-	-	-
Investment property					
Investment properties	11	-	97,740	-	97,740
Total investment property		-	97,740	-	97,740
Infrastructure, property, plant and equipment					
Plant and equipment	10	-	-	8,374	8,374
Office equipment		-	-	2,397	2,397
Furniture and fittings		-	-	3,433	3,433
Operational land		-	67,387	86,274	153,661
Community land		-	-	156,266	156,266
Land improvements – depreciable		-	-	14,119	14,119
Buildings – non-specialised		-	703	168	871
Buildings – specialised		-	28	127,243	127,271
Other structures		-	-	2,175	2,175
Roads		-	-	212,023	212,023
Footpaths		-	-	58,029	58,029
Stormwater drainage		-	-	127,990	127,990
Swimming pools		-	-	12,863	12,863
Other open space/recreation assets		-	-	3,617	3,617
Other infrastructure assets		-	-	120,992	120,992
Heritage collections		-	-	1,494	1,494
Library books		-	-	1,093	1,093
Total infrastructure, property, plant and equipment		-	68,118	938,550	1,006,668
Non-recurring fair value measurements					
Non-current assets classified as 'held for sale'					
Investment property	9	-	-	-	-
Total NCA's classified as 'held for sale'		-	-	-	-

⁽¹⁾ The 2018 table has been restated

Note that capital WIP is not included above since it is carried at cost.

(2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

(3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Note 21. Fair Value Measurement (continued)

Investment property

The market approach using level 2 inputs was used to value Council's investment properties.

Level 2 inputs:

- Quoted prices for similar assets in active markets
- Comparison of rate per square metre of floor area

The 2018 revaluations were based on Independent Assessments made by Ms Elise Wallace of Australis Advisory Group Pty Ltd. There has been no change to the valuation process during the reporting period.

Infrastructure, property, plant and equipment (IPP&E)

Plant & Equipment

The cost approach using level 3 inputs was used to value Council's plant and equipment.

Level 3 inputs:

- Depreciated historic cost
- Useful life

Office Equipment

The cost approach using level 3 inputs was used to value Council's office equipment.

Level 3 inputs:

- Depreciated historic cost
- Useful life

Furniture & Fittings

The cost approach using level 3 inputs was used to value Council's furniture and fittings.

Level 3 inputs:

- Depreciated historic cost
- Useful life

Operational Land

The market approach using level 3 inputs was used to value Council's operational land.

Level 3 inputs:

- Rate per square metre from the sales evidence available

Community Land

The market approach using level 3 inputs was used to value Council's community land.

Level 3 inputs:

- Inputs to Valuer General valuations

Land Improvements - depreciable

The cost approach using level 3 inputs was used to value Council's depreciable land improvements.

Level 3 inputs:

- Depreciated historic cost
- Useful life

Non specialised buildings

The cost approach using level 3 inputs was used to value Council's non specialised buildings.

Level 3 inputs:

- Components
- Cost
- Residual value
- Useful life
- Asset condition

Specialised buildings

The cost approach using level 3 inputs was used to value Council's specialised buildings.

Level 3 inputs:

- Components
- Cost
- Residual value
- Useful life

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 21. Fair Value Measurement (continued)

- Asset condition

Roads

The cost approach using level 3 inputs was used to value Council's road assets.

Level 3 inputs:

- Unit rates
- Useful life
- Remaining life
- Residual value

Footpaths

The cost approach using level 3 inputs was used to value Council's footpath assets.

Level 3 inputs:

- Unit rates
- Useful life
- Remaining life
- Residual value

Stormwater Drainage

The cost approach using level 3 inputs was used to value Council's stormwater drainage assets.

Level 3 inputs:

- Unit rates
- Useful life
- Remaining life
- Residual value

Swimming Pools

The costs approach using level 3 inputs was used to value Council's swimming pools.

Level 3 inputs:

- Components
- Cost
- Residual value
- Useful life
- Asset condition

Open Space/Recreation Assets

The cost approach using level 3 inputs was used to value Council's open space/recreation assets.

Level 3 inputs:

- Depreciated historic cost
- Useful life

Other Infrastructure Assets

The cost approach using level 3 inputs was used to value Council's other infrastructure assets.

Level 3 inputs:

- Components
- Cost
- Residual value
- Useful life
- Asset condition

Heritage Collections

The cost approach using level 3 inputs was used to value Council's heritage collections.

Level 3 inputs:

- Depreciated historic cost
- Useful life

Library Books

The cost approach using level 3 inputs was used to value Council's library books.

Level 3 inputs:

- Depreciated historic cost
- Useful life

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 21. Fair Value Measurement (continued)

(4) Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

\$ '000	Plant and equipment	Office equipment	Furniture and fittings	Operational Land	Community Land
2018					
Opening balance	7,801	2,802	3,687	81,247	156,266
Transfers from/(to) level 2 FV hierarchy	–	–	–	(28,649)	–
Purchases (GBV)	3,779	579	248	3,831	–
Disposals (WDV)	(1,224)	(21)	–	–	–
Depreciation and impairment	(1,982)	(963)	(502)	–	–
FV gains – other comprehensive income	–	–	–	29,845	–
Closing balance	8,374	2,397	3,433	86,274	156,266
2019					
Opening balance	8,374	2,397	3,433	86,274	156,266
Purchases (GBV)	1,464	1,288	112	–	62
Disposals (WDV)	(535)	–	–	–	–
Depreciation and impairment	(1,937)	(931)	(522)	–	–
Closing balance	7,366	2,754	3,023	86,274	156,328

\$ '000	Land improvements depreciable	Buildings non specialised	Building specialised	Other structures	Roads
2018					
Opening balance	13,392	581	84,152	1,192	206,332
Transfers from/(to) level 2 FV hierarchy	–	(463)	(130)	–	–
Transfers from/(to) another asset class	–	–	214	–	–
Purchases (GBV)	1,239	–	24,440	1,009	10,194
Disposals (WDV)	–	–	–	–	(685)
Depreciation and impairment	(512)	(8)	(3,144)	(26)	(3,818)
FV gains – other comprehensive income	–	58	21,711	–	–
Closing balance	14,119	168	127,243	2,175	212,023
2019					
Opening balance	14,119	168	127,243	2,175	212,023
Purchases (GBV)	427	–	3,381	5	9,136
Disposals (WDV)	–	–	(275)	–	(676)
Depreciation and impairment	(625)	(10)	(2,704)	(46)	(5,637)
Closing balance	13,921	158	127,645	2,134	214,846

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 21. Fair Value Measurement (continued)

\$ '000	Footpaths	Stormwater drainage	Swimming pools	Open space / recreation assets	Other infrastructure assets
2018					
Opening balance	51,276	127,099	10,388	3,091	115,563
Transfers from/(to) another asset class	-	-	-	-	(214)
Purchases (GBV)	8,721	2,556	56	1,073	9,043
Disposals (WDV)	(259)	-	-	-	-
Depreciation and impairment	(1,709)	(1,665)	(397)	(547)	(3,400)
FV gains – other comprehensive income	-	-	2,816	-	-
Closing balance	58,029	127,990	12,863	3,617	120,992
2019					
Opening balance	58,029	127,990	12,863	3,617	120,992
Purchases (GBV)	6,327	2,438	17	505	2,763
Disposals (WDV)	(622)	-	-	-	-
Depreciation and impairment	(2,687)	(2,016)	(381)	(788)	(3,360)
FV gains – other comprehensive income	-	-	-	1,056	-
Closing balance	61,047	128,412	12,499	4,390	120,395

\$ '000		Heritage collection	Library books	Total
2018				
Opening balance		1,487	1,090	867,446
Transfers from/(to) level 2 FV hierarchy	21 4(b)	-	-	(29,242)
Purchases (GBV)		37	390	67,195
Disposals (WDV)		-	-	(2,189)
Depreciation and impairment		(30)	(387)	(19,090)
FV gains – other comprehensive income		-	-	54,430
Closing balance		1,494	1,093	938,550
2019				
Opening balance		1,494	1,093	938,550
Purchases (GBV)		5	367	28,297
Disposals (WDV)		-	-	(2,108)
Depreciation and impairment		(52)	(392)	(22,088)
FV gains – other comprehensive income		-	-	1,056
Closing balance		1,447	1,068	943,707

b. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

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

\$ '000	Fair value (30/6/19)	Valuation technique/s	Unobservable inputs
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Notes to the Financial Statements
for the year ended 30 June 2019

Note 21. Fair Value Measurement (continued)

\$ '000	Fair value (30/6/19)	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Plant and equipment	7,366	Cost approach	Depreciated historic cost Useful life
Office equipment	2,755	Cost approach	Depreciated historic cost Useful life
Furniture and fittings	3,022	Cost approach	Depreciated historic cost Useful life
Operational Land	153,662	Market approach	Rate per square metre
Community Land	156,327	Market approach	Rate per square metre
Land improvements - depreciable	13,920	Cost approach	Depreciated historic cost Useful life
Buildings - non specialised	989	Cost approach	Components Cost Residual value Useful life Condition
Building - specialised	127,671	Cost approach	Components Cost Residual value Useful life Condition
Other structures	2,133	Cost approach	Depreciated historic cost Useful life
Roads	214,846	Cost approach	Unit Rates Useful life Remaining life Residual Value
Footpaths	61,048	Cost approach	Unit Rates Useful life Remaining life Residual Value
Stormwater drainage	128,410	Cost approach	Unit Rates Useful life Remaining life Residual Value
Swimming pools	12,499	Cost approach	Components Cost Residual value Useful life Condition
Open space / recreation assets	4,391	Cost approach	Depreciated historic cost Useful life
Other infrastructure assets	120,394	Cost approach	Components Cost Residual value Useful life
Heritage collection	1,446	Cost approach	Depreciated historic cost Useful life
Library books	1,068	Cost approach	Depreciated historic cost Useful life

(5) Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

North Sydney Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Related Party Transactions

Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. The KMP for North Sydney Council are the Mayor, Councillors, General Manager, Director of Corporate Services, Director of City Strategy, Director of Community and Library Services, Director of Engineering and Property Services, and Director of Open Space and Environmental Services.

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2019	2018
Compensation:		
Short-term benefits (salaries, Mayoral Allowance, Councillors fees)	1,972	2,484
Post-employment benefits (superannuation)	148	145
Other long-term benefits (increase in employee leave entitlements)	53	(839)
Total	2,173	1,790

Note 23. Events occurring after the reporting date

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24. Statement of developer contributions

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

Summary of contributions and levies

\$ '000	as at 30/6/2018						as at 30/6/2019	
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic Improvements	1,095	544	-	6	(105)	-	1,540	-
St Leonards Public Domain	696	157	-	4	(11)	-	846	-
Other Public Domain	396	33	-	2	-	-	431	-
North Sydney Public Domain	-	8,345	-	17	(3,281)	(1,210)	3,871	-
Open Space Increased Capacity	-	1,158	-	-	(1,192)	34	-	(4,476)
Open Space Acquisitions	4,127	571	-	53	-	930	5,681	6,234
Olympic Pool	31	165	-	-	(840)	644	-	(644)
Library Premises & Equipment	-	144	-	-	(10)	(134)	-	(286)
Library Acquisitions	64	47	-	1	-	-	112	-
Indoor Sports Centre	-	51	-	-	-	(24)	27	-
Community Centres	-	240	-	-	-	(240)	-	(828)
Child Care	1,486	322	-	7	(147)	-	1,668	-
Affordable Housing	3,403	-	-	16	-	-	3,419	-
Administration	547	85	-	3	-	-	635	-
S7.11 contributions – under a plan	11,845	11,862	-	109	(5,586)	-	18,230	-
Total S7.11 and S7.12 revenue under plans	11,845	11,862	-	109	(5,586)	-	18,230	-
S7.4 planning agreements	1,604	302	62	11	-	-	1,917	-
Total contributions	13,449	12,164	62	120	(5,586)	-	20,147	-

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North Sydney Council

Notes to the Financial Statements for the year ended 30 June 2019

Note 24. Statement of developer contributions (continued)

\$ '000	as at 30/6/2018			Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/6/2019	
	Opening Balance	Contributions received during the year					Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
S7.11 Contributions – under a plan								
NORTH SYDNEY PLAN 2004								
Administration	547	85	-	3	-	-	635	-
Affordable Housing	3,403	-	-	16	-	-	3,419	-
Indoor Sports Centre	-	51	-	-	-	(24)	27	-
Community Centres	-	240	-	-	-	(240)	-	(828)
Child Care	1,486	322	-	7	(147)	-	1,668	-
Library Premises & Equipment	-	144	-	-	(10)	(134)	-	(286)
Library Acquisitions	64	47	-	1	-	-	112	-
Olympic Pool	31	165	-	-	(840)	644	-	(644)
North Sydney Public Domain	-	8,345	-	17	(3,281)	(1,210)	3,871	-
Open Space Increased Capacity	-	1,158	-	-	(1,192)	34	-	(4,476)
Open Space Acquisitions	4,127	571	-	53	-	930	5,681	6,234
Other Public Domain	396	33	-	2	-	-	431	-
St Leonards Public Domain	696	157	-	4	(11)	-	846	-
Traffic Improvements	1,095	544	-	6	(105)	-	1,540	-
Total	11,845	11,862	-	109	(5,586)	-	18,230	-

Notes to the Financial Statements

for the year ended 30 June 2019

Note 25(a). Statement of performance measures – consolidated results

\$ '000	Amounts	Indicator ¹	Prior periods			Benchmark
	2019	2019	2018	2017	2016	
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	3,923	3.34%	7.08%	5.92%	1.46%	>0.00%
Total continuing operating revenue excluding capital grants and contributions	117,295					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions ¹	111,555	83.83%	89.35%	80.31%	63.67%	>60.00%
Total continuing operating revenue ¹	133,068					
3. Unrestricted current ratio						
Current assets less all external restrictions	66,411	3.45x	2.20x	3.51x	3.30x	>1.50x
Current liabilities less specific purpose liabilities	19,256					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	26,401	27.62x	91.17x	84.31x	62.39x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	956					
5. Rates, annual charges, interest and extra charges outstanding percentage						
Rates, annual and extra charges outstanding	1,225	2.06%	1.29%	1.13%	1.05%	<5.00%
Rates, annual and extra charges collectible	59,480					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	72,083	8.74	6.69	7.80	8.00	>3.00
Monthly payments from cash flow of operating and financing activities	8,251	mths	mths	mths	mths	mths

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

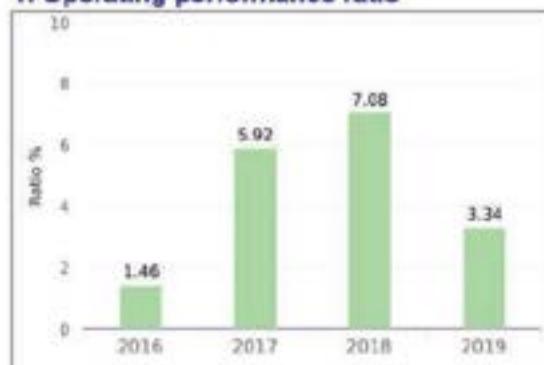
(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates.

(3) Council includes "Land improvements – depreciable" as an asset class in these ratios.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 25(b). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2018/19 result

2018/19 ratio 3.34%

This ratio comfortably achieved the benchmark for the fifth consecutive year. Excluding capital grants and contributions, fair value adjustments and losses from the disposal of assets and our interest in the Shorelink Library Network joint venture, a \$4.5M operating surplus was achieved. As our forecasts predicted, the impact of the expiration of our previous special rate variation on 30 June 2018, which permitted annual rates increases of 5.5% from 2011/12 to 2017/18 has resulted in a decline in this ratio.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

- Ratio achieves benchmark
- Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2018/19 result

2018/19 ratio 83.83%

This ratio comfortably achieved the benchmark and has done so for many years. In 2018/19, 83.83% of Council's operating revenue was derived from internal funding sources, i.e. other than from grants and contributions.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

- Ratio achieves benchmark
- Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2018/19 result

2018/19 ratio 3.45x

This ratio comfortably achieved the benchmark and has done so for many years. This is a reflection of Council's ongoing capacity to meet obligations for its unrestricted activities in the short term. At 30 June 2019, for every \$1 of current liabilities to be funded from unrestricted cash, \$3.45 was available.

Benchmark: — > 1.50x

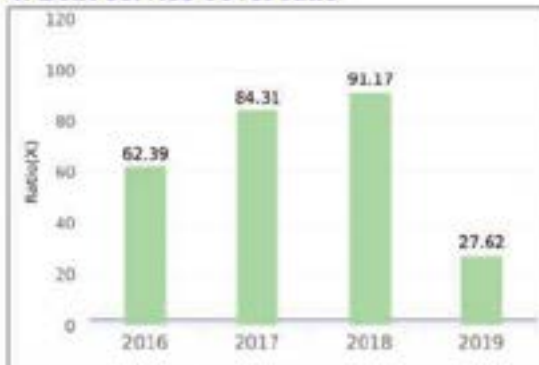
Source of benchmark: Code of Accounting Practice and Financial Reporting #27

- Ratio achieves benchmark
- Ratio is outside benchmark

Notes to the Financial Statements
for the year ended 30 June 2019

Note 25(b). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2018/19 result

2018/19 ratio 27.62x

This ratio has achieved the benchmark every year since Council commenced a controlled borrowing program in 2015/16. Excluding capital grants and contributions, fair value adjustments and losses from the disposal of assets and our interest in the Shorelink Library Network joint venture, the 2018/19 net operating surplus was sufficient to cover annual interest payments 27.62 times. This was significantly less than the previous year as Council's loan portfolio was renegotiated from interest only repayments to principal and interest repayments.

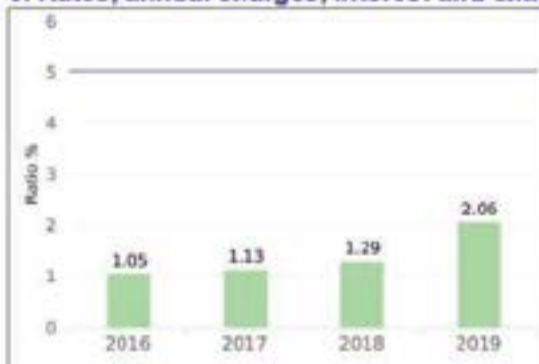
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates, annual charges, interest and extra charges outstanding percentage



Purpose of rates, annual charges, interest and extra charges outstanding

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

Commentary on 2018/19 result

2018/19 ratio 2.06%

While increasing over the past four years, this ratio still comfortably achieved the benchmark. This is a reflection of the ongoing effectiveness of Council's recovery efforts.

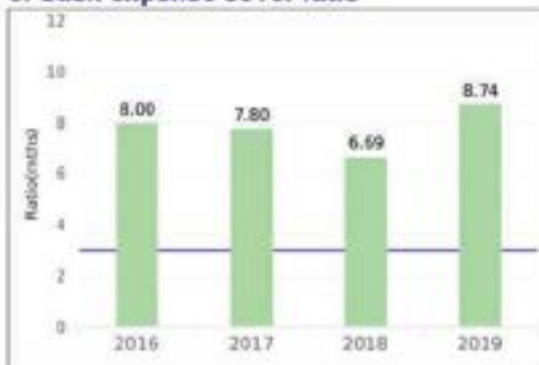
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2018/19 result

2018/19 ratio 8.74 mths

This ratio comfortably achieved the benchmark and has done so for many years. At 30 June 2016, in the absence of any additional cash inflows, Council had sufficient cash and funds invested in term deposits which could be redeemed should the need arise to continue paying for its immediate expenses for 8.74 months.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

Notes to the Financial Statements

for the year ended 30 June 2019

Note 26. Financial review

(a) Review and commentary on Council's financial result

Review and commentary on Council's financial result

\$ '000	2019	2018	2017	2016	2015
(b) Key financial figures of Council over the past 5 years					
Inflows:					
Rates and annual charges revenue	58,831	56,505	51,678	49,204	46,539
User charges revenue	33,691	33,208	29,814	25,474	24,812
Interest and investment revenue (losses)	2,407	2,653	3,561	3,968	4,613
Grants income – operating and capital	7,610	5,668	6,754	4,891	3,719
Total income from continuing operations	135,364	123,126	133,517	160,796	116,219
Sale proceeds from I,PP&E	690	1,497	3,620	1,204	1,408
Outflows:					
Employee benefits and on-cost expenses	44,992	41,006	41,367	40,544	38,756
Borrowing costs	367	302	277	–	–
Materials and contracts expenses	36,799	36,734	34,159	34,421	30,891
Total expenses from continuing operations	114,856	107,331	108,057	99,236	93,644
Total cash purchases of I,PP&E	28,518	50,927	55,256	49,249	30,582
Total loan repayments (incl. finance leases)	589	–	–	–	–
Operating surplus/(deficit) (excl. capital income)	4,735	7,170	69,820	13,856	7,032
Financial position figures					
Current assets	97,996	77,726	90,994	107,917	109,100
Current liabilities	40,212	46,056	38,002	41,444	33,575
Net current assets	57,784	31,670	52,992	66,473	75,525
Available working capital (Unrestricted net current assets)	7,069	2,784	3,364	3,812	4,785
Cash and investments – unrestricted	8,265	4,546	5,322	12,946	9,124
Cash and investments – internal restrictions	47,674	45,520	49,806	52,834	64,316
Cash and investments – total	87,228	68,989	80,778	100,955	103,141
Total borrowings outstanding (Loans, advances and finance leases)	8,911	9,500	9,500	9,720	172
Total value of I,PP&E (excl. land and earthworks)	1,170,219	1,147,805	1,108,939	895,195	835,542
Total accumulated depreciation	460,934	444,129	453,710	355,418	341,097
Indicative remaining useful life (as a % of GBV)	61%	61%	59%	60%	59%

North Sydney Council

Notes to the Financial Statements for the year ended 30 June 2019

Note 27. Council information and contact details



Principal place of business:
200 Miller Street
North Sydney NSW 2060

Contact details

Mailing Address:
PO Box 12
North Sydney 2059

Telephone: 02 9936 8100
Facsimile: 02 9936 8177

Opening hours:
9:00am - 5:00pm
Monday to Friday

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

Officers

GENERAL MANAGER
Ken Gouldthorp

RESPONSIBLE ACCOUNTING OFFICER
Garry Ross

Public Officer
Margaret Palmer

Auditors
Auditor General
The Audit Office of New South Wales
Level 15, 1 Margaret Street
SYDNEY NSW 2000

Elected members

MAYOR
Jilly Gibson

Councillors

Councillor Stephen Barbour (Deputy Mayor)
Councillor Zoe Baker
Councillor MaryAnn Beregi
Councillor Kathy Brodie
Councillor Tony Carr
Councillor Alanya Drummond
Councillor Samuel Gunning
Councillor Jessica Keen
Councillor Ian Mutton

Other information

ABN: 32 353 260 317



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

North Sydney Council

To the Councillors of the North Sydney Council

Opinion

I have audited the accompanying financial statements of North Sydney Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been presented, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities 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 are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

Auditor's Responsibilities 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.aasb.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
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 20 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- 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.



Cathy Wu

Delegate of the Auditor-General for New South Wales

29 October 2019
SYDNEY



Cr Jilly Gibson
Mayor
North Sydney Council
PO Box 12
NORTH SYDNEY NSW 2059

Contact: Cathy Wu
Phone no: 02 9275 7212
Our ref: D1921591/1771

29 October 2019

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2019
North Sydney Council**

I have audited the general purpose financial statements (GPFS) of North Sydney Council (the Council) for the year ended 30 June 2019 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2019 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

Correction of Prior Period Errors

The 2018–19 general purpose financial statements reflected correction of errors relating to prior periods, whereby:

- Some assets recorded in land improvements and other open space assets in prior periods were found to be a duplication of assets that were captured in footpaths and other infrastructure assets. This resulted in an overstatement of \$6.7 million.
- The carrying amount of land improvements also included assets that were disposed in prior periods, amounting to \$0.9 million.
- Land improvements and other open space assets were recorded at depreciated historical cost and had not been assessed at fair value in previous years. This accounting treatment was not in accordance with the requirements of the Office of Local Government Code of Accounting Practice and Financial Reporting. An increase of \$3.1 million was made to prior year's balances to reflect the fair value adjustment.

These errors were corrected by restating prior year's balances for Infrastructure, Property, Plant and Equipment (IPPE), Accumulated Surplus, and the Asset Revaluation Reserve. The total adjustment to opening balances was a decrease of \$4.6 million. Note 14 of the financial statements contains disclosures of these prior period errors.

INCOME STATEMENT

Operating result

	2019	2018	Variance
	\$m	\$m	%
Rates and annual charges revenue	58.8	56.5	 4.1
Grants and contributions revenue	21.3	12.9	 65.1
Operating result for the year	20.5	15.8	 29.7
Net operating result before capital grants and contributions	4.7	7.2	 34.7

Council's operating result of \$20.5 million (including the effect of depreciation and amortisation expense of \$22.1 million) was \$4.7 million higher than the 2017–18 result. The increase was primarily attributable to an increase in grants and contributions revenue of \$8.4 million related to state government funding for parks, gardens and roads, and developer contributions. This was partially offset by a \$4.0 million increase in employee benefits expenditure as Council reported additional full-time equivalent employees at 30 June 2019 compared to last year.

The net operating result before capital grants and contributions (\$4.7 million) was \$2.5 million lower than the 2017–18 result. This movement was similarly due to changes in employee benefits expenditure as noted above.

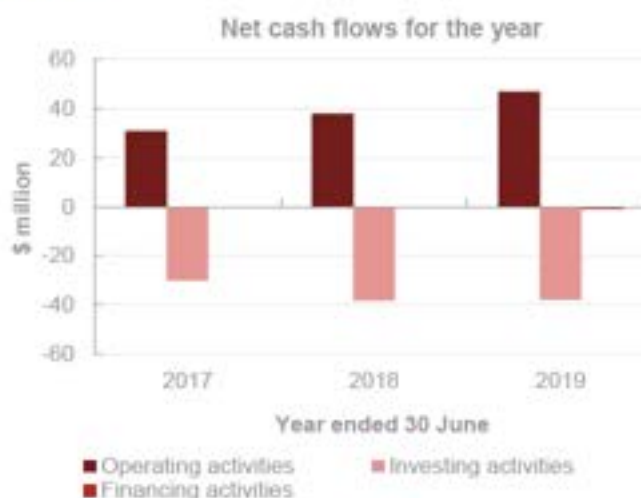
Rates and annual charges revenue (\$58.8 million) increased by \$2.3 million (4.1 per cent) in 2018–2019. This increase was largely consistent with the approved rate peg of 2.3 per cent, with an increase in the amount of business rates levied of \$1.1 million.

Grants and contributions revenue (\$21.3 million) increased by \$8.4 million (65.1 per cent) in 2018–2019 due to:

- increased State capital grant funding of \$6.7 million for Public Domain Improvements and \$3.2 million related to road projects
- a decrease in developer contributions towards open space capacity and acquisitions of \$1.5 million.

STATEMENT OF CASH FLOWS

- The Council reported an increase in cash from \$5.9 million at 30 June 2018 to \$14.1 million at 30 June 2019.
- Cash inflows from operating activities increased from 2017–18 as a result of greater receipts from grants and contributions.
- Cash outflows from investing activities decreased slightly due to reduced purchases for infrastructure, property, plant and equipment.
- The cash flows from financing activities have remained steady over the last three years.



FINANCIAL POSITION

Cash and investments

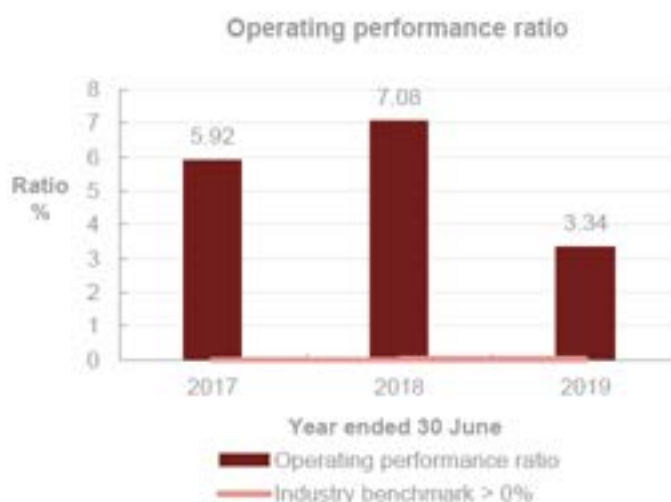
Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	31.3	18.9	<ul style="list-style-type: none"> • External restrictions primarily include developer contributions, domestic waste management charges and specific purpose unexpended grants. The increase from 2018 was mainly in developer contributions (increase of \$6.7 million). • Internal restrictions are due to Council policy or decisions for forward plans including the works program. The increase from 2018 was mostly in capital works. • Unrestricted balances provide liquidity for day-to-day operations and have increased from the prior year due to the higher cash balance held at 30 June 2019.
Internal restrictions	47.7	45.5	
Unrestricted	8.2	4.6	
Cash and investments	87.2	69.0	

PERFORMANCE

Operating performance ratio

- Council's operating performance ratio exceeded the industry benchmark for the past three years.
- Council's operating performance ratio has reduced in 2018–19 as the Council's operating result included an increase of \$4.0 million in employee benefits expenditure.

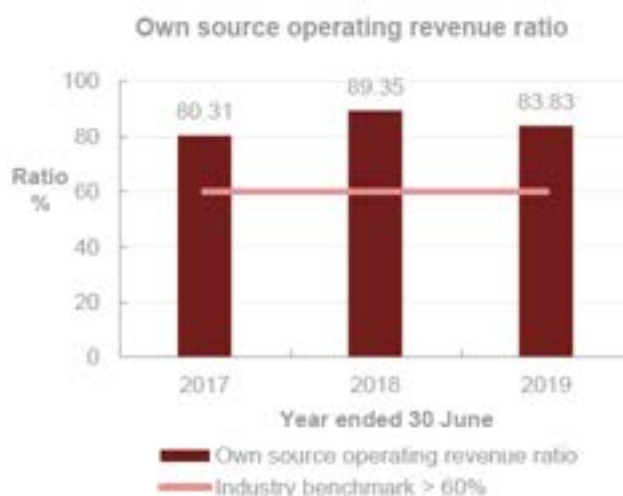
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the former Office of Local Government (OLG) is greater than zero per cent.



Own source operating revenue ratio

- Council's own source operating revenue ratio exceeded the industry benchmark for the past three years.
- This result reflects the significance of rates and user charges as funding sources for Council.
- This ratio has remained steady for the past three years.

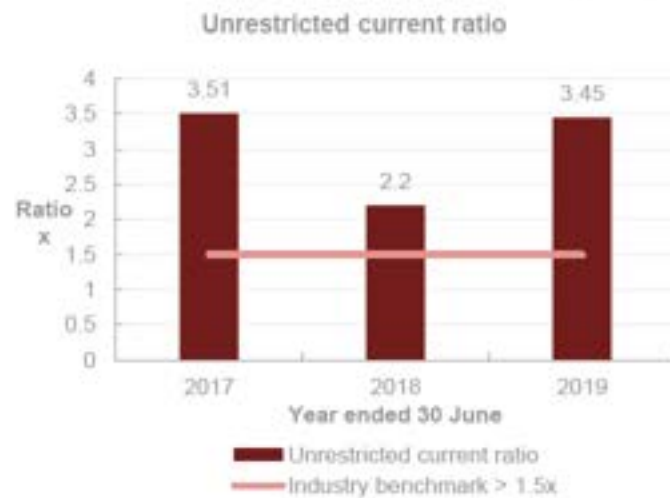
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by the former OLG is greater than 60 per cent.



Unrestricted current ratio

- Council's unrestricted current ratio exceeded the industry benchmark for the past three years.
- This ratio indicates that Council currently has \$3.45 of unrestricted current assets available to service every \$1.00 of its unrestricted current liabilities.

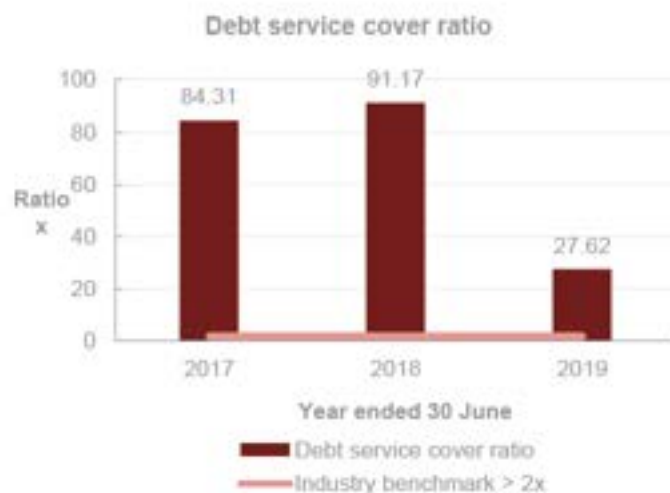
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.



Debt service cover ratio

- Council's debt service cover ratio exceeded the industry benchmark for the past three years.
- Council appears to be effectively monitoring its liquidity levels to ensure it can meet its borrowing costs when they fall due.

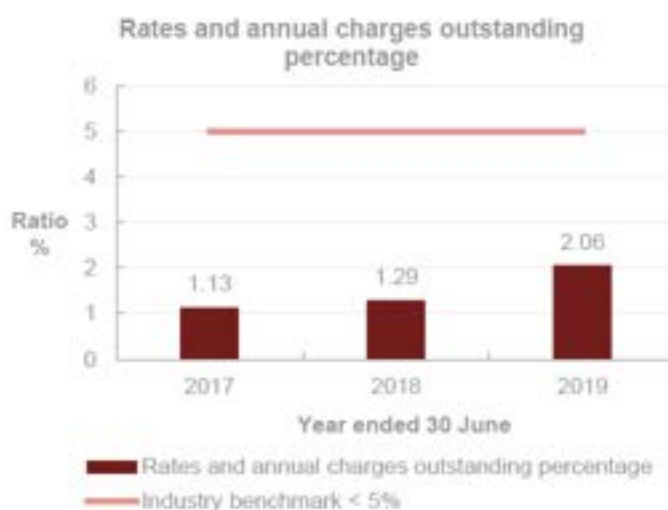
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.



Rates and annual charges outstanding percentage

- Council's rates and annual charges outstanding percentage met the industry benchmark for the past three years.
- The collection procedures of the Council have operated effectively to collect rates and annual charges revenue within the receivable dates.

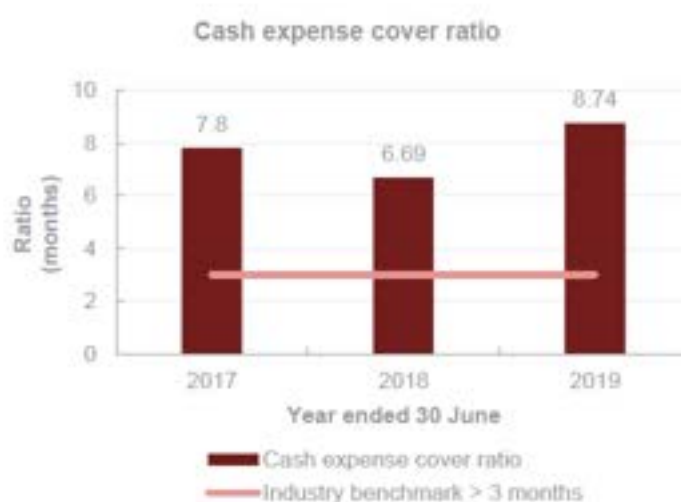
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 5 per cent for metro councils.



Cash expense cover ratio

- Council's cash expense cover ratio exceeded the industry benchmark for the past three years.
- This indicates that Council had the capacity to cover 8.7 months of cash expenditure without additional cash inflows at 30 June 2019.

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 the former OLG is greater than three months.



Infrastructure, property, plant and equipment renewals

Council spent \$25.3 million on asset renewals in 2018–19 compared to \$36.2 million in 2017–18. Asset renewals are defined as the replacement of existing assets as opposed to the acquisition of new assets.

A short-term benchmark of Council's strategic asset management is to assess the rate at which Council's assets are being renewed against the rate at which they are depreciating. In 2018–19, asset renewals of \$25.3 million represented 114 per cent of Council's \$22.1 million depreciation expense. This result was lower than the 2017–18 result of 189 per cent.

Asset renewals in 2018–19 were carried out in accordance with Council's capital works program and primarily related to road and footpath assets.

OTHER MATTERS

New accounting standards implemented

Application period	Overview
AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'	
For the year ended 30 June 2019	<p>AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.</p> <p>Key changes include:</p> <ul style="list-style-type: none">• a simplified model for classifying and measuring financial assets• a new method for calculating impairment• a new type of hedge accounting that more closely aligns with risk management. <p>The revised AASB 7 includes new disclosures as a result of AASB 9. Council's disclosure of the impact of adopting AASB 9 is in Note 14(c).</p>

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Cathy Wu

Delegate of the Auditor-General for New South Wales

cc: Mr Ken Gouldthorp, General Manager
Mr Ron Switzer, Chair of the Audit and Risk Committee
Mr Jim Betts, Secretary of the Department of Planning, Industry and Environment

North Sydney Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2019

Shaping a progressive, diverse and vibrant North Sydney community.



Special Purpose Financial Statements

for the year ended 30 June 2019

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Background

- i. These Special Purpose Financial Statements (SPFS) have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy (NCP).
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include (a) those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and (b) those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must (a) adopt a corporatisation model and (b) apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

North Sydney Council

Special Purpose Financial Statements

for the year ended 30 June 2019

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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


- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.


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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records,
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 28 October 2019.


Jilly Gibson
Mayor
28 October 2019


Stephen Barbour
Councillor
28 October 2019


Ken Gouldthorp
General Manager
28 October 2019


Garry Ross
Responsible Accounting Officer
28 October 2019

North Sydney Council

Income Statement – Commercial Properties

for the year ended 30 June 2019

Special Purpose Financial Statements 2019

\$ '000	2019 Category 1	2018 Category 1
Income from continuing operations		
Other income	7,163	6,897
Total income from continuing operations	<u>7,163</u>	<u>6,897</u>
Expenses from continuing operations		
Employee benefits and on-costs	8	4
Materials and contracts	2,394	2,194
Depreciation, amortisation and impairment	234	287
Calculated taxation equivalents	603	606
Loss on revaluation	-	7,359
Other expenses	741	657
Total expenses from continuing operations	<u>3,980</u>	<u>11,107</u>
Surplus (deficit) from continuing operations before capital amounts	<u>3,183</u>	<u>(4,210)</u>
Surplus (deficit) from continuing operations after capital amounts	<u>3,183</u>	<u>(4,210)</u>
Surplus (deficit) from all operations before tax	<u>3,183</u>	<u>(4,210)</u>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(875)	-
SURPLUS (DEFICIT) AFTER TAX	<u>2,308</u>	<u>(4,210)</u>
Plus accumulated surplus	105,281	104,734
Plus adjustments for amounts unpaid:		
- Taxation equivalent payments	603	606
- Corporate taxation equivalent	875	-
Add:		
- Subsidy paid/contribution to operations	-	4,151
Less:		
- Dividend paid	(6,210)	-
Closing accumulated surplus	<u>102,857</u>	<u>105,281</u>
Return on capital %	43.3%	(56.5)%
Subsidy from Council	-	4,406

Income Statement – Waste Management

for the year ended 30 June 2019

\$ '000	2019 Category 1	2018 Category 1
Income from continuing operations		
Access charges	13,444	12,801
User charges	1,321	1,254
Fees	471	407
Grants and contributions provided for non-capital purposes	42	42
Total income from continuing operations	<u>15,278</u>	<u>14,504</u>
Expenses from continuing operations		
Employee benefits and on-costs	1,551	1,460
Materials and contracts	10,117	10,112
Calculated taxation equivalents	35	36
Other expenses	35	30
Total expenses from continuing operations	<u>11,738</u>	<u>11,638</u>
Surplus (deficit) from continuing operations before capital amounts	<u>3,540</u>	<u>2,866</u>
Surplus (deficit) from continuing operations after capital amounts	<u>3,540</u>	<u>2,866</u>
Surplus (deficit) from all operations before tax	<u>3,540</u>	<u>2,866</u>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(974)	(788)
SURPLUS (DEFICIT) AFTER TAX	<u>2,566</u>	<u>2,078</u>
Plus accumulated surplus	2,051	(65)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	35	36
– Corporate taxation equivalent	974	788
Less:		
– Dividend paid	(1,278)	(786)
Closing accumulated surplus	<u>4,348</u>	<u>2,051</u>

North Sydney Council

Special Purpose Financial Statements 2019

Income Statement – Car Parking Services

for the year ended 30 June 2019

\$ '000	2019 Category 1	2018 Category 1
Income from continuing operations		
Fees	3,787	3,521
Total income from continuing operations	<u>3,787</u>	<u>3,521</u>
Expenses from continuing operations		
Employee benefits and on-costs	328	255
Materials and contracts	926	795
Depreciation, amortisation and impairment	896	1,222
Calculated taxation equivalents	318	321
Other expenses	445	471
Total expenses from continuing operations	<u>2,913</u>	<u>3,064</u>
Surplus (deficit) from continuing operations before capital amounts	<u>874</u>	<u>457</u>
Surplus (deficit) from continuing operations after capital amounts	<u>874</u>	<u>457</u>
Surplus (deficit) from all operations before tax	<u>874</u>	<u>457</u>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(240)	(126)
SURPLUS (DEFICIT) AFTER TAX	<u>634</u>	<u>331</u>
Plus accumulated surplus	58,832	58,661
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	318	321
– Corporate taxation equivalent	240	126
Less:		
– Dividend paid	(1,939)	(607)
Closing accumulated surplus	<u>58,085</u>	<u>58,832</u>
Return on capital %	0.7%	0.4%
Subsidy from Council	708	2,713

Income Statement – North Sydney Function Centre

for the year ended 30 June 2019

\$ '000	2019 Category 2	2018 Category 2
Income from continuing operations		
Fees	861	933
Total income from continuing operations	<u>861</u>	<u>933</u>
Expenses from continuing operations		
Employee benefits and on-costs	422	395
Materials and contracts	608	610
Depreciation, amortisation and impairment	49	78
Other expenses	330	354
Total expenses from continuing operations	<u>1,409</u>	<u>1,437</u>
Surplus (deficit) from continuing operations before capital amounts	<u>(548)</u>	<u>(504)</u>
Surplus (deficit) from continuing operations after capital amounts	<u>(548)</u>	<u>(504)</u>
Surplus (deficit) from all operations before tax	<u>(548)</u>	<u>(504)</u>
SURPLUS (DEFICIT) AFTER TAX	<u>(548)</u>	<u>(504)</u>
Plus accumulated surplus	1,322	1,143
Plus adjustments for amounts unpaid:		
Add:		
– Subsidy paid/contribution to operations	446	683
Closing accumulated surplus	<u>1,220</u>	<u>1,322</u>
Return on capital %	(23.0)%	(20.4)%
Subsidy from Council	580	569

Income Statement – Development Applications
for the year ended 30 June 2019

\$ '000	2019 Category 2	2018 Category 2
Income from continuing operations		
Fees	1,340	1,494
Total income from continuing operations	<u>1,340</u>	<u>1,494</u>
Expenses from continuing operations		
Employee benefits and on-costs	4,682	4,068
Materials and contracts	225	231
Calculated taxation equivalents	206	195
Other expenses	605	563
Total expenses from continuing operations	<u>5,718</u>	<u>5,057</u>
Surplus (deficit) from continuing operations before capital amounts	(4,378)	(3,563)
Surplus (deficit) from continuing operations after capital amounts	<u>(4,378)</u>	<u>(3,563)</u>
Surplus (deficit) from all operations before tax	<u>(4,378)</u>	<u>(3,563)</u>
SURPLUS (DEFICIT) AFTER TAX	<u>(4,378)</u>	<u>(3,563)</u>
Plus accumulated surplus	(1,199)	(1,358)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	206	195
Add:		
– Subsidy paid/contribution to operations	3,990	3,528
Closing accumulated surplus	<u>(1,381)</u>	<u>(1,198)</u>
Subsidy from Council	4,378	3,563

Statement of Financial Position – Commercial Properties

as at 30 June 2019

\$ '000	2019 Category 1	2018 Category 1
ASSETS		
Current assets		
Receivables	156	241
Total current assets	156	241
Non-current assets		
Infrastructure, property, plant and equipment	7,352	7,456
Investment property	95,512	97,740
Total non-current assets	102,864	105,196
TOTAL ASSETS	103,020	105,437
LIABILITIES		
Current liabilities		
Payables	163	156
Total current liabilities	163	156
TOTAL LIABILITIES	163	156
NET ASSETS	102,857	105,281
EQUITY		
Accumulated surplus	102,857	105,281
TOTAL EQUITY	102,857	105,281

Statement of Financial Position – Waste Management
as at 30 June 2019

\$ '000	2019 Category 1	2018 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	5,734	2,861
Receivables	206	186
Total current assets	5,940	3,047
TOTAL ASSETS	5,940	3,047
LIABILITIES		
Current liabilities		
Payables	1,330	782
Provisions	258	210
Total current liabilities	1,588	992
Non-current liabilities		
Payables	-	2
Provisions	4	2
Total non-current liabilities	4	4
TOTAL LIABILITIES	1,592	996
NET ASSETS	4,348	2,051
EQUITY		
Accumulated surplus	4,348	2,051
<u>TOTAL EQUITY</u>	4,348	2,051

Statement of Financial Position – Car Parking Services

as at 30 June 2019

\$ '000	2019 Category 1	2018 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	8	8
Receivables	5	20
Total current assets	<u>13</u>	<u>28</u>
Non-current assets		
Infrastructure, property, plant and equipment	119,826	120,535
Total non-current assets	<u>119,826</u>	<u>120,535</u>
TOTAL ASSETS	<u>119,839</u>	<u>120,563</u>
LIABILITIES		
Current liabilities		
Payables	142	139
Provisions	103	84
Total current liabilities	<u>245</u>	<u>223</u>
Non-current liabilities		
Provisions	2	1
Total non-current liabilities	<u>2</u>	<u>1</u>
TOTAL LIABILITIES	<u>247</u>	<u>224</u>
NET ASSETS	<u>119,592</u>	<u>120,339</u>
EQUITY		
Accumulated surplus	58,085	58,832
Revaluation reserves	61,507	61,507
<u>TOTAL EQUITY</u>	<u>119,592</u>	<u>120,339</u>

Statement of Financial Position – North Sydney Function Centre

as at 30 June 2019

\$ '000	2019 Category 2	2018 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	11	6
Receivables	29	20
Inventories	32	33
Total current assets	<u>72</u>	<u>59</u>
Non-current assets		
Infrastructure, property, plant and equipment	2,387	2,475
Total non-current assets	<u>2,387</u>	<u>2,475</u>
TOTAL ASSETS	<u>2,459</u>	<u>2,534</u>
LIABILITIES		
Current liabilities		
Provisions	126	100
Total current liabilities	<u>126</u>	<u>100</u>
Non-current liabilities		
Provisions	2	1
Total non-current liabilities	<u>2</u>	<u>1</u>
TOTAL LIABILITIES	<u>128</u>	<u>101</u>
NET ASSETS	<u>2,331</u>	<u>2,433</u>
EQUITY		
Accumulated surplus	1,220	1,322
Revaluation reserves	1,111	1,111
<u>TOTAL EQUITY</u>	<u>2,331</u>	<u>2,433</u>

Statement of Financial Position – Development Applications

as at 30 June 2019

\$ '000	2019 Category 2	2018 Category 2
LIABILITIES		
Current liabilities		
Provisions	1,354	1,182
Total current liabilities	<u>1,354</u>	<u>1,182</u>
Non-current liabilities		
Provisions	27	16
Total non-current liabilities	<u>27</u>	<u>16</u>
TOTAL LIABILITIES	<u>1,381</u>	<u>1,198</u>
NET ASSETS	<u>(1,381)</u>	<u>(1,198)</u>
EQUITY		
Accumulated surplus	(1,381)	(1,198)
TOTAL EQUITY	<u>(1,381)</u>	<u>(1,198)</u>

Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

Note 1. Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the SPFS for NCP reporting purposes follows.

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

The figures presented in these SPFS have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these SPFS have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, 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 NCP.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the NCP which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Commercial Properties

Managed rental Property portfolio.

b. Waste Management

Waste collection and disposal (Domestic, Trade and recyclables).

c. Car Parking Services

Permanent and casual off street parking facilities subject to charges

Category 2

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

a. North Sydney Oval Function Centre

Bar and catering facilities for hire to the public and members.

b. Development Applications

continued on next page ...

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Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

Note 1. Significant Accounting Policies (continued)

Building, Development and Subdivision approval processing.

Monetary amounts

Amounts shown in the financial statements are in Australian dollars 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 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 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 – 27.5%

Land tax – the first \$692,000 of combined land values attracts 0%. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$850,000.

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 27.5%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 27.5% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

North Sydney Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

Note 1. Significant Accounting Policies (continued)

(ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to NCP) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(iii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.32% at 30 June 2019.

(iv) Dividends

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements North Sydney Council

To the Councillors of the North Sydney Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of North Sydney Council's (the Council) Declared Business Activities, which comprise the Income Statement of each Declared Business Activity for the year ended 30 June 2019, the Statement of Financial Position of each Declared Business Activity as at 30 June 2019, Note 1 Significant accounting policies for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Commercial Properties
- Waste Management
- Car Parking Services
- North Sydney Function Centre
- Development Applications.

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 2019, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code).

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

Basis for Opinion

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

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

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

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

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

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as 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 the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 'Permissible income for general rates'.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities 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 are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities 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/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.



Cathy Wu

Delegate of the Auditor-General for New South Wales

29 October 2019
SYDNEY



North Sydney Council

SPECIAL SCHEDULES
for the year ended 30 June 2019

*Shaping a progressive, diverse and vibrant North Sydney
community.*



Special Schedules

for the year ended 30 June 2019

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Permissible income for general rates

\$ '000		Calculation 2019/20	Calculation 2018/19
Notional general income calculation ¹			
Last year notional general income yield	a	45,266	43,311
Plus or minus adjustments ²	b	360	491
Notional general income	$c = a + b$	45,626	43,802
Permissible income calculation			
Or rate peg percentage	e	7.00%	2.30%
Or plus rate peg amount	$i = e \times (c + g)$	3,194	1,007
Sub-total	$k = (c + g + h + i + j)$	48,820	44,809
Plus (or minus) last year's carry forward total	l	(248)	201
Less valuation objections claimed in the previous year	m	(8)	-
Sub-total	$n = (k + m)$	(256)	201
Total permissible income	$o = k + n$	48,564	45,010
Less notional general income yield	p	48,529	45,266
Catch-up or (excess) result	$q = o - p$	35	(256)
Plus income lost due to valuation objections claimed ⁴	r	1	8
Carry forward to next year ⁵	$t = q + r + s$	36	(248)

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (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) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule - Permissible income for general rates North Sydney Council

To the Councillors of North Sydney Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of North Sydney Council (the Council) for the year ending 30 June 2020.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code), 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.

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 Schedule' section of my report.

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

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

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

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

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

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

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2019'.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule 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 the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

- obtain reasonable assurance whether the Schedule 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 the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar6.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 Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.



Cathy Wu

Delegate of the Auditor-General for New South Wales

29 October 2019
SYDNEY

Report on Infrastructure Assets
as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance ^a	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
Buildings	Buildings	187	187	2,374	2,492	128,659	207,914	72.0%	21.0%	5.0%	1.0%	1.0%
	Sub-total	187	187	2,374	2,492	128,659	207,914	72.0%	21.0%	5.0%	1.0%	1.0%
Other structures	Other structures	-	-	-	-	2,134	2,222	92.0%	8.0%	0.0%	0.0%	0.0%
	Sub-total	-	-	-	-	2,134	2,222	92.0%	8.0%	0.0%	0.0%	0.0%
Roads	Sealed roads	5,008	5,008	1,253	1,056	156,495	232,095	43.0%	35.0%	16.0%	3.0%	3.0%
	Footpaths	900	900	2,326	2,158	61,047	95,945	28.0%	16.0%	46.0%	9.0%	1.0%
	Other road assets	1,084	1,084	113	129	58,351	97,732	13.0%	48.0%	32.0%	6.0%	1.0%
	Sub-total	6,992	6,992	3,692	3,343	275,893	425,772	32.7%	33.7%	26.4%	5.0%	2.2%
Stormwater drainage	Stormwater drainage	24,680	24,680	876	718	128,411	198,870	42.0%	4.0%	38.0%	3.0%	13.0%
	Sub-total	24,680	24,680	876	718	128,412	198,870	42.0%	4.0%	38.0%	3.0%	13.0%
Open space / recreational assets	Swimming pools	-	-	808	818	12,498	22,488	55.0%	42.0%	3.0%	0.0%	0.0%
	Other	2,620	2,620	1,054	1,066	4,391	11,649	24.0%	9.0%	5.0%	38.0%	24.0%
	Sub-total	2,620	2,620	1,862	1,884	16,889	34,137	44.4%	30.7%	3.7%	13.0%	8.2%
Other infrastructure assets	Other	6,552	6,552	1,614	1,497	120,395	225,150	8.0%	40.0%	38.0%	11.0%	3.0%
	Sub-total	6,552	6,552	1,614	1,497	120,395	225,150	8.0%	40.0%	38.0%	11.0%	3.0%

continued on next page ...

North Sydney Council

Report on Infrastructure Assets (continued)

as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance ^a	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
Land improvements - depreciable	Land improvements – depreciable	948	948	–	–	13,920	18,521	70.0%	13.0%	5.0%	7.0%	5.0%
	Sub-total	948	948	–	–	13,920	18,521	70.0%	13.0%	5.0%	7.0%	5.0%
TOTAL - ALL ASSETS		41,979	41,979	10,418	9,934	686,302	1,112,586	37.8%	26.8%	25.7%	5.4%	4.3%

^(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

continued on next page ...

Report on Infrastructure Assets (continued)
as at 30 June 2019

\$ '000	Amounts	Indicator ¹	Prior periods		Benchmark	
	2019	2019	2018	2017		2016
Infrastructure asset performance indicators (consolidated) [*]						
Buildings and infrastructure renewals ratio ¹						
Asset renewals ²	<u>22,202</u>					
Depreciation, amortisation and impairment	18,277	121.48%	199.63%	233.52%	322.62%	>=100.00%
Infrastructure backlog ratio ¹						
Estimated cost to bring assets to a satisfactory standard ⁴	<u>41,979</u>					
Net carrying amount of infrastructure assets	686,302	6.12%	6.77%	-	-	<2.00%
Asset maintenance ratio						
Actual asset maintenance	<u>9,934</u>					
Required asset maintenance	10,418	95.35%	107.92%	99.53%	106.80%	>100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	<u>41,979</u>					
Gross replacement cost	1,112,586	3.77%	4.10%	-	-	

(1) All asset performance indicators are calculated using classes identified in the previous table.

(2) Excludes Work In Progress (WIP)

(3) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

(4) Council includes "Land improvements – depreciable" as an asset class in these ratios

(5) As there is no standard industry practice for identifying the estimated cost to bring assets to a satisfactory standard, Council has elected to use the estimated cost of fully renewing infrastructure assets assessed to be in category 5 (very poor condition) as the estimated cost to bring assets to a satisfactory standard.

North Sydney Council

Special Schedules 2019

Report on Infrastructure Assets (continued)
as at 30 June 2019

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result	
18/19 ratio	121.48%

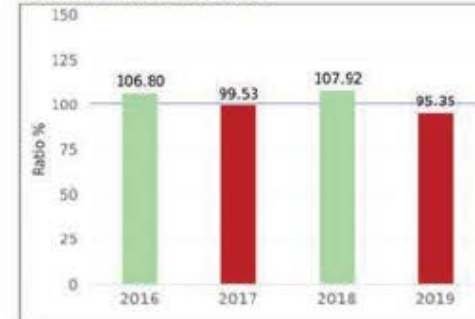
This ratio again exceeded the benchmark, as has been the case since 2013/14. This is a reflection of Council's commitment to ensuring that sufficient funds are allocated to the replacement and renewal of our infrastructure to offset the rate at which they are depreciating.

Benchmark: — $\geq 100.00\%$
■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

■ Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result	
18/19 ratio	95.35%

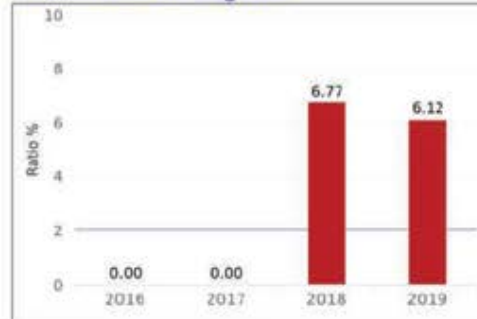
While this ratio has fallen slightly below the benchmark in 2018/19, it has been at or about the benchmark every year since 2013/14. This is an indication that Council has been allocating sufficient funds to the maintenance of its infrastructure assets to prevent the infrastructure backlog from increasing.

Benchmark: — $> 100.00\%$
■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

■ Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
18/19 ratio	6.12%

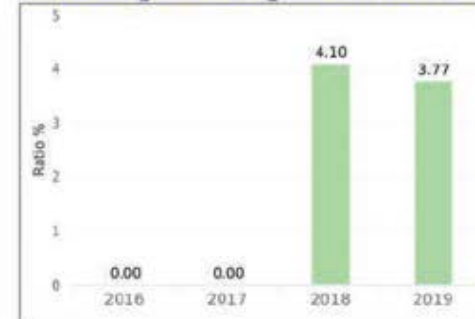
Condition audits conducted on a number of categories of infrastructure assets over the last two years have revealed that the condition of some assets is worse than previously thought. Focusing capital renewal expenditure on these assets has resulted in this ratio improving slightly in 2018/19. Nevertheless, at 30 June 2019, the backlog was estimated to be \$42 million, which represents 6.12% of the net carrying amount of our infrastructure. This is above the benchmark of 2%.

Benchmark: — $< 2.00\%$
■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

■ Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on result	
18/19 ratio	3.77%

As stated above, audits undertaken over the last two years revealed the condition of some infrastructure to be worse than previously thought. As at 30 June 2019, the cost to bring those assets to the community's agreed service level was estimated to be \$42 million. This was 3.77% of the gross replacement cost of our infrastructure, an improvement on the 4.10% at 30 June 2018.



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