



Central Coast Council  
Business Paper  
Ordinary Council Meeting  
**12 October 2021**





# COMMUNITY STRATEGIC PLAN 2018-2028

**ONE – CENTRAL COAST IS THE COMMUNITY STRATEGIC PLAN (CSP) FOR THE CENTRAL COAST LOCAL GOVERNMENT AREA**

**ONE – CENTRAL COAST DEFINES THE COMMUNITY'S VISION AND IS OUR ROADMAP FOR THE FUTURE**

**ONE – CENTRAL COAST BRINGS TOGETHER EXTENSIVE COMMUNITY FEEDBACK TO SET KEY DIRECTIONS AND PRIORITIES**

One - Central Coast will shape and inform Council's business activities, future plans, services and expenditure. Where actions are the responsibility of other organisations, sectors and groups to deliver, Council will work with key partners to advocate on behalf of our community.

Ultimately, every one of us who live on the Central Coast has an opportunity and responsibility to create a sustainable future from which we can all benefit. Working together we can make a difference.

## RESPONSIBLE

**WE'RE A RESPONSIBLE COUNCIL AND COMMUNITY, COMMITTED TO BUILDING STRONG RELATIONSHIPS AND DELIVERING A GREAT CUSTOMER EXPERIENCE IN ALL OUR INTERACTIONS.**

We value transparent and meaningful communication and use community feedback to drive strategic decision making and expenditure, particularly around the delivery of essential infrastructure projects that increase the safety, liveability and sustainability of our region. We're taking a strategic approach to ensure our planning and development processes are sustainable and accessible and are designed to preserve the unique character of the coast.

 **Good governance and great partnerships**

**G2** Communicate openly and honestly with the community to build a relationship based on transparency, understanding, trust and respect

There are 5 themes, 12 focus areas and 48 objectives



All council reports contained within the Business Paper are now aligned to the Community Strategic Plan. Each report will contain a cross reference to a Theme, Focus Area and Objective within the framework of the Plan.



# Meeting Notice

**The Ordinary Council Meeting  
of Central Coast Council  
will be held Remotely - Online,  
on Tuesday 12 October 2021 at 6.30pm,  
for the transaction of the business listed below:**

## **1 Procedural Items**

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David Farmer  
**Chief Executive Officer**



**Item No:** 1.1  
**Title:** Disclosure of Interest  
**Department:** Corporate Affairs

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12 October 2021 Ordinary Council Meeting

Reference: F2021/00035 - D14832010

## **Recommendation**

***That Council and staff now disclose any conflicts of interest in matters under consideration by Council at this meeting.***

Chapter 14 of the *Local Government Act 1993* ("LG Act") regulates the way in which the councillors and relevant staff of Council conduct themselves to ensure that there is no conflict between their private interests and their public functions.

Section 451 of the LG Act states:

- "(1) A councillor or a member of a council committee who has a pecuniary interest in any matter with which the council is concerned and who is present at a meeting of the council or committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.*
- (2) The councillor or member must not be present at, or in sight of, the meeting of the council or committee:*
  - (a) at any time during which the matter is being considered or discussed by the council or committee, or*
  - (b) at any time during which the council or committee is voting on any question in relation to the matter.*
- (3) For the removal of doubt, a councillor or a member of a council committee is not prevented by this section from being present at and taking part in a meeting at which a matter is being considered, or from voting on the matter, merely because the councillor or member has an interest in the matter of a kind referred to in section 448.*
- (4) Subsections (1) and (2) do not apply to a councillor who has a pecuniary interest in a matter that is being considered at a meeting, if:*
  - (a) the matter is a proposal relating to:*
    - (i) the making of a principal environmental planning instrument applying to the whole or a significant part of the council's area, or*

## 1.1 Disclosure of Interest (contd)

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- (ii) *the amendment, alteration or repeal of an environmental planning instrument where the amendment, alteration or repeal applies to the whole or a significant part of the council's area, and*
- (a1) *the pecuniary interest arises only because of an interest of the councillor in the councillor's principal place of residence or an interest of another person (whose interests are relevant under section 443) in that person's principal place of residence, and*
  - (b) *the councillor made a special disclosure under this section in relation to the interest before the commencement of the meeting.*
- (5) *The special disclosure of the pecuniary interest must, as soon as practicable after the disclosure is made, be laid on the table at a meeting of the council and must:*
  - (a) *be in the form prescribed by the regulations, and*
  - (b) *contain the information required by the regulations."*

Further, the Code of Conduct adopted by Council applies to all councillors and staff. The Code relevantly provides that if a councillor or staff have a non-pecuniary conflict of interest, the nature of the conflict must be disclosed as well as providing for a number of ways in which a non-pecuniary conflicts of interests might be managed.



**Item No:** 1.2  
**Title:** Confirmation of Minutes of Previous Meeting  
**Department:** Corporate Affairs

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12 October 2021 Ordinary Council Meeting

Reference: F2021/00035 - D14832040

### **Recommendation**

***That Council confirm the minutes of the Ordinary Meeting of Council held on 28 September 2021.***

### **Summary**

Confirmation of minutes of the Ordinary Meeting of Council held on 28 September 2021.

### **Attachments**

|          |  |                                  |           |
|----------|--|----------------------------------|-----------|
| <b>1</b> | MINUTES - Council Meeting - 28<br>September 2021 | Provided under<br>separate cover | D14859352 |
|----------|--|----------------------------------|-----------|

**Item No:** 1.3  
**Title:** Notice of Intention to Deal with Matters in Confidential Session  
**Department:** Corporate Affairs

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12 October 2021 Ordinary Council Meeting

Trim Reference: F2021/00035 - D14832028

## **Recommendation**

***That Council note that no matters have been tabled to deal with in a closed session.***

## **Summary**

It is necessary for the Council to adopt a resolution to formalise its intention to deal with certain matters in a closed and confidential Session. The report is incorporated in the "Confidential" business paper which has been circulated.

The *Local Government Act 1993* requires the Chief Executive Officer to identify those matters listed on the business paper which may be categorised as confidential in terms of section 10A of the *Local Government Act 1993*. It is then a matter for Council to determine whether those matters will indeed be categorised as confidential.

## **Context**

Section 10A of the *Local Government Act 1993* (the Act) states that a Council may close to the public so much of its meeting as comprises:

- 2(a) *personnel matters concerning particular individuals (other than Councillors),*
- 2(b) *the personal hardship of any resident or ratepayer,*
- 2(c) *information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business,*
- 2(d) *commercial information of a confidential nature that would, if disclosed:*
  - (i) *prejudice the commercial position of the person who supplied it, or*
  - (ii) *confer a commercial advantage on a competitor of the Council, or*
  - (iii) *reveal a trade secret,*
- 2(e) *information that would, if disclosed, prejudice the maintenance of law,*
- 2(f) *matters affecting the security of the Council, Councillors, Council staff or Council property,*

- 2(g) advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege,*
- 2(h) information concerning the nature and location of a place or an item of Aboriginal significance on community land.*
- 2(i) alleged contraventions of any code of conduct requirements applicable under section 440*

It is noted that with regard to those matters relating to all but 2(a), 2(b) and 2(d)(iii) it is necessary to also give consideration to whether closing the meeting to the public is, on balance, in the public interest.

Further, the Act provides that Council may also close to the public so much of its meeting as comprises a motion to close another part of the meeting to the public (section 10A(3)).

As provided in the Office of Local Government Meetings Practice Note August 2009, it is a matter for the Council to decide whether a matter is to be discussed during the closed part of a meeting. The Council would be guided by whether the item is in a confidential business paper, however the Council can disagree with this assessment and discuss the matter in an open part of the meeting.

### **Attachments**

Nil





**Item No:** 2.1  
**Title:** Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority  
**Department:** Corporate Affairs

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12 October 2021 Ordinary Council Meeting

Reference: F2021/01155 - D14828136  
Author: Mellissa McKee, Financial Controller  
Manager: Peter Correy, Unit Manager, Finance  
Executive: Natalia Cowley, Director Corporate Affairs and Chief Financial Officer

### **Recommendation**

- 1 That Council note that the draft Consolidated Financial Reports for Central Coast Council for the period from 1 July 2020 to 30 June 2021 are presented to Council. The Consolidated Financial Report includes the General Purpose financial report, Special Purpose financial report and Special Schedules, which are Attachments 1, 2 and 3 to the business paper.**
- 2 That Council also note that the draft Consolidated Financial Reports have been prepared in accordance with the requirements of the Local Government Act 1993 ("LG Act"), the Local Government (General) Regulation 2005 ("LG Reg") and the relevant accounting and reporting requirements of the Office of Local Government prescribed Code of Accounting Practice and Financial Reporting 2020/21 and Australian Accounting Standards.**
- 3 That Council note that the draft Financial Reports for Central Coast Council Water Supply Authority for the period from 1 July 2020 to 30 June 2021 is presented to Council, which is Attachment 4 to the business paper.**
- 4 That Council note that the draft Financial Reports for Central Coast Council Water Supply Authority as presented are in accordance with s.45 of the Government Sector Audit Act 1983, the Public Finance and Audit Regulation 2015, Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board.**
- 5 That Council authorise, the Interim Administrator, given the suspension of the Mayor, to execute all documents related to the draft 2020-2021 Consolidated Financial Reports in accordance with s413(2)(c) of the LG Act, and cl. 215(1)(b)(i) of the LG Reg.**
- 6 That Council authorise, the Chief Executive Officer to execute all documents related to the draft 2020-2021 Consolidated Financial Reports in accordance with s413(2)(c) of the LG Act, and cl. 215(1)(b)(iv) of the LG Reg.**

- 7 That Council authorise, the Responsible Accounting Officer of the Council, to execute all documents related to the draft 2020-2021 Consolidated Financial Reports with s413(2)(c) of the LG Act, and cl. 215(1)(b)(iii) of the LG Reg.**
- 8 That Council authorise, for the purposes of s.45 of the Government Sector Audit Act 1983, its Interim Administrator, Chief Executive Officer and Responsible Accounting Officer to execute all documents related to the draft 2020-2021 Financial Reports for Central Coast Council Water Supply Authority.**
- 9 That Council resolve, for the purposes of s. 413(1) of the LG Act, to refer the draft Consolidated Financial Reports for Central Coast Council and the draft Financial Reports for Central Coast Council Water Supply Authority for the period from 1 July 2020 to 30 June 2021 to the Audit Office of New South Wales, for external audit.**
- 10 That Council delegate to the Chief Executive Officer to set the date for the meeting to present the audited 2020-2021 financial reports, together with the auditor's reports, to the public in accordance with s418(1)(a), (b) of the LG Act.**

### **Report purpose**

To consider the draft 2020-2021 unaudited Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority and to refer them to external audit.

### **Executive Summary**

The Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority set out the financial performance, financial position and cash flows of Council and Council's Water Supply Authority for the financial year ended 30 June 2021.

The preparation of Financial Reports is a legislative requirement under the *Local Government Act 1993* ("LG Act"), the *Local Government (General) Regulation 2005* ("LG Reg") and *Government Sector Audit Act 1983*.

The Financial Reports have been prepared in accordance with the legalisation listed above and the relevant accounting and reporting requirements of the Office of Local Government (OLG) prescribed Code of Accounting Practice and Financial Reporting 2020/21 and Australian Accounting Standards.

The presentation of the draft Financial Reports and referral to audit is a statutory requirement.

## **Background**

The financial statements for the 2020-2021 reporting period are the formal record of the business performance of all Council activities.

The draft Consolidated Financial Reports, which includes the General Purpose financial report, Special Purpose financial report and Special Schedules, includes all of Council's business activities including the business activities of Council which are regulated under the *Water Management Act 2000*. The draft Consolidated Financial Reports comprise Attachment 1, 2 and 3 to this business paper.

The draft Consolidated Financial Reports have been prepared in accordance with the requirements of the *Local Government Act 1993* ("LG Act"), the *Local Government (General) Regulation 2005* ("LG Reg") and the relevant accounting and reporting requirements of the Office of Local Government (OLG) prescribed Code of Accounting Practice and Financial Reporting 2020/21 and Australian Accounting Standards.

The draft 2020-2021 Financial Reports for Council's Water Supply Authority functions are Attachment 4 to this business paper.

The Financial Reports have been prepared in accordance with the requirements of the *Government Sector Audit Act 1983*, *Local Government Act 1993* ("LG Act"), the *Local Government (General) Regulation 2005* ("LG Reg") and Australian Accounting Standards.

In accordance with s. 413(1) of the LG Act, Council must prepare financial reports for each year, and must refer them for audit as soon as practicable after the end of that year. Council is required to formally resolve to refer the draft financial reports to audit, to submit audited Financial Reports to the OLG by 31 October 2021 and formally present to the Community the final reports complete with the auditor's reports no later than 5 December 2021 in accordance with s. 418(2) of the LG Act.

Council's external auditor, The Audit Office of New South Wales ("Audit Office") will sign-off and provide the formal audit opinion to Council. This is the standard practice and in accordance with legislative requirements.

## **Current Status**

### **Audit Status**

The draft 2020-2021 Consolidated Financial Reports do not yet include a formal audit report.

Once Council receives the formal audit opinion, the financial statements will then be updated to include the audit opinions and notice of public meeting to be held in accordance with Section 418 (2) of the Local Government Act 1993, at which time Council can invite the

## **2.1 Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

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external auditor, David Daniels of the Audit Office, or his delegate to formally present the report.

### **Central Coast Council General Purpose Financial Reports**

In accordance with s. 413(2)(a) of the LG Act, Council's Financial Reports must include General Purpose Financial Reports.

Section 413(2)(c) of the LG Act requires Council to prepare a statement in the approved form as to its opinion on the General Purpose financial reports.

Council's Chief Executive Officer and Responsible Accounting Officer certify that the 2020-2021 General Purpose financial reports for Central Coast Council have been prepared in accordance with the LG Act, LG Reg, Office of Local Government prescribed Code of Accounting Practice and Financial Reporting 2020/21 and Australian Accounting Standards.

### **Analysis of 2020-2021 Financial Statements**

This analysis aims to provide an overview of the financial performance and the financial position of Central Coast Council for the reporting period from 1 July 2020 to 30 June 2021.

Key statements and notes detailed in this analysis include:

- Income statement
- Statement of financial position
- Statement of performance measures (Note G5 to the financial statements)

Council's primary financial statements are in the format required by accounting standards and must conform to the provisions of the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) issued by the Office of Local Government (OLG).

In this report the General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules for the consolidated entity are referred to as "Consolidated Financial Statements".

Council is required to publish in the Consolidated Financial Statements the 2020-2021 original budget, in line with the Local Government Code of Accounting Practice and Financial Reporting 2020/21 issued in December 2020. To provide context for the actual results for the reporting period, the tables in this report also reference the original budget for 2020-2021.

This report provides commentary on significant items in the financial statements for Central Coast Council.

**Consolidated Financial Statements**

The comparison of the financial performance for Central Coast Council in the 2020-2021 Financial Statements (1 July 2020 to 30 June 2021) is to the 2019-2020 financial year (1 July 2019 to 30 June 2020).

**Operating Result**

The operating deficit before capital grants and contributions for the 2020-2021 financial year is (\$91.6M). The operating deficit including capital grants and contributions for the 2020-2021 financial year is (\$7.9M).

|  | 2020-2021<br>Actual<br>\$'000 | 2020-2021<br>Presented<br>to ARIC<br>\$'000 | Movement<br>\$'000 |
|--|-------------------------------|---|--------------------|
| Income from operations   | 539,670                       | 539,670                                     | -                  |
| Expenditure from operations  | 631,214                       | 600,797                                     | (30,417)           |
| <b>Operating result for continuing operations<br/>(excluding capital grants and contributions)</b> | <b>(91,544)</b>               | <b>(61,127)</b>                             | <b>(30,417)</b>    |
| Income from capital grants and contributions   | 83,702                        | 83,702                                      | -                  |
| <b>Net operating result (including capital grants and contributions)</b>                           | <b>(7,842)</b>                | <b>22,575</b>                               | <b>(30,417)</b>    |

**Adjustments after presentation to 2021 Audit, Risk and Improvement Committee**

The 2020-2021 operating result was adversely impacted by two matters subsequent to presentation to Audit, Risk and Improvement Committee on 14 September 2021; including a revaluation decrement in sewerage assets of \$29.0M (which is a non-cash journal) and the expensing of \$1.5M software as a service (SaaS) costs that were previously capitalised and recognised as intangible assets (as a result of an International Financial Reporting Standards Interpretations Committee decision made in April 2021, which was not reflected in the most recent Accounting Code).

**Sewerage Assets Revaluation Decrement**

During the 2020-2021 financial year Council undertook a revaluation of water supply and sewerage assets, an external valuer was engaged to perform the valuation in accordance with Australian Accounting Standards and the Office of Local Government Code of Accounting Practice and Financial Reporting 20/21. The impact of the revaluation is a decrease to the value of Council's water supply assets of \$9.7M and a decrease to the value of Council's sewerage assets of \$111.7M.

## **2.1 Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

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The decrease in the valuation of water supply assets of \$9.7M was reflected in the asset revaluation reserve in the Statement of Financial Position. The decrease in the valuation of sewerage assets was reflected in both the asset revaluation reserve \$82.7M and in the Statement of Financial Position and the Income Statement \$29.0M.

Council did not have sufficient balance in the asset revaluation reserve for the full value of the sewerage assets decrement as at the date of amalgamation of former Gosford City Council and former Wyong Shire Council's in May 2016, the value of all assets and liabilities were transferred and recognised as a gain on local government amalgamation via the Income Statement, asset revaluation reserves were not transferred and recognised. This was in accordance with Australian Accounting Standards and has resulted in \$29.0M of the 2021 revaluation being recognised in the 2020-2021 operating result.

Council's water and sewerage assets were last valued at 12 May 2016; the date of amalgamation. The dates moving forward have been aligned back to the 30 June date cycle and are now due for review for the financial year ending 30 June 2021 as part of the revaluation cycle. The decrement in Council's sewerage assets can be attributed to several reasons, they include but are not limited to:

- Redefining useful lives of assets to align with industry standards for the 2021 revaluation.
- Asset register confidence – The previous 2016 revaluation was undertaken at the time of the merger and the divergent technical asset registers. The 2021 revaluation was completed with the comprehensive technical asset register that has been created over the last 3 years; reconciled with the GIS data base and new names, hierarchies and greater granularity regarding asset attribute details.
- The rates used for the previous revaluation were overly conservative. The rates have now been revised to align with current industry standard. The 2021 revaluation rates reflect contemporary industry construction costs, based on a combination of expertise from external valuations for major water and sewer assets, experience of Council's current design profiles, including allowances for direct construction costs and indirect costs such as survey, investigation and design costs.
- The financial asset register that was used for the revaluation had grown between the two former legacy Council's and contained different methodology and hierarchy of asset capture.
- The 2016 revaluation was completed separately by former Gosford City Council and former Wyong Shire Council, using two separate consultancies, therefore inconsistencies in methodology and assumptions.

### **Change in Accounting for Intangible Assets**

In April 2021 the International Financial Reporting Standards Interpretations Committee (IFRIC) made a decision regarding the treatment of configuration and/or customisation costs in cloud computing arrangements.

## **2.1 Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

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Cloud computing arrangements are where:

- The customer enters into a Software as a Service (SaaS) arrangement with a supplier, where the customer receives access to the supplier's application software over the contract term and does not provide the customer with a software asset (application code).
- The customer incurs upfront costs of configuring or customising the supplier's application software to which the customer receives access.

IFRIC observed:

- The supplier controls the application software to which the customer has access.
- The customer does not have control and cannot recognise an intangible asset under IAS 38 Intangible Assets.
- The configuration or customisation activities do not create a resource controlled by the customer that is separate from the software, so these costs cannot be capitalised as an intangible asset.

The implications of this decision resulted in Council needing to expense the value of intangible assets and work in progress for cloud based computing arrangements and restate prior year comparatives. At 30 June 2021 this value was \$1.5M and comparative for 2019-2020 was \$20.9M.

### **Operating Result Prior to These Two Adjustments**

If the revaluation decrement and the expensing of intangible cloud based computing arrangements were excluded, the operating result for the 2020-2021 financial year before capital grants and contributions would have been \$61.1M deficit and the operating result for the 2020-2021 financial year including capital grants and contributions would have been \$22.6M surplus as presented to ARIC at its meeting of 14 September 2021.

## 2.1 Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)

### Income Statement Analysis

The below table compares the 2020-2021 actual results to the original budget.

| Income Statement   | 2020-2021<br>Actual<br>\$'000 | 2020-2021<br>Original<br>Budget<br>\$'000 | Variance to<br>Original Budget<br>Favourable /<br>(Unfavourable)<br>\$'000 |
|--|-------------------------------|---|--|
| Income from operations   | 539,670                       | 551,036                                   | (11,366)   |
| Expenditure from operations  | 631,214                       | 564,433                                   | (66,781)   |
| <b>Net operating result (excluding capital grants and contributions)</b> | <b>(91,544)</b>               | <b>(13,397)</b>                           | <b>(78,147)</b>  |
| Income from capital grants and contributions                             | 83,702                        | 39,287                                    | 44,415   |
| <b>Net operating result (including capital grants and contributions)</b> | <b>(7,842)</b>                | <b>25,890</b>                             | <b>(33,732)</b>  |

The variance between the actual net operating result (excluding capital grants and contributions) of \$91.6M deficit and the original budgeted net operating result (excluding capital grants and contributions) of \$13.4M deficit is the \$29.0M revaluation decrement in sewerage assets, organisational restructure costs of \$15.9M, increased depreciations expense \$12.5M, unbudgeted net loss on the disposal of assets \$7.1M, reduced interest on investment income \$4.4M and additional borrowing costs of \$1.7M.

### Income from Operations

The following table reports income by category and is followed by explanations relating to variations between actual income to the original budget.

| Income from Operations               | 2020-2021<br>Actual<br>\$'000 | 2020-2021<br>Original<br>Budget<br>\$'000 | Variance to<br>Original<br>Budget<br>Favourable /<br>(Unfavourable)<br>\$'000 | Variance to<br>Original<br>Budget<br>Favourable /<br>(Unfavourable)<br>% |
|--------------------------------------|-------------------------------|---|---|--|
| Rates and Annual Charges             | 331,384                       | 335,480                                   | (4,096)   | (1.2%)   |
| User Charges and Fees                | 139,103                       | 140,550                                   | (1,447)   | (1.0%)   |
| Interest and Investment Revenue      | 5,893                         | 10,340                                    | (4,447)   | (43.0%)  |
| Other Revenues                       | 12,667                        | 9,017                                     | 3,650   | 40.5%  |
| Grants and Contributions - Operating | 42,408                        | 47,512                                    | (5,104)   | (10.7%)  |
| Grants and Contributions - Capital   | 83,702                        | 39,287                                    | 44,415  | 113.1%   |
| Rental Income                        | 8,215                         | 8,137                                     | 78  | 1.0%   |
| <b>Total Income</b>                  | <b>623,372</b>                | <b>590,323</b>                            | <b>33,049</b>   | <b>5.6%</b>  |



## 2.1 **Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

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### *Rates and annual charges*

The unfavourable variance of \$4.1M is largely attributable to a reduction in mining rates following the successful objection by a mine to its land valuations and water and sewer annual charges.

### *User charges and fees*

The unfavourable variance of \$1.4M is attributable to:

- Reduction in water usage charges due to lower demand.
- Reduction in development assessment and tipping fees.
- The net COVID 19 impact was minimal as reductions in childcare and parking fees were offset by increased leisure centre and camping ground fees.

### *Interest and investment revenue*

The unfavourable variance of \$4.4M was due to lower than budgeted official cash rate on investments.

### *Other revenue*

The favourable variance in other revenue of \$3.6M is attributable to the quicker recovery from COVID 19 impacted operations, most notably Central Coast Stadium.

### *Grants and contributions - Operating*

The unfavourable variance of \$5.1M was attributable to budgeted bio-certification scheme contribution income not received.

### *Grants and contributions - Capital*

The favourable variance of \$44.4M for capital grants and contributions is largely attributable to donated assets of \$27.9M and additional RMS grants received for roads and bridges that were secured during 2020-2021.

### *Rental Income*

Rental income is in line with budget.

## 2.1 Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)

### Expenditure from Operations

The following table reports expenditure by category and is followed by explanations relating to variations between actual expenses compared to the original budget.

| Expenditure from Operations            | 2020-2021<br>Actual<br>\$'000 | 2020-2021<br>Original<br>Budget<br>\$'000 | Variance to<br>Original Budget<br>Favourable /<br>(Unfavourable)<br>\$'000 | Variance to<br>Original<br>Budget<br>Favourable /<br>(Unfavourable)<br>% |
|--|-------------------------------|---|--|--|
| Employee benefits and on-costs         | 222,616                       | 200,862                                   | (21,754)   | (10.8%)  |
| Borrowing costs                        | 16,708                        | 15,038                                    | (1,670)  | (11.1%)  |
| Materials and services                 | 165,623                       | 163,869                                   | (1,754)  | (1.1%)   |
| Depreciation and amortisation          | 183,156                       | 141,732                                   | (41,424)   | (29.3%)  |
| Other expenses                         | 36,059                        | 42,932                                    | 6,873  | 16.0%  |
| Net losses from the disposal of assets | 7,052                         | -   | (7,052)  | N/A  |
| <b>Total Expenditure</b>               | <b>631,214</b>                | <b>564,433</b>                            | <b>(66,781)</b>  | <b>(11.8%)</b>   |

#### *Employee costs*

Unfavourable variance of \$21.8M due to organisational restructure costs and a reduction in labour recovered from capital works projects.

#### *Borrowing costs*

Unfavourable variance of \$1.7M due to additional \$150M external borrowings to cover overspend of unrestricted funds.

#### *Materials and services*

Unfavourable variance of \$1.8M is predominantly due to the write back of Software as a Service, Cloud computing arrangement costs of \$1.5M.

#### *Depreciation*

Unfavourable variance of \$41.5M is due to increased capitalisation of completed projects \$12.5M and the \$29.0M revaluation decrement in sewerage assets.

#### *Other expenses*

Favourable variance of \$6.9M due to lower EPA Waste Management Levy resulting from a decrease in waste tonnages received at Waste Management facilities.

#### *Net losses on disposal of assets*

Net losses from the disposal of assets relates to the write down or disposal of roads, stormwater drainage, sewer, water and open space and recreation assets.

### **Statement of Financial Position**

The Statement of Financial Position details the value of what Council owns ("assets") and what Council owes ("liabilities").

Within these headings, "Current" means an amount that is due to be realised within the next 12 months whilst "Non-current" indicates an asset or liability that is longer term in nature. For the movement between financial years, a positive movement means that the values have increased from 30 June 2020 to 30 June 2021.

### **Adjustments after presentation to 2021 Audit, Risk and Improvement Committee**

The following adjustments have been made to the Statement of Financial Position since presentation of the draft 2020-2021 Financial Reports to the Audit, Risk and Improvement Committee (ARIC) on 14 September 2021.

#### **Current Assets**

- 1 An adjustment was made to the value of assets recognised as held for sale of \$4.9M. The adjustment included additional building values of \$6.5M and a net impairment decrease in land assets recorded as held for sale of \$1.6M.

#### **Non-Current Assets**

- 1 The Draft Financial Reports presented to ARIC noted that the revaluation of water and sewerage assets was to be finalised and would be included in the subsequent version of the Financial Reports. The revaluation has now been completed and a \$120.7M decrease in the value of water and sewerage assets has been recognised. \$9.7M for water supply assets and \$111.0M for sewerage assets.
- 2 The change in accounting treatment of customisation and configuration costs in relation to software as a service (SaaS) Cloud computing costs from an Intangible Asset in the Statement of Financial Position to an operating expenditure impacted the Statement of Financial Position by \$22.4M. \$1.5M in 2020-2021 and \$20.9M adjustment to prior year comparative.
- 3 Impairment adjustments of \$1.5M to Operational Land assets and \$21.9M to Building assets were recognised when additional assets were transferred from the fixed asset register to assets held for sale. Australian Accounting Standards require assets held for sale to be recognised at the lower of carrying value and market value.

The offsets (other side) of these adjustments were recognised via adjustments to Accumulated Surplus and Revaluation Reserves as required by Australian Accounting Standards and are summarised in the following table.

2.1 **Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

| Statement of Financial Position | 30 June 2021     | Presented to ARIC<br>30 June 2021 | Movement         |
|---------------------------------|------------------|-----------------------------------|------------------|
|                                 | \$'000           | \$'000                            | \$'000           |
| <b>Assets</b>                   |                  |                                   |                  |
| Current Assets                  | 342,370          | 337,443                           | 4,927            |
| Non-Current Assets              | 7,398,800        | 7,565,350                         | (166,500)        |
| <b>Total Assets</b>             | <b>7,741,170</b> | <b>7,902,793</b>                  | <b>(161,623)</b> |
| <b>Liabilities</b>              |                  |                                   |                  |
| Current Liabilities             | 187,154          | 187,154                           | -                |
| Non-Current Liabilities         | 397,462          | 397,462                           | -                |
| <b>Total Liabilities</b>        | <b>584,616</b>   | <b>584,616</b>                    | <b>-</b>         |
| <b>Net Assets</b>               |                  |                                   |                  |
| Accumulated Surplus             | 6,924,141        | 6,975,467                         | (51,326)         |
| Revaluation Reserve             | 232,413          | 342,710                           | (110,297)        |
| <b>Net Equity</b>               | <b>7,156,554</b> | <b>7,318,177</b>                  | <b>(161,623)</b> |

There was also an adjustment to Capital Works in Progress between the General and Drainage Funds, which adversely impacted the Drainage Fund by \$4.9M but had nil impact to the Statement of Financial Position at a Consolidated level.

**Statement of Financial Position Analysis**

| Statement of Financial Position | 30 June 2021     | 30 June 2020 *   | Movement        |
|---------------------------------|------------------|------------------|-----------------|
|                                 | \$'000           | \$'000           | \$'000          |
| <b>Assets</b>                   |                  |                  |                 |
| Current Assets                  | 342,370          | 347,765          | (5,395)         |
| Non-Current Assets              | 7,398,800        | 7,336,290        | 62,510          |
| <b>Total Assets</b>             | <b>7,741,170</b> | <b>7,684,055</b> | <b>57,115</b>   |
| <b>Liabilities</b>              |                  |                  |                 |
| Current Liabilities             | 187,154          | 217,439          | (30,285)        |
| Non-Current Liabilities         | 397,462          | 282,679          | 114,783         |
| <b>Total Liabilities</b>        | <b>584,616</b>   | <b>500,118</b>   | <b>84,498</b>   |
| <b>Net Assets</b>               |                  |                  |                 |
| Accumulated Surplus             | 6,924,141        | 6,931,983        | (7,842)         |
| Revaluation Reserve*            | 232,413          | 251,954          | (19,541)        |
| <b>Net Equity</b>               | <b>7,156,554</b> | <b>7,183,937</b> | <b>(27,383)</b> |

\* Restated values for 30 June 2020 to include the write back of Software as a Service, Cloud computing arrangements adjustment

## **2.1 Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

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### *Current assets*

Current assets decreased by \$5.4M due mainly to an \$18.7M reduction in Receivables through increased focus on debt recovery following the first COVID 19 wave and a \$28.0M reduction in the mix between current and non-current investment holdings. This decrease was offset in part by the reallocation of \$44.4M land parcels and building assets from non-current assets to assets held for sale as part of Council's financial recovery plan.

### *Non-current assets*

Non-current assets increased by \$62.5M due to a \$151.1M increase in Investments through the increase in external borrowings, a \$89.7M revaluation increase of roads and drainage assets and \$21.1M increase in intangible assets. These increases were partially offset by a \$120.7M revaluation decrease in water and sewerage assets and as noted above by the reallocation of \$44.4M land parcels and building assets to current assets held for sale.

### *Current Liabilities*

Current liabilities decreased by \$30.3M due primarily to a \$23.0M reduction in Payables through the reduction in Council expenditure, a \$5.5M reduction in employee leave entitlements as part of the corporate restructure and a \$4.2M reduction in Borrowings.

### *Non-Current Liabilities*

Non-current liabilities increased by \$114.8M due to the increase in long term external borrowings offset by Sewer Fund borrowing repayments during the year and regular monthly borrowing principal repayments.

Consolidated external debt was \$348.2M at 30 June 2021 compared to \$236.6M at 30 June 2020.

## **Central Coast Council Special Purpose Financial Reports**

The Office of Local Government Code of Accounting Practice and Financial Reporting 2020/21 requires Council to make a statement as to its opinion on Council's Special Purpose Financial Reports.

Council's Chief Executive Officer and Responsible Accounting Officer certify that the 2020-2021 Special Purpose Financial Reports for Central Coast Council 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 Office of Local Government prescribed Code of Accounting Practice and Financial Reporting 2020/21, the NSW Office of Water guidelines and Australian Accounting Standards.

**Special Schedules**




**Report on Infrastructure Assets as at 30 June 2021**

The report on infrastructure assets provides information on Council's assets in addition to that contained in Note C1-8 Infrastructure, Property, Plant and Equipment. The nature of the information in the report on infrastructure assets is related to the condition, maintenance and renewal of infrastructure assets. It should be noted that this is not an audited schedule and is only included here for completeness.

| <b>Report on Infrastructure Assets</b> | <b>Estimated Cost to bring to satisfactory 2020-2021 \$'000</b> | <b>Required Annual Maintenance Expense \$'000</b> | <b>Actual Annual Maintenance Expense \$'000</b> | <b>Annual Maintenance over / (under) \$'000</b> |
|--|---|---|---|---|
| Buildings                              | 1,180   | 17,092  | 7,918   | (9,174)   |
| Other Structures                       | 244   | 731   | 98  | (633)   |
| Roads                                  | 46,761  | 19,197  | 18,263  | (934)   |
| Water Supply Network                   | 63,753  | 22,992  | 16,373  | (6,619)   |
| Sewerage Network                       | 25,806  | 14,672  | 21,364  | 6,692   |
| Stormwater Drainage                    | 22,520  | 8,870   | 3,561   | (5,309)   |
| Open Space / Recreational              | 967   | 2,439   | 3,815   | 1,376   |
| Other Assets                           | 1,025   | 638   | 91  | (547)   |
| <b>Total</b>                           | <b>162,256</b>  | <b>86,631</b>                                     | <b>71,483</b>                                   | <b>(15,148)</b>                                 |

**Statement of Performance Measurement (Note G5)**

Note G5 - Statement of Performance Measures, includes various indicators mandated by the Office of Local Government (OLG). The following indicators provide a 'snap-shot' of financial performance and comparability between Councils. The "benchmark" figures for the indicators reported represent the OLG's benchmarks.

| <b>Local Government Industry Indicators</b>     | <b>2020-2021</b> | <b>2019-2020</b> | <b>OLG Benchmark</b> | <b>2020-2021 Result</b>   |
|---|------------------|------------------|----------------------|---|
| Operating Performance Ratio                     | (10.37%)         | (16.49%)         | > 0.00%              | <b>x</b>  |
| Own Source Operating Revenue Ratio              | 79.75%           | 81.13%           | > 60.00%             |  |
| Unrestricted Current Ratio                      | 2.25x            | (0.33)x          | > 1.50               |  |
| Debt Service Cover Ratio                        | 1.44x            | 1.38x            | > 2.00x              | <b>x</b>  |
| Rates and Annual Charges Outstanding Percentage | 5.41%            | 9.01%            | < 5.00%              | <b>x</b>  |
| Cash Expense Cover Ratio                        | 5.05 months      | 7.44 months      | > 3 months           |  |

## 2.1 **Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

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*Operating Performance Ratio* - measures how well Council contained operating expenditure within operating revenue. Council has breached this benchmark in line with the reported operating loss before capital grants and contributions in 2020-2021.

*Own Source Operating Revenue Ratio* - measures Council's fiscal flexibility and the degree of reliance on external funding sources such as operating grants and contributions. Council's performance is satisfactory as it is above the benchmark.

*Unrestricted Current Ratio* – measures the adequacy of working capital and Council's ability to satisfy obligations in the short term for the unrestricted activities of Council. Council has corrected the prior year breach of this benchmark through additional \$150M external borrowings to substantially cover the reported overspend of unrestricted funds.

*Debt Service Cover Ratio* - measures the availability of operating cash to service debt including interest, principal and lease payments. Council has breached this ratio as the operating result before capital excluding interest and depreciation does not adequately cover loan principal repayments and borrowing costs.

*Rate and annual charges outstanding ratio* - assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts. Council has breached this ratio however Council's debt recovery efforts have shown significant improvement highlighted by the reduction in the ratio from FY 2020. The primary driver for this breach continues to be the impact of COVID 19 on Council's residents.

The impact of COVID 19 has necessitated Council staff to pro-actively work with our ratepayers on financially affordable payment plans in accordance with the Policy for Debt Recovery and Hardship to move towards achieving industry benchmark for this measure.

*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. Council's performance is above the benchmark.

**Water Supply Authority (WSA) Financial Statements**

**Operating Result**

|  | 2020-2021<br>Actual<br>\$'000 | 2019-2020<br>Actual<br>\$'000 |
|--|-------------------------------|-------------------------------|
| Income from operations   | 161,666                       | 161,019                       |
| Expenditure from operations  | 223,306                       | 209,308                       |
| <b>Net operating result (excluding capital grants and contributions)</b> | <b>(61,640)</b>               | <b>(48,289)</b>               |
| Income from capital grants and contributions                             | 24,630                        | 16,765                        |
| <b>Net operating result (including capital grants and contributions)</b> | <b>(37,010)</b>               | <b>(31,524)</b>               |

The below table compares the 2020-2021 actual results to the original budget.

|  | 2020-2021<br>Actual<br>\$'000 | 2020-2021<br>Original<br>Budget<br>\$'000 | Variance to<br>Original Budget<br>Favourable /<br>(Unfavourable)<br>\$'000 |
|--|-------------------------------|---|--|
| <b>Income Statement</b>  |                               |   |  |
| Income from operations   | 161,666                       | 170,347                                   | (8,681)  |
| Expenditure from operations  | 223,306                       | 181,184                                   | (42,122)   |
| <b>Net operating result (excluding capital grants and contributions)</b> | <b>(61,640)</b>               | <b>(10,837)</b>                           | <b>(50,803)</b>  |
| Income from capital grants and contributions                             | 24,630                        | 27,363                                    | (2,733)  |
| <b>Net operating result (including capital grants and contributions)</b> | <b>(37,010)</b>               | <b>16,526</b>                             | <b>(53,536)</b>  |



**2.1 Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

**Income from Operations**

The following table reports income by category and is followed by explanations relating to variations between actual income compared to the 2020-2021 original budget.

|   | 2020-2021<br>Actual<br>\$'000 | 2020-2021<br>Original<br>Budget<br>\$'000 | Variance to<br>Original Budget<br>Favourable /<br>(Unfavourable)<br>\$'000 | Variance to<br>Original Budget<br>Favourable /<br>(Unfavourable)<br>% |
|---|-------------------------------|---|--|---|
| Annual Charges                          | 81,825                        | 84,957                                    | (3,132)  | (3.7%)  |
| User Charges and Fees                   | 76,942                        | 80,212                                    | (3,270)  | (4.1%)  |
| Interest and Investment Revenue         | 2,125                         | 4,712                                     | (2,587)  | (54.9%)   |
| Other Revenues                          | 66                            | 109                                       | (43)   | (39.4%)   |
| Grants and Contributions -<br>Operating | 708                           | 357                                       | 351  | 98.3%   |
| Grants and Contributions -<br>Capital   | 24,630                        | 27,363                                    | (2,733)  | (10.0%)   |
| <b>Total Income</b>                     | <b>186,296</b>                | <b>197,710</b>                            | <b>(11,414)</b>  | <b>(5.8%)</b>   |

*Annual charges and user charges and fees*

Unfavourable variance of \$6.4M million is due to reduction in water and sewer usage charges through lower demand.

*Interest and investment revenue*

Unfavourable variance of \$2.6M was due to lower than budgeted official cash rate on investments.

*Other revenue*

Other revenue was in line with budget.

*Grants and contributions - Operating*

Favourable variance of \$0.4 million in operating grants and contributions is attributable to employment, training and environmental grants received during the year.

*Grants and contributions - Capital*

Unfavourable variance of \$2.7M is due to a reduction in developer contributions offset in part through an increase in contributed assets.

## 2.1 Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)

### Expenditure from Operations

The following table reports expenditure by category and is followed by explanations relating to variations between actual expenses compared to the 2020-21 original budget.

|  | 2020-2021<br>Actual<br>\$'000 | 2020-2021<br>Original<br>Budget<br>\$'000 | Variance to<br>Original Budget<br>Favourable /<br>(Unfavourable)<br>\$'000 | Variance to<br>Original Budget<br>Favourable /<br>(Unfavourable)<br>% |
|--|-------------------------------|---|--|---|
| <b>Expenditure from Operations</b>     |                               |   |  |   |
| Employee benefits and on-costs         | 36,218                        | 31,895                                    | (4,323)  | (13.6%)   |
| Borrowing costs                        | 14,439                        | 13,091                                    | (1,348)  | (10.3%)   |
| Materials and services                 | 69,668                        | 60,039                                    | (9,629)  | (16.0%)   |
| Depreciation and amortisation          | 100,565                       | 76,159                                    | (24,406)   | (32.0%)   |
| Other expenses                         | 3                             | -   | (3)  | N/A   |
| Net losses from the disposal of assets | 2,413                         | -   | (2,413)  | N/A   |
| <b>Total Expenditure</b>               | <b>223,306</b>                | <b>181,184</b>                            | <b>(42,122)</b>  | <b>(23.2%)</b>  |

#### *Employee costs*

Unfavourable variance of \$4.3M due to organisational restructure costs and a reduction in labour recovered from capital works projects.

#### *Borrowing costs*

Unfavourable variance of \$1.3M due to interest payable to the General Fund for interfund loan.

#### *Materials and contracts*

Unfavourable variance of \$9.6M is attributable to an increase in the allocation of corporate overheads.

#### *Depreciation*

Unfavourable variance of \$24.4M due to revaluation decrement of \$29.0M partially offset by reduced capitalisation of completed projects \$4.6M.

#### *Net losses on disposal of assets*

The net losses from the disposal of assets relates to the write down of water and sewer infrastructure assets not included in the original budget.

**2.1 Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

**Statement of Financial Position**

For the movement between financial years a positive movement means that the values have increased from 30 June 2020 to 30 June 2021.

|  | 30 June<br>2021<br>\$'000 | 30 June<br>2020<br>\$'000 | Movement<br>\$'000 |
|--|---------------------------|---------------------------|--------------------|
| <b>Statement of Financial Position</b> |                           |                           |                    |
| <b>Assets</b>                          |                           |                           |                    |
| Current Assets                         | 93,386                    | 205,116                   | (111,730)          |
| Non-Current Assets                     | 3,710,295                 | 3,706,737                 | 3,558              |
| <b>Total Assets</b>                    | <b>3,803,681</b>          | <b>3,911,853</b>          | <b>(108,172)</b>   |
| <b>Liabilities</b>                     |                           |                           |                    |
| Current Liabilities                    | 82,169                    | 94,532                    | (12,363)           |
| Non-Current Liabilities                | 180,584                   | 203,449                   | (22,865)           |
| <b>Total Liabilities</b>               | <b>262,753</b>            | <b>297,981</b>            | <b>(35,228)</b>    |
| <b>Net Assets</b>                      |                           |                           |                    |
| Accumulated Surplus                    | 3,425,836                 | 3,462,846                 | (37,010)           |
| Revaluation Reserve                    | 115,092                   | 151,026                   | (35,934)           |
| <b>Net Equity</b>                      | <b>3,540,928</b>          | <b>3,613,872</b>          | <b>(72,944)</b>    |

*Current assets*

Current assets reduced by \$111.7M of which \$63.0M is attributable to a change in mix between current and non-current investment holdings. Receivables have reduced by \$12.7M through increased focus on debt recovery following the first COVID 19 wave and external Sewer loans of \$16.0M were repaid during the year. The balance of \$20.0M is reflective of reduced working capital in line with the operating loss

*Non-current assets*

Non-current assets increased by \$3.6M due to the change in mix between current and non-current investment holdings as noted above and revaluation of water and sewerage assets as at 30 June 2021.

WSA's overall investment portfolio as at 30 June 2021 totalled \$141.1M compared to \$177.2M at 30 June 2020 a decrease of \$36.1M.

*Current Liabilities*

Current liabilities reduced by \$12.3M due primarily to a \$5.5M reduction in payables through the reduction in WSA expenditure, reduction on contract liabilities of \$1.3M, reduction in provisions of \$0.5M and reduction in borrowings of \$5.0M.

*Non-Current Liabilities*

Non-current liabilities reduced by \$22.9M due mainly to a reduction in borrowings.

## **2.1 Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

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WSA borrowings were \$232.2M at 30 June 2021 compared to \$259.7M at 30 June 2020 a decrease of \$27.4M.

### **Consultation**

All areas of Council contribute to the information contained within the draft 2020-2021 Financial Reports.

The draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority were tabled at the 14 September 2021 Audit, Risk and Improvement Committee for their comment and consideration.

Adjustments made to the Draft Financial Reports since that date have been detailed in this report.

### **Financial Considerations**

At its meeting held 19 October 2020, Council resolved the following:

*1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.*

The following statement is provided in response to this resolution of Council.

The audit of Council's General Purpose financial report, Special Purpose financial report, Special Schedules and Council's Water Supply Authority financial report will be undertaken by the Audit Office at an agreed engagement fee which is included in Council's budget.

### **Link to Community Strategic Plan**

Theme 4: Responsible

### **Goal G: Good governance and great partnerships**

R-G2: Communicate openly and honestly with the community to build a relationship based on transparency, understanding, trust and respect.

### **Risk Management**

Council has worked with the Audit Office of New South Wales to meet our legislative reporting requirements.

## 2.1 Draft 2020-2021 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)

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The Financial Statements are audited by the Audit Office of New South Wales who, amongst other things, form an opinion on the Financial Statements whether:

- The Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3 Division 2; and

The Financial Statements:

- Have been prepared, 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 2021, 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.

### Options

The referral of the draft 2020-2021 Financial Reports to audit is a legislative requirement.

### Critical Dates or Timeframes

Council must refer the draft 2020-2021 Financial Reports before the External Auditor will provide their formal opinion to enable Council to lodge the 2020-2021 Financial Reports for Central Coast Council with the Office of Local Government by 31 October 2021.

### Attachments

|          |  |                               |           |
|----------|--|-------------------------------|-----------|
| <b>1</b> | Draft 2020-2021 Consolidated General Purpose Financial Reports | Provided under separate cover | D14866164 |
| <b>2</b> | Draft 2020-2021 Special Purpose Financial Reports              | Provided under separate cover | D14866154 |
| <b>3</b> | Draft 2020-2021 Special Schedules                              | Provided under separate cover | D14866161 |
| <b>4</b> | Draft 2020-2021 Water Supply Authority Financial Reports       | Provided under separate cover | D14866158 |



**Item No:** 2.2  
**Title:** Local Government NSW Annual Conference - Attendance and Voting  
**Department:** Corporate Affairs

---

12 October 2021 Ordinary Council Meeting

Reference: F2021/00035 - D14433651  
Author: James Taylor, Section Manager Governance Services  
Manager: Edward Hock, Unit Manager, Governance and Legal Counsel  
Executive: Natalia Cowley, Director Corporate Affairs and Chief Financial Officer

## Recommendation

***That Council note the Administrator will attend the 2021 Local Government NSW 'Special Conference' as Council's voting delegate and will not be submitting any motions.***

## Report purpose

To note the Administrator will attend the 2021 Local Government NSW 'Annual Conference' and the 2022 Local Government NSW 'Special Conference' commencing 28 February 2022 as Council's voting delegate. Additionally, that Council will not be submitting any motions for consideration at the Annual Conference.

## Executive Summary

The date of the 2021 Local Government NSW Annual Conference (**'the Annual Conference'**) has been changed due to the Covid-related postponement of NSW Local Government elections. The Conference will be held online on 29 November 2021 for presentation of the Financial Statements and Annual Report and the nomination and election of board members. Certain procedural motions may also arise for voting by members.

In addition, the annual in-person conference (now called **'the Special Conference'**) will be held 28 February 2022 to 2 March 2022 for the consideration of motions submitted by NSW councils.

The Administrator is not entitled to nominate or vote on board nominations, but is entitled to vote on any other motions presented at the Annual Conference. Accordingly, the Administrator will be attending in that capacity, and has been registered a Council's voting delegate.

The Administrator will also attend the Special Conference as Council's representative, but will not be submitting any motions.

Details about the Conference are available on the [Local Government NSW \(LGNSW\) website](#).

## **2.2 Local Government NSW Annual Conference - Attendance and Voting (contd)**

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### **Background**

The Local Government NSW Annual Conference (Conference) is the annual policy-making meeting of Local Government NSW (LGNSW) for NSW Local Councils and enables Council delegates across NSW to come together to share ideas and debate issues that shape Local Government.

Central Coast Council is an ordinary financial member of LGNSW for the 2021/22 financial year and may send a delegate to attend the Annual Conference.

### **Annual Conference Voting Entitlements and Attendance**

Pursuant to Rule 37(b) of the [Registered Rules of LGNSW](#), the Administrator cannot nominate or vote in the election of the Local Government NSW Board. However, as certain other motion, on which the Administrator can cast a vote, may be presented, the Administrator will attend the Annual Conference.

Those members with voting entitlements at the Annual Conference were required to submit nominations by 5 October 2021, and Council has submitted the Administrator's details to be Council's voting delegate.

### **Special Conference Voting Entitlements and Attendance**

Each financial member of LGNSW is entitled to a certain number of voting delegates based on the formula prescribed at Rule 23 of the Association's Rules.

Councillors were suspended on 30 October 2020 by the Minister for Local Government. The Administrator will be Council's voting delegate for the Special Conference.

The Administrator will attend the Special Conference as Council's voting delegate but will not be submitting any motions.

### **Submitting Motions**

Each financial member of LGNSW is entitled to submit motions for consideration at the Special Conference. Motions should be strategic, affect members state-wide and introduce new or emerging policy issues and actions.

Members are encouraged to review the Action Reports (restricted to member access) from previous conferences and the existing principles and positions of LGNSW as set out in the [Policy Platform](#) before submitting motions.

At this stage Council will not be submitting any motions for consideration.

## 2.2 Local Government NSW Annual Conference - Attendance and Voting (contd)

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### Deadline for submitting motions

In line with the LGNSW rules, the latest date motions can be accepted for inclusion in the Conference Business Paper is midnight on Sunday 30 January 2022.

### Important dates

Registration for the Special Conference will open at a later date to be advised by Local Government NSW.

The following future deadlines are in place:

| Deadline                  | Action  |
|---------------------------|---|
| Sunday 30 January 2022    | Latest date for motions to be submitted to LGNSW  |
| Thursday 17 February 2022 | Deadline for members to provide names to LGNSW of delegates who will vote on Policy Motions |

### Financial Considerations

At its meeting held 19 October 2020, Council resolved the following:

*1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.*

The following statement is provided in response to this resolution of Council.

Funding for attendance at the LGNSW Conference is included in the budget adopted as part of the Operational Plan for the 2021-22 financial year.

The provisions relating to the Administrator's attendance at the Conference are contained in clauses 56 and 57 of the [Councillor Expenses and Facilities Policy](#) as follows:

#### *Local Government NSW Annual Conference*

*56. Councillors will be permitted to attend the Local Government NSW Annual Conference. Council will reimburse the cost of registration fees and where the conference is outside the local government area, the cost of travel, accommodation and meals not covered by the conference registration, subject to the provisions in Clauses 42 to 45.*

*57. For the Local Government NSW Annual Conference only, Council will meet the costs of the official conference dinner for an accompanying person of a Councillor.*



**Link to Community Strategic Plan**

Theme 4: Responsible

**Goal G: Good governance and great partnerships**

R-G1: Build strong relationships and ensure our partners and community share the responsibilities and benefits of putting plans into practice.

**Attachments**

*Nil.*