

2013

ANNUAL REPORT  
TO THE COMMUNITY  
THE HILLS SHIRE COUNCIL

14



*rejuvenation infrastructure connectivity*

# year in review

Listed in The Hills Shire Plan and referred to throughout this Annual Report are five themes (end results) that are used to measure Council's performance. The table below summarises Council's performance in 2013/14 against these five themes. A more detailed report of the themes starts on page 33.

## THEMES

### PROACTIVE LEADERSHIP

### VIBRANT COMMUNITIES



## COMMUNITY OUTCOMES

- Value our customers, engage with and inform our community and advocate on their behalf.
- Prudent management of financial resources, assets and people to deliver the community outcomes.
- Sound governance based on transparency and accountability.

- Public spaces are attractive, safe and well maintained providing a variety of recreational and leisure activities that support an active lifestyle.
- A connected and supported community with access to a range of services and facilities that contribute to health and wellbeing.

## OUR MAJOR ACHIEVEMENTS IN 2013/2014

- Council moved into new premises.
- Council's financial position is among the best in NSW Local Government.
- Enterprise Agreement 3 negotiated and implemented.

- SMS activated lighting installed at 10 sporting fields.
- 1,551 swimming pool inspections conducted to ensure safety in and around swimming pools.
- Library customers can now join online and immediately access eBooks.
- The Children's Services program has achieved a financial surplus for the year.

## CHALLENGES

- Continue to lobby State and Federal Governments around infrastructure and transport needs to manage growth eg;
  - bus flyover Excelsior Creek through to Crane Rd
  - traffic lights at Norwest Blvd/Solent Circuit roundabout, Norwest Business Park
  - Carlingford to Epping railway line
  - legislation changes in compulsory acquisitions re Baulkham Hills Town Centre

- Planning for an aging population.
- Implementing changes in Work Health and Safety legislation for volunteers.
- Managing the impact of the North West Rail Link.
- Advances in technology.

# Performance Highlights against outcomes

BALANCED URBAN GROWTH	PROTECTED ENVIRONMENT	MODERN LOCAL ECONOMY
		
<ul style="list-style-type: none"> <li>• Safe, convenient and accessible transport options that enable movement through and within our Shire.</li> <li>• Responsible planning facilitates a desirable living environment and meets growth targets.</li> </ul>	<ul style="list-style-type: none"> <li>• Our unique natural environment is valued, maintained and enhanced.</li> <li>• Our natural resources are used wisely.</li> </ul>	<ul style="list-style-type: none"> <li>• Our Shire is the vibrant key business centre in the region.</li> </ul>
<ul style="list-style-type: none"> <li>• Arthur Whitling Reserve, The Hills Centre and Council's Operations Centre were transferred to Transport NSW for construction of the \$8.3B North West Rail Link.</li> <li>• First rural-residential subdivisions creating 71 lots were approved under the new provisions introduced with LEP 2012.</li> </ul>	<ul style="list-style-type: none"> <li>• Almost 30 tonnes of chemicals collected from 790 residents at the Household Chemical Clean Out.</li> <li>• The Living Sustainably Workshop series remains popular and responsive to community interest.</li> <li>• 19 solar and two heat pump, hot water systems were installed in community buildings across the Shire to reduce energy costs.</li> </ul>	<ul style="list-style-type: none"> <li>• "Are you North West Rail Ready?" campaign launched.</li> <li>• Delivered an expanded range of business workshops for local companies such as New Business Start Ups, Social Media, Marketing, and Cash Flow Management.</li> <li>• Briefed the business community on future growth strategies for the Sydney Hills.</li> </ul>
<ul style="list-style-type: none"> <li>• Improving transport links in the Shire.</li> <li>• Responding to ongoing reform of the NSW planning systems.</li> <li>• Providing for sustainable dwelling and employment growth that balances the needs of the economy, community and environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Responding to NSW Government policy to reduce landfill.</li> <li>• Reducing Council and community energy and water consumption.</li> <li>• Protecting our endangered species and vegetation communities.</li> <li>• Increasing participation and prioritisation of environmental protection.</li> </ul>	<ul style="list-style-type: none"> <li>• Retaining and attracting business investment to provide a range of jobs.</li> <li>• Utilising our geographic position within the Sydney metropolitan region to secure national and international business investment.</li> </ul>

# our theme

– ‘rejuvenation, infrastructure, connectivity’

The Council's continuing theme, 'rejuvenation, infrastructure, connectivity', shows our commitment to:

- Reducing Council's infrastructure backlog - as you will see in this report - we've done a lot.
- We are building new footpaths, roads and cycleways;
- Rejuvenating Baulkham Hills Town Centre;
- Planning for higher densities around transport nodes with Transport NSW corridor strategy;
- Planning for new release areas in Box Hill North, Balmoral Road, Kellyville North;
- Enhancing and expanding Council's visitor economy;
- Deciding how to restore our aging infrastructure;
- Revitalising the historically-significant Bella Vista Farm Park as an entertainment precinct;
- Acting on the requests from our community by providing exceptional service and enhancing our responsiveness;
- Embedding a culture of customer focused leadership that will be reflected in the way we serve our community.

We hope this Annual Report helps you better understand The Hills Shire Council's performance and we value any feedback to help us continually improve our reporting to the community. (See page 205 for contact details.)

**IMAGE:** Concept drawing: Rejuvenation of Baulkham Hills Town Centre



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## FRONT COVER

Images L-R: Sydney Country Music Festival, Bella Vista Farm Park; Castle Hill Library; Cycleway - Crestwood Reserve, Baulkham Hills; Completed roadworks, Grey Gum Estate, Withers Road, Kellyville.

## ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

Council acknowledges the Darug Nation as the Traditional Owners of the land of which The Shire is a part and pays its respects to their Elders, past and present.

section 1

# OVERVIEW

performance snapshot & overview of our Shire

## ABOUT THIS REPORT

The Hills Shire Council proudly presents the 2013 - 2014 Annual Report to our community.

This report provides a comprehensive account of our performance during the last financial year, and the broad range of services and programs Council provides to the community. The report illustrates our performance against the strategic objectives set in the 2013 - 2017 Community Strategic Plan and our long-term financial strategy. The Hills Shire Plan sets out the vision for The Hills Shire as well as strategic objectives and actions for Council to follow each year. It provides the financial framework for delivering all the everyday services and programs that the community enjoys and expects from their local Council.

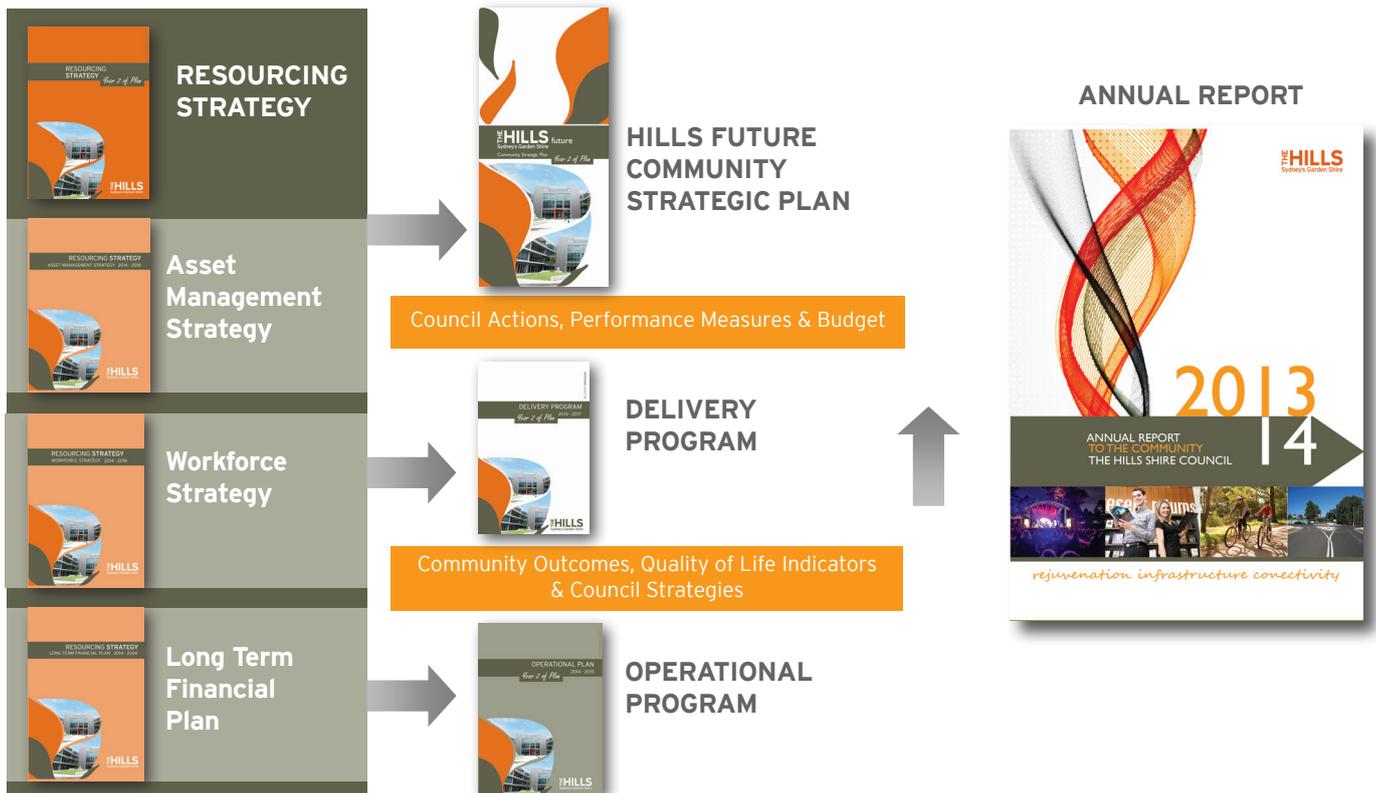
## AUDIENCE FOR THIS REPORT

This report is intended to provide important information to a broad range of stakeholders including Hills Shire residents and ratepayers, local businesses, non-government organisations, our partners and other government departments and agencies.

It also provides our staff with information on how well we have performed over the year, how their efforts have contributed to achieving the vision and what to expect in the coming year.

## REPORTING ON OUR FUTURE

The Annual Report provides a comprehensive account of our performance during the last financial year, and the broad range of services and programs Council provides to the community. It is a response to The Hills Future Community Strategic Plan.



# strategic direction

*vision, values,  
aspirations, priorities*

## **INTEGRATED PLANNING FRAMEWORK**

The Hills Shire Council's Strategic Direction has been prepared to document and highlight the Council's strategic focus for the next four year period. We use the integrated planning and reporting framework introduced by the Department of Local Government 1 October 2009.

The purpose of this document is to articulate The Hills Shire Community's and Council's shared vision, values, aspirations and priorities, with reference to other local government plans, information and resourcing capabilities.

This is a dynamic strategy that is evaluated annually and comprehensively reviewed after three years. Our legislation states that we must assess and regularly report on our progress towards

implementing the actions in our Four Year Delivery Plan and One Year Operational Plan.

It integrates asset, service and financial plans so that Council's resource capabilities are matched to our community's needs and shows how we are working towards achieving a better quality of life for all who live, work, visit and play in our magnificent Shire.

The Delivery Program 2013/17 outlines the activities to be undertaken by Council during the four year term of the elected Council and supporting this will be the Annual Operational Plan. Together these plans will contribute to the achievement of the community's long-term outcomes. The Resourcing Strategy supports these plans by detailing how Council will meet its obligations now and in the future, taking into account its workforce, finances and assets.

The Resourcing Strategy which consists of a Long Term Financial Plan, Asset Management Strategy and a Workforce Management Plan enables Council to deliver its services to the community in a cohesive and sustainable way.

## **QUARTERLY REPORTS**

The quarterly report to Council provides an assessment of progress against the objectives and key performance indicators identified in the Four Year Delivery Plan and One Year Operational Plan. Where performance is below planned levels, a detailed comment is provided.

## **COMMUNITY VISION**

Proactive leadership, creating vibrant communities, balancing urban growth, protecting our environment and building a modern local economy.

## **COMMUNITY VALUES**

- Community Spirit
- Accessibility
- Sustainability
- Leadership
- Natural Beauty
- Innovation
- Balance
- Proactivity
- Safety
- Families



# major projects *in The Hills Shire*

Effective delivery of capital projects is essential for achieving Council's objectives of providing safe, accessible and appropriate infrastructure that meets the changing lifestyles of our community. A summary of projects are shown in the table below.

**TABLE 1: 2013/14 \$51.1M CAPITAL WORKS HIGHLIGHTS AND EXAMPLES OF PROJECTS**

<b>BUILDINGS</b>	<b>\$23.6M</b>
<ul style="list-style-type: none"> <li>Bella Vista Farm Park - new toilet and sewer</li> <li>North Rocks Child Care Centre - repairs</li> <li>Baulkham Hills Swimming Pool - gym construction</li> <li>Baulkham Hills Swimming Pool - canteen construction</li> </ul>	<ul style="list-style-type: none"> <li>\$246,999</li> <li>\$144,823</li> <li>\$123,099</li> <li>\$100,000</li> </ul>
<b>ROADS</b>	<b>\$13.29M</b>
<ul style="list-style-type: none"> <li>Withers Road - kerb and gutter and pavement</li> <li>Pitt Town Road - reconstruct road approach</li> <li>Old Castle Hill Road, Garthowen Avenue to Old Northern Road</li> <li>Parsonage Road, Wilton Close to House No. 134</li> </ul>	<ul style="list-style-type: none"> <li>\$1.163M</li> <li>\$979,999</li> <li>\$596,767</li> <li>\$340,000</li> </ul>
<b>FOOTPATHS &amp; WALKWAYS</b>	<b>\$3.15M</b>
<ul style="list-style-type: none"> <li>Glanmire Road, Baulkham Hills</li> <li>Windsor Road, Wrights Road to Showground Road</li> <li>Ridgecrop Drive, Castle Hill</li> <li>Castle Hill Road, West Pennant Hills - from Coonara Avenue to Glen Road</li> </ul>	<ul style="list-style-type: none"> <li>\$226,603</li> <li>\$224,674</li> <li>\$200,268</li> <li>\$135,178</li> </ul>
<b>BRIDGES</b>	<b>\$2.19M</b>
<ul style="list-style-type: none"> <li>Pitt Town Road Maraylya x 2</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>TRAFFIC</b>	<b>\$1.67M</b>
<ul style="list-style-type: none"> <li>Seven Hills Road and Cropley Drive - roundabout</li> <li>Merindah Road/ Lukes Lane - roundabout</li> <li>Bannerman, Annangrove and Glenhaven Road - 2km</li> </ul>	<ul style="list-style-type: none"> <li>\$586,150</li> <li>\$199,733</li> <li>\$190,262</li> </ul>
<b>PARKS</b>	<b>\$2.566M</b>
<ul style="list-style-type: none"> <li>Kellyville Memorial Park Playing Field</li> <li>Hills Centenary Reserve - drainage</li> <li>Withers Road Netball Courts - car park</li> <li>Balmoral Road District Park Sports Complex</li> </ul>	<ul style="list-style-type: none"> <li>\$284,878</li> <li>\$236,189</li> <li>\$178,757</li> <li>\$140,966</li> </ul>
<b>STORMWATER</b>	<b>\$983,682</b>
<ul style="list-style-type: none"> <li>River Road - bank stabilisation</li> <li>Burnside Reserve - construction stage 3 &amp; 4</li> <li>18 Valencia Street, Round Corner - construction</li> </ul>	<ul style="list-style-type: none"> <li>\$331,605</li> <li>\$246,677</li> <li>\$147,401</li> </ul>



## North West Rail Link

- **Customer-friendly** – no stairs and easier to get on and off with three doors on each carriage
- **Safety Number 1 priority** – inside, you can see from one end of the train to the other
- **Faster and safer** – to load and unload customers, because of new platform screen doors
- **More comfortable** – platform screen doors mean underground stations can be heated and cooled
- **Security** – multiple help points and live CCTV cameras inside and outside trains, on platforms and at stations.

### NORTH WEST RAIL LINK

The \$8.3B North West Rail Link is Australia's largest public transport infrastructure project currently under construction and a priority rail project for the NSW Government. It will be the first fully-automated rapid transit rail system in Australia.

16 major North West Rail Link construction sites have been set up across the Hills region. The project will deliver eight new railway stations and 4,000 commuter car parking spaces. Council is working with the NSW Government to make the impact of the rail line construction as minimal as possible.

### URBAN ACTIVATION PRECINCTS

This Planning NSW project aims to deliver more homes with access to infrastructure, transport services and jobs. In August 2014 The NSW Government announced Kellyville Station, Showground Station and Bella Vista Station as precincts in the program. The NSW Minister for Planning announced \$15M in funding towards the planning and delivery of homes and services in these precincts. Residents will be consulted about the things they believe are needed to create great community spaces around the stations and new homes.

### CASTLE HILL SHOWGROUND

With the NSW Planning Minister confirming that the area around the Showground will become an Urban Activation Precinct, we now know that there will be a rapid railway line and thousands of additional residents on the doorstep of this community asset.

The NSW Government has announced that the Showground precinct (the area within 800m of the Showground Railway Station) will become a vibrant mixed use precinct with shops, cafes, restaurants

and office buildings along with more than 3,500 new homes and up to 7,700 jobs. They also confirmed that a green corridor would be maintained around Cattai Creek and that Castle Hill Showground itself will be upgraded as an essential recreational space for the community. The Hills Shire Council and the NSW Government are committed to maintaining Castle Hill Showground as a recreational space for the community now and over the next 100 years.

Council is currently conducting a scoping study which aims to improve, preserve and transform it into a dynamic open space for all the community to enjoy.

### NORTHCONNEX MOTORWAY

In March 2014 the NSW Government reached an agreement with Transurban and the Westlink M7 shareholders to deliver the NorthConnex motorway. The construction of a 9km twin tunnel under busy Pennant Hills Road will link The Hills M2 Motorway at Carlingford/ West Pennant Hills to the M1 Motorway at Wahroonga. Up to 5,000 trucks a day will be taken off Pennant Hills Road, while vehicles using the tunnel will bypass 21 sets of traffic lights. The project is now at the next stage of community consultation and a formal Environmental Impact Statement (EIS) is on display for comment mid 2014.

### GREY GUM ESTATE

A property investment made in the 1960s has helped secure Council's financial future, with \$40M generated from sales at Grey Gum Estate, already realising a net profit of more than \$25M. The 26 hectares of land on Withers Road, Kellyville was subdivided into 83 single residential lots and eight medium density sites.

With all 83 single lots sold and negotiations underway to sell the remaining sites for a net return exceeding



Construction of the Central/North Ward operational depot



Official opening of Council's new administration centre

a further \$25M, Council has generated cash that will help secure Council's sound finances and positive financial outlook.

### SAMANTHA RILEY DRIVE

The \$20.7M major upgrade of Samantha Riley Drive is underway. The section of Samantha Riley Drive east of Windsor Road will be widened to a four-lane carriageway, have three major intersection upgrades at Redden Drive, Hezlett Road and Foxall Road and a pedestrian bridge installed. The road widening will ease traffic congestion and the intersection upgrades will improve traffic flow and safety. This upgrade is a major project that will take around two years to complete.

### BOX HILL NORTH

A planning proposal to re-zone a large section of Box Hill North to accommodate a new residential community has been forwarded to the NSW Government for gateway determination and was placed on exhibition for public comment.

The proposal would see 380 hectares of land rezoned outside the North West Growth centre to include approximately 4,000 homes; a 5.5 hectare town centre; open space; environmental land; a school and infrastructure.

The re-zoning would help provide homes for the expected 100,000 additional residents expected in the Sydney Hills over the next 25 years.

Box Hill North is a logical extension of the recently released Box Hill precinct. It was an area identified by Council more than a decade ago that would be able to supply housing for Sydney's growing population.

### BAULKHAM HILLS TOWN CENTRE

One of Council's biggest goals is rejuvenating the Shire's town centres. The Baulkham Hills Town Centre will be a focus for us in the year ahead, with plans to modernise and upgrade those areas where people walk, shop and congregate, making the experience of visiting the town centre more pleasant. Concept and Master Plans are being developed.

### COUNCIL'S NEW HOME

Council moved to a new Council Chambers and Administration Centre on Monday 16 December 2013, following nearly 32 years on the corner of Showground Road and

Carrington Road, Castle Hill. The move clears the way for the construction of the North West Rail Link's Showground station (with the site compulsorily acquired by the NSW Government). The new premises will better serve The Hills Shire's growing community, which is expected to grow by 100,000 people in the next 20 years.

### COMMUNITY BUILDINGS

Capital Works are complete, including Annangrove Park Meeting Hall, Balcombe Heights Childcare Centre, Castle Glen Community Centre, Greenup Park amenities and Wisemans Ferry Park amenities.

### FOOTPATHS

The swift completion of the 2013/2014 footpath construction program prompted Councillors to bring next year's program forward.

Seven footpaths were bought forward helping Council achieve its goal of connecting the community.

### KELLYVILLE MEMORIAL PARK PLAYING FIELD

Major upgrades have been approved for Kellyville Memorial Park to cater for the growing number of residents and young families expected to move in to the Balmoral Land Release area. The upgrades will include two new multi-purpose fields, an expansion of existing fields to full size, a new access road, significant reconfiguration, parking spaces for 250 cars and a new amenities building. The upgrade work will be staged and commence in the 2017/2018 financial year. The approved Master Plan addresses new access arrangements for the park, which will be changed when Memorial Avenue is upgraded by RMS.

\$3.25M of developer contributions have helped to fund this project.



Artists impression - Box Hill Town Centre



Artists impression of the Castle Towers redevelopment



Grey Gum Estate

## CASTLE TOWERS REDEVELOPMENT

Developers QIC (The Queensland Investment Corporation) is undertaking more detailed planning and design to its plans which were given DA approval by Council in February 2011. Under Council's approval, work must start by February 2016.

The extension will see Castle Towers expanded to take in the old Castle Hill Public School site, which is bordered by Showground Road, Kentwell Avenue and Pennant Street and will sit next to Castle Hill Library.

The expansion will take Castle Towers to a total floor space of 173,683 sqm, making it the biggest centre in NSW and the third largest in Australia.

## BELLA VISTA FARM PARK

The construction of a stage at Bella Vista Farm Park commenced in June 2014 following approval by the NSW Heritage Council. Construction of the stage would further enhance Bella Vista Farm Park's growing reputation as a performing arts venue. The NSW State Government have contributed \$123,500 to the \$500,000 project. Over the last decade we've really opened up the wonderful Bella Vista Farm to the public and events in the Park are becoming increasingly popular with the likes of Shakespeare in the Park and The Sydney Country Music Festival attracting visitors from outside the Sydney Hills.

## GOODEN DRIVE RESERVE

The athletics field has been re-turfed and undergone extensive drainage work ahead of the summer athletics season.

The reserve is used by athletic clubs and schools throughout the year. The works will allow it to be used by more athletes for longer periods of time.

## NEW DEPOTS OPEN THROUGHOUT THE HILLS

The move from the old administration centre at Showground Road, Castle Hill to Norwest Business Park presented Council with an opportunity to decentralise its operational depot and move workers out further into the field to more efficiently serve our residents and ratepayers. New depots are located at:

- Columbia Court, Norwest Business Park, Baulkham Hills - servicing Central and North Ward.
- Gibbon Road, Baulkham Hills - servicing West Ward and includes a fleet workshop.

- Conie Avenue, Baulkham Hills - servicing East Ward (temporarily).
- Les Shore Reserve, Glenorie - satellite depot planned for North Ward, due to open in late 2014.
- Ted Horwood Reserve, Baulkham Hills - East Ward depot to replace Conie Avenue, planned in conjunction with a redeveloped community nursery.

## BRIDGE REPLACEMENT - MARAYLYA

Replacement of two old timber bridges on Pitt Town Road, Maraylya. The end result is a higher, wider and safer concrete bridge which is less prone to flooding and guaranteed to last for many years to come. Only one timber bridge remains in the Sydney Hills, and this is due to be replaced in the 2014/2015 financial year.

## NEW PLAYGROUNDS

Council spent more than \$150,000 upgrading parks at Roy Dudley Park Reserve, Beaumont Hills; Hammond Court Reserve, Baulkham Hills and Sherwin Avenue Reserve, Castle Hill. The upgrades included new play equipment, new slides, soft-fall ground and concrete edging to make our playgrounds safe and fun places for the younger residents in the Shire.

## PARKS, RESERVES AND HALLS GET A TECHNOLOGICAL UPGRADE

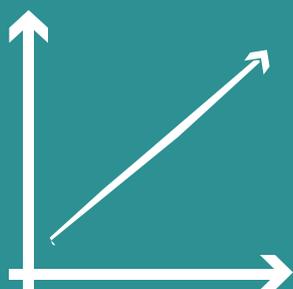
The upgrades, which include keyless entry into Council venues and SMS-activated lighting in parks and reserves, are helping to make using Council facilities more cost-effective. Customers can simply book via the Community Facilities hotline or online. Confirmed hirers receive a unique pin code to access the building via SMS. SMS lighting, which allows users of parks and reserves to switch on and switch off lights using their mobile phones, will also result in huge savings in energy and costs.

## SHOWGROUND ROAD UPGRADE

The RMS and State Government are responsible for Showground Road. Its upgrade has been linked to QIC development outcomes via the Voluntary Planning Agreement. This upgrade remains a priority for our community as this regional link not only serves Castle Hill Town Centre but also as a link through it onto other regions.

# snapshot

POPULATION OF 183,563 EXPECTED TO INCREASE TO **250,000** by 2031



COUNCIL  
PREDICTED TO  
OPERATE AT A  
**SURPLUS**  
OVER THE NEXT

**10**  
YEARS 

## LONG TERM FINANCIAL SUSTAINABILITY

is the key objective of  
The Hills Shire Council's  
Long Term Financial  
Plan.

Full details of Council's  
Financial Statements  
are available from page  
95 and Chief Financial  
Officer's Report starting  
on page 20.



RATIO OF FULL TIME  
EQUIVALENT STAFF TO  
RESIDENTS = 1: 311

AVERAGE FOR SIMILAR  
COUNCILS IS 1: 226



**267**

**CAPITAL WORKS**  
PROJECTS COMPLETED



**5** PUBLIC  
LIBRARIES

LOANS UP FROM  
1,449,545 IN 12/13  
TO 1,490,206 13/14



PARKS &  
RESERVES

**329**



 **4,433**

EXTRA PEOPLE LAST YEAR



**TOP 5**

POPULATION  
GROWTH CENTRE  
IN SYDNEY

**29%** SPEAK  
A LANGUAGE  
OTHER THAN  
ENGLISH

**56**  
PRIMARY  
SCHOOLS

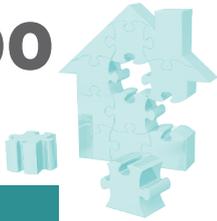


**2,341**  
ACTIVE  
CLIENTS  
- HILLS  
COMMUNITY  
CARE



'rejuvenation, infrastructure, connectivity'

**80,000**  
NEW DWELLINGS



BY 2031



RECYCLING  
AVERAGE  
PER HOME,  
PER YEAR

**5.79** kg



**11.28** kg

WASTE PER HOUSEHOLD  
PER WEEK

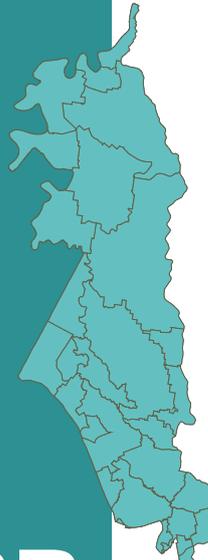
**\$7.5**  
BILLION

VALUE  
ADDED  
BY ALL  
INDUSTRIES

**54,000**  
NEW JOBS  
BY 2036



**380**  
KM<sup>2</sup>



**46%**

OF HOUSEHOLDS  
HAVE AT  
LEAST

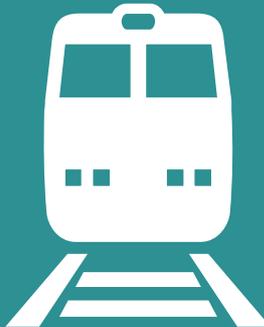
**2** MOTOR  
VEHICLES



**73,245**  
COMMUTERS IN  
THE HILLS SHIRE

**\$8.3B**

NORTH WEST  
RAIL LINK



ON TRACK FOR  
COMPLETION  
IN 2019

**7** NEW  
NORTHWEST  
RAILWAY STATIONS

**14.5km**



NEW ROAD & DRAINAGE  
CONSTRUCTION

**35.5km**

OF NEW  
FOOTPATHS &  
CYCLEWAYS



# a message from the mayor

*Clr Dr Michelle Byrne*



*Shakespeare at Bella Vista Farm Park*

On behalf of my fellow Councillors, I am delighted to present The Hills Shire Council's Annual Report 2013/14.

This document includes a summary of our financial accounts, achievements and future plans and describes how we will continue to build a better Hills Shire for the people who live, work and visit our region.

As this report reveals, despite the challenges we face, we remain committed to delivering exemplary services for our vibrant community, so that all can continue to embrace and enjoy the rich and rewarding lifestyle The Hills Shire offers.

We live in an enviable location, with abundant green outdoor spaces, thriving town centres and diverse local neighbourhoods. We've been rated as having sound finances, a positive financial outlook and strong asset management. We want to maintain and improve on those high standards to ensure that we continue to grow and adapt to meet the changing needs of our community, while ensuring we maintain all that is great about The Hills Shire.

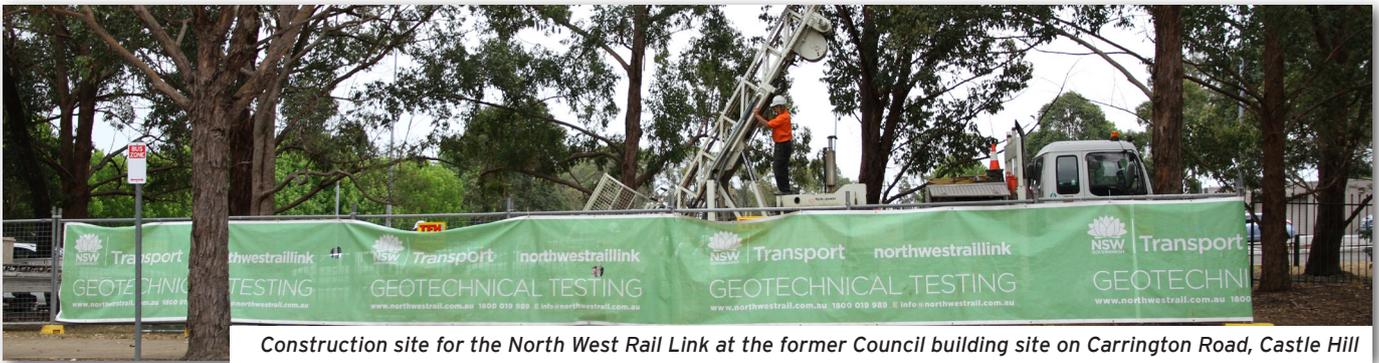
At the same time, the NSW Government is building the biggest infrastructure project of our generation - the \$8.3B North West Rail Link.

We also welcome the government's commitment to building a second Sydney Airport, that will no doubt be well used by people in Sydney's North West.

While big changes are on the way, Council is working hard to accommodate growth while preserving our Shire's character.

We will aim to keep high-density growth around the town centres and transport hubs while ensuring family homes remain throughout the suburbs.

We live in one of the fastest growing areas of New South Wales and need to keep an open mind about growth and focus on the opportunities it will bring for generations to come. We must continuously seek new and smarter ways to renew our aging infrastructure and continue to heavily scrutinise every dollar spent



Construction site for the North West Rail Link at the former Council building site on Carrington Road, Castle Hill

by Council to maintain our financial prudence. Only by doing so can we fulfill the vision we share with our community of proactive leadership, creating vibrant communities, balancing urban growth, protecting our environment and building a modern local economy.

I'm proud that this Council is continuing to build a great quality of life for our residents, constructing community infrastructure in the places it is most needed.

The theme of this year's report - rejuvenation, infrastructure and connectivity - showcases all the ways we are doing this. I hope you find this report useful in showing how we are delivering on our objectives by:

- Building new roads, footpaths, playgrounds and sporting fields - as well as rejuvenating our existing assets.
- People have told us they want more opportunities to connect with the community - so our events program has received a big boost.
- Ensuring our residents enjoy better connectivity throughout the Shire by improving our network of paths, roads and walking trails.

- Importantly we are continuing to address our infrastructure backlog which we have successfully reduced and will continue to reduce over the coming years without the need to borrow or add special variations to rates.
- We are listening to our community and working closely with them for the wellbeing of residents and businesses.
- We do our utmost to ensure that we meet the aspirations of our local community and that our leadership remains focused on our vision of valuing our customers, prudent financial management and sound governance.
- We strive to deliver a comprehensive account of our accomplishments and challenges and trust that it will provide you with a better understanding and appreciation of the quality and quantity of services provided by The Hills Shire Council.

*Clr Dr Michelle Byrne*  
**Mayor - The Hills Shire Council**



Footpath construction on Old Northern Road, Castle Hill

# councillors

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## CENTRAL WARD

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**Clr Yvonne Keane**

**M:** 0419 553 495

**E:** [clr.keane@thehills.nsw.gov.au](mailto:clr.keane@thehills.nsw.gov.au)

Clr Keane was elected to Council in September 2012.



**Clr Dr Jeff Lowe**

**M:** 0419 821 557

**E:** [clr.lowe@thehills.nsw.gov.au](mailto:clr.lowe@thehills.nsw.gov.au)

Clr Lowe was elected to Council in September 2012.



**Clr Tony Hay OAM**

**M:** 0422 508 975

**F:** 9838 0205

**E:** [clr.tonyhay@thehills.nsw.gov.au](mailto:clr.tonyhay@thehills.nsw.gov.au)

Clr Hay was elected to Council in September 2004. Clr Hay is a former Mayor.

## EAST WARD

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**Clr Andrew Jefferies  
(Deputy Mayor)**

**M:** 0427 928 111

**E:** [clr.jefferies@thehills.nsw.gov.au](mailto:clr.jefferies@thehills.nsw.gov.au)

Clr Jefferies was elected to Council in September 2008 and has been Deputy Mayor since 2012. In September 2014 he was elected as Mayor.



**Clr Ryan Tracey**

**M:** 0419 429 217

**E:** [clr.tracey@thehills.nsw.gov.au](mailto:clr.tracey@thehills.nsw.gov.au)

Clr Tracey was elected to Council in September 2012.



**Clr Alan Haselden**

**M:** 0419 495 089

**E:** [clr.haselden@thehills.nsw.gov.au](mailto:clr.haselden@thehills.nsw.gov.au)

Clr Haselden was elected to Council in September 2012.

## COUNCIL MEETINGS

The ordinary meetings of The Hills Shire Council are held on the 2<sup>nd</sup> and 4<sup>th</sup> Tuesday of every month, from 7pm, in the Council Chamber. The first Tuesday of each month is a workshop for Councillors where they are briefed by professional Council staff and can discuss issues in an informal setting. The Council meetings provide a forum for residents to ask questions of Councillors or the General Manager. All meetings are open to the public. Council's meeting schedule, agendas and minutes, are available on Council's website.

## CODE OF CONDUCT

Councillors and staff are bound by a Code of Conduct, which sets a high standard for their ethical behaviour and decision-making. The code states Councillors' roles and responsibilities and outlines the steps to be followed when making and investigating allegations of breaches of the code.

## NORTH WARD

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**Clr Robyn Preston**

**M:** 0419 200 300

**F:** 9894 7779

**E:** [clr.preston@bigpond.com](mailto:clr.preston@bigpond.com)

Clr Preston was elected to Council in September 2008.



**Clr Peter Gangemi**

**M:** 0419 429 095

**E:** [clr.gangemi@thehills.nsw.gov.au](mailto:clr.gangemi@thehills.nsw.gov.au)

Clr Gangemi was elected to Council in September 2012.



**Clr Mark Taylor**

**M:** 0419 618 790

**E:** [clr.taylor@thehills.nsw.gov.au](mailto:clr.taylor@thehills.nsw.gov.au)

Clr Taylor was elected to Council in September 2012.

## WEST WARD

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**Clr Dr Michelle Byrne (Mayor)**

**M:** 0448 268 140

**E:** [michellerbyrne@yahoo.com.au](mailto:michellerbyrne@yahoo.com.au)  
[clr.byrne@thehills.nsw.gov.au](mailto:clr.byrne@thehills.nsw.gov.au)

Clr Byrne was elected to Council in 2008 and was first elected as Mayor in September 2012. In September 2014 she was elected as Deputy Mayor.



**Clr Raymond Harty OAM**

**T:** 9649 5000 (work)

**M:** 0412 265 876

**F:** 9649 8500

**E:** [raymondharty@comet-training.com.au](mailto:raymondharty@comet-training.com.au)  
[clr.harty@optusnet.com.au](mailto:clr.harty@optusnet.com.au)

Clr Harty was elected to Council in 2004.



**Clr Mike Thomas**

**M:** 0423 798 891

**F:** 9614 3437

**E:** [clr.thomas@thehills.nsw.gov.au](mailto:clr.thomas@thehills.nsw.gov.au)

Clr Thomas was elected to Council in September 2004.

Clr Thomas is a former Mayor.

# a message from the GM

*Dave Walker*



*Council's Manager of Infrastructure Projects Ken Willimott & Hills Shire Mayor Dr Michelle Byrne at Samantha Riley Drive*

'Rejuvenation, infrastructure, connectivity' is our theme for this Council term. It relates to The Hills Shire Council's many achievements in 2013/14. The theme also reflects our renewed commitment to reducing our infrastructure backlog, which will be completely cleared (excluding stormwater) by June 2015.

To make way for the long anticipated Northwest Rail Link, Council moved its premises to 3 Columbia Court, Norwest Business Park, Baulkham Hills in December 2013. As a result of the move we've been able to build a brand new, state-of-the-art facility for Hills Community Care and Meals on Wheels, that will serve some of our most vulnerable community members and provide an excellent place for our volunteers to operate from.

We've also created Place Management teams, that look after specific areas of The Shire. Two of these teams are at Columbia Court, while the other two teams will be located within the community close to the areas they serve. This means that Council teams will become experts of their respective patches.

This year we celebrated the delivery of a number of major projects, including the replacement of two old timber bridges on Pitt Town Road, Maraylya (see page 11 for more information).

Our swift completion of the 2013/2014 footpath construction program prompted Councillors to bring next year's program forward helping Council achieve its goal of connecting the community.

Kellyville will continue to accommodate much of our residential growth over the next few years. The \$20.7M major upgrade of Samantha Riley Drive is underway in preparation for those incoming residents.

We've started construction of a stage at Bella Vista Farm Park. Events in the Park are becoming increasingly popular such as Shakespeare in the Park and the Sydney Country Music Festival. This stage will give artists and performing arts groups more options in the Sydney Hills.

We have listened to our residents and adopted new guidelines for managing trees on private properties, a sensible way to allow residents to responsibly manage their own properties - cutting red tape. A growing number of requests from customers prompted Council



to abolish cash payments for the hire of Council tennis courts throughout the Sydney Hills.

Council facilities are becoming more cost effective as we upgrade Council venues with keyless entry and SMS-activated lighting in parks and reserves.

The number of potholes reported in The Hills Shire over the last two years has reduced by 80% and it's down to both our proactive rehabilitation program and the way we patch potholes when they do form.

**LOOKING AHEAD**

Baulkham Hills Town Centre, along with Rouse Hill and Castle Hill, has been identified as one of our major centres. We're having a good look at how to best rejuvenate it and make the town centre an attractive place for people to live, work and play. We are consulting with residents and businesses about what they think is the best solution.

We are also planning how we can open up Castle Hill Showground to more residents, visitors and events. We've conducted an extensive study to inform our Cultural Strategy, which we are eager to put into action over the coming years.

More than a quarter of Council's budget in 2014-15 will be spent on parks, roads, footpaths and infrastructure. This will include new tennis courts to be built at Bella Vista, work on the new playing grounds at Caddies Creek and upgrading and maintaining Council buildings and libraries just to name a few.

There's more than 21,000 residents living in Carlingford at the moment and they're serviced by one train an hour to Clyde and infrequent buses. The population of Carlingford will rise by 46% by 2031 - and we are planning for that now.

We are delighted the NorthConnex motorway is moving ahead. The missing link between the M2 and the M1 (formerly the F3) will take up to 5,000 trucks off the heavily strained Pennant Hills Road. These 9km twin tunnels will have a very positive impact on Sydney Hills roads. The tunnels are due to open in 2019.

Council continues to deliver the services and facilities our community has told us they expect us to provide and we will review our financial position and maintain tight control of our budget. Property development like the sale of Grey Gum estate (see page 9) have generated a lot of revenue that will in turn be invested into the Sydney Hills community. We don't rely on parking meters and parking fines to boost our finances.

NSW T-Corp reveals that Council's current financial status has been upgraded from sound to strong. We've come a long way from being on the brink of insolvency 25 years ago to now being one of the strongest local government areas in the state.

As General Manager, I thank Mayor Byrne, all Councillors and Council staff for their contribution to what is, and will continue to be, one of the best Council's in New South Wales.

**Dave Walker**  
**General Manager - The Hills Shire Council**

# chief financial officer's report

*Chandi Saba*



The Hills Shire Council spent \$176M in 2013/14 to provide services which cover a broad range of areas including asset maintenance, parks and open spaces, planning, roads, governance, waste and recycling, drains, footpaths, aged care, leisure and culture, long day care, family and youth, libraries, major festivals and community events. Our Operating Surplus for 2013/14 totals \$127.4M compared to an operating surplus of \$33.7M in 2012/13.

As can be seen in the graphic over the page - our recurrent income comes from a number of sources.

We manage \$3.9B worth of assets infrastructure including roads, bridges, halls, land, recreation and leisure facilities, drains, libraries and parks.

The surplus of revenue over expenditure contributes to Council's capital works program (see page 8 for details). We completed 267 capital works projects during 2013/14.

All our financial ratios are above the industry benchmarks and have improved compared with the last financial year's results (see pages 22-23).

Full details of Council's Financial Statements are available from page 95.

## **OUR FINANCIAL SUSTAINABILITY**

Independent analysis of our finances by NSW Treasury Corp has painted a very bright picture for our Council.

Our current financial status has been upgraded from sound to strong. This further underlines our status as one of the most well-managed local government areas in Australia.

This is the result of living within our means, investing in the maintenance of our infrastructure and being extremely cautious when spending ratepayers' money.

The achievement is all the more remarkable considering that The Hills Shire Council was on the brink of insolvency 25 years ago.

We will continue to be careful with our spending while investing in infrastructure and building a better quality of life in the Sydney Hills.

Long term financial sustainability is the key objective of The Hills Shire Council's Long Term Financial Plan. With good planning, the community can be assured that Council has the financial resources to achieve the objectives set out in the Hills Shire Plan.

While this report focuses on the 2013/14 financial results, we are in this sustainable financial position today due to adhering to the long term financial strategic objectives of Council, which are:

- Continue to budget for Operational Surplus as a high priority by ensuring that the total operating revenue for each year is sufficient to meet
  - Total operating expenses
  - The proposed provisions in that year for transfers to reserves for future expenditure.
- Maintain a level of available cash reserves sufficient to meet unexpected contingencies such as natural disasters and unanticipated legal challenges.
- When increased service levels are required, seek new and additional revenue sources in addition to the current revenue structure.
- Pursue cost recovery for those Council services where there is a discernible private benefit gained from accessing that service.
- When income is generated from property development activities, set aside a percentage to invest in future development activities.
- Ensuring adequate funding to clear Council's infrastructure backlog as outlined in the Asset Management Strategy. Capital Expenditure on Asset Renewal be given priority over new capital, so that existing infrastructure can be maintained at expected service levels.

## **INFRASTRUCTURE BACKLOG**

Our primary focus has been on clearing Council's Infrastructure backlog as outlined in the Asset Management Strategy. The infrastructure backlog of \$52.1M in July 2012 has been reduced to \$23.8M as at 30 June 2014. This backlog will further reduce to \$15.5M by 30 June 2015, which will be for stormwater backlog only.



Castle Hill Showground

## FUTURE FUND RESERVE

Cash and Investments as at 30 June 2014 total \$214M, with Internally Restricted Assets commonly known as Reserves totalling \$118.2M. Reserve funds are funds set aside for future expenditure.

Council's Future Funds Reserve is expected to fund Council's adopted Delivery Program actions once the preliminary assessments are finalised. These are listed below:

- Baulkham Hills Town Centre improvements
- Crown Roads Strategy/ Unsealed Rural Roads Policy
- Recreational Strategy
- Outcome of Cultural Strategy
- Outcome from the Showground Leisure Precinct
- Outcome from Bella Vista Farm Park Study
- Balmoral and North Kellyville Non-Essential Works excluding land

## PROPERTY DEVELOPMENT ACTIVITIES - GREY GUM ESTATE

A property investment made in the 1960s has helped secure Council's financial future, with \$40M generated from sales at Grey Gum Estate, already realising a net cash profit of more than \$25M in this financial year.

Classified as operational land, the 26 hectares of land on Withers Road, Kellyville was subdivided into 83 single residential lots and eight medium density sites.

With all 83 single lots sold and negotiations underway to sell the remaining medium density sites for a net return exceeding a further \$25M, Council has generated cash that will help secure Council's sound finances and positive financial outlook.

*Chandi Saba*

**Chief Financial Officer - The Hills Shire Council**

## MANAGING OUR MONEY

### WHERE THE RECURRENT MONEY COMES FROM

**\$149**  
MILLION  
IN 2013-14

65,855  
RATE ASSESSMENTS



44.5%	Rates
16.2%	Domestic Waste & Stormwater
10.9%	User Charges & Fees
3.6%	Interest & Investment Revenue
15.2%	Other Revenue
9.6%	Grants & Contributions - Operating

### RESIDENTIAL AVERAGE RATES

**\$1,000**

**3.4%**

INCREASE  
\$0.51 PER  
WEEK FROM  
2012/13



### WHERE THE MONEY IS SPENT

#### RECURRENT EXPENDITURE

**\$111**  
MILLION  
IN 2013-14



#### CAPITAL EXPENDITURE

**\$65**  
MILLION  
IN 2013-14



**\$176**  
MILLION

# financial ratios

*“One of the most well managed Local Government Areas in Australia”*

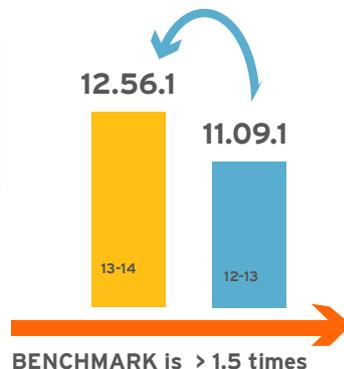
*“Our current financial status is strong, and we are predicted to operate at a surplus.”*



**MORE** people have paid **RATES & OTHER CHARGES** this year

**UNRESTRICTED**  
*current ratio*

Our working capital is more than adequate to satisfy our obligations in the short term. This indicates sound liquidity.



### RATES & CHARGES OUTSTANDING

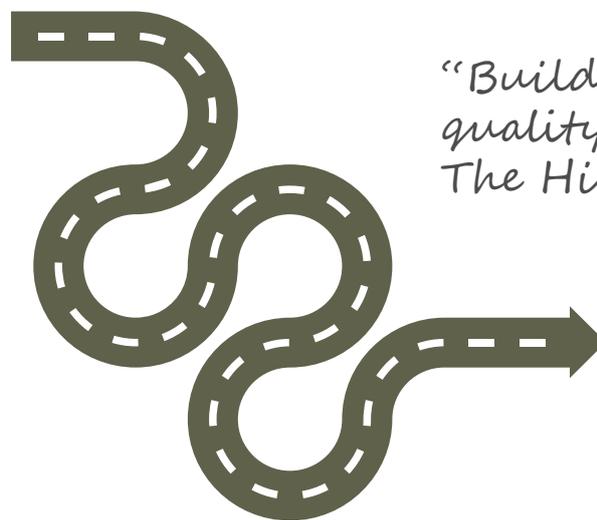
Measures the impact of uncollected Rates and Charges, which has improved over the previous year.



**\$52M**  
Infrastructure backlog  
FY 11/12

**REDUCING**  
*infrastructure*  
**BACKLOG**

Council adopted a funding strategy to address the Infrastructure backlog by using Council's Reserve funds.



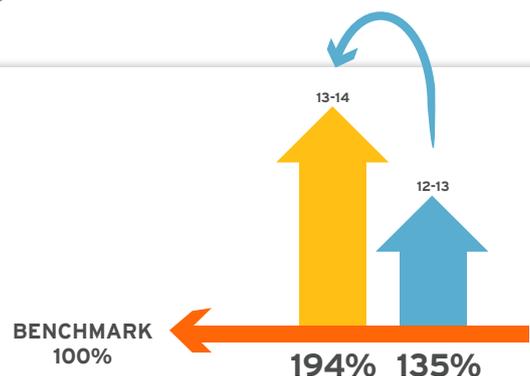
*“Building a better quality of life in The Hills.”*

**\$23.8M**  
Infrastructure backlog  
as of JUNE 2014

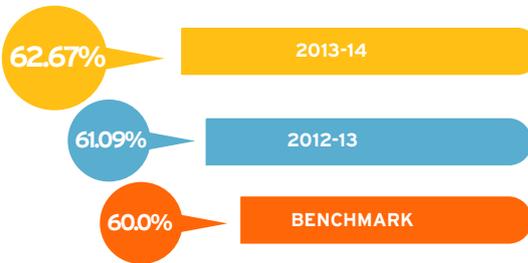
**ASSET RENEWAL**  
*well above benchmark*

### BUILDING & INFRASTRUCTURE RENEWAL RATIO

Compares the proportion spent on infrastructure asset renewals and the asset's deterioration measured by its accounting depreciation.



We have  
**FINANCIAL FLEXIBILITY**



**MORE IS BETTER**

**OWN SOURCE OPERATING REVENUE**

Measures the level of Council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. The higher the level of its own source revenue, the greater the financial flexibility.

Note: This ratio will fluctuate from year to year in a developing Council such as ours as we receive varying amounts of Developer Contributions, Subdivider Dedications and other Grants each year.

**ASSET MAINTENANCE**  
*We're spending more than required...*



**ASSET MAINTENANCE RATIO**

We are spending greater than what is required in order to maintain our assets in a satisfactory condition, and also address the backlog. We are well above the benchmark.



**OUR SPENDING is within our REVENUE**



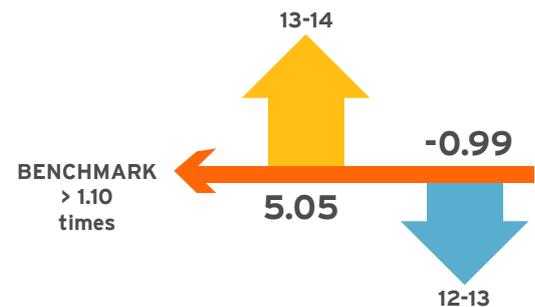
**OPERATING PERFORMANCE**

Measures Council's ability to contain operating expenditure within operating revenue. This ratio is abnormally high due to property development income received in FY 13/14. If adjusted for this abnormality, it is still above the benchmark.

**CAPITAL EXPENDITURE Ratio**



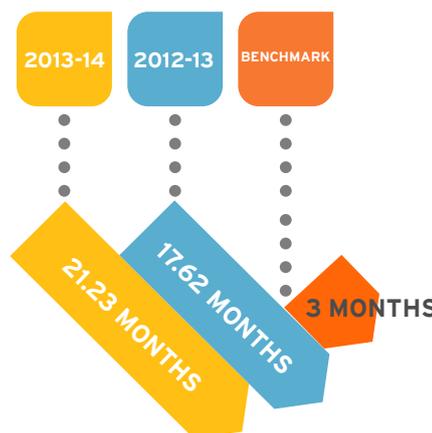
Measures the change in our asset base. Capital Expenditure Ratio is well above benchmark as we are experiencing high rates of urban development.



**WE ARE CAUTIOUS while spending ratepayer's money**

**CASH EXPENSE COVER RATIO**

Indicates the number of months we can continue paying for our immediate expenses without additional cash flow.



*"We live within our means and will continue to be careful with our spending."*

# who we are

## THE SHIRE

Located in Sydney's north, about 30 kilometres from the Sydney CBD, The Hills Shire occupies an area of approximately 380 square kilometres. The Shire's boundaries stretch from Oatlands in the south to Wisemans Ferry in the north.

With direct access to Sydney's motorway system, The Hills Shire enjoys easy access to the CBD and airport. More than 200,000 people will move into the North West over the coming decades. The North West Rail Link, currently under construction will deliver reliable public transport for this growing population.

The Hills Shire is predominantly residential with rural areas in the northern areas of the Shire, agriculture, national parks, as well as semi-rural and rural-residential living. The southern end of the Shire features well-established residential and commercial areas as well as new release areas of residential and employment development.

There are 23,000 businesses in the Shire. The world class Norwest Business Park has grown to accommodate more than 20,000 employees with expansion expected to increase capacity to more than 35,000 employees.

In the last 20 years, significant development has occurred in suburbs such as Beaumont Hills, Glenhaven, Kellyville, and Rouse Hill. Over the next 20 years this growth will be focused in Kellyville and Box Hill as well as the remaining areas of Rouse Hill, in conjunction with new development areas in neighbouring Blacktown City.

## POPULATION

The official population of The Hills Shire as of 30 June 2013, is 183,563.

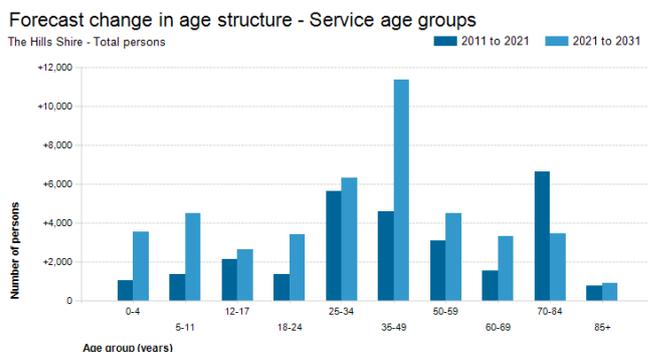
The population is expected to increase to 250,000 by 2031, making up an anticipated 85,769 households.

Between 2011 and 2021, the number of persons aged under 17 is forecast to increase by 4,495 (10.1%), and will comprise 23.9% of The Hills Shire's total population.

The number of persons aged over 60 is expected to increase by 8,937 (28.8%) and comprise 19.5% of the total population.

32.6% of The Hills Shire residents were born overseas, and 29% speak a language other than English. The languages most frequently spoken (after English) are Cantonese, Mandarin, Korean, Arabic, Hindi and Italian. (2001 Census).

[Comprehensive demographic information can be found on our website.](#)



Population and household forecasts, 2011 to 2031, prepared by .id the population experts, August 2012.

.id  
the population experts

*“The small farms along the Hawkesbury River from Cattai to Wisemans Ferry display exceptional evidence of early colonial agriculture on pockets of rich alluvial soil shown in homesteads, outbuildings and drainage. As the Hawkesbury stopped growing wheat 120 years ago there was relatively little building development but traditional farms continued to produce modest crops of vegetables and citrus. As a result the heritage significance of early isolated farms along the river is extremely high.” - THE SHIRE-WIDE HERITAGE STUDY.*



- Our suburbs include:**
- Annangrove
  - Baulkham Hills
  - Beaumont Hills
  - Bella Vista
  - Box Hill
  - Carlingford
  - Castle Hill
  - Cattai
  - Dural
  - Glenhaven
  - Glenorie
  - Kellyville
  - Kenthurst
  - Leets Vale
  - Lower Portland
  - Maraylya
  - Maroota
  - Middle Dural
  - Nelson
  - Northmead
  - North Parramatta
  - North Rocks
  - Oatlands
  - Rouse Hill
  - Sackville North
  - South Maroota
  - West Pennant Hills
  - Winston Hills
  - Wisemans Ferry

## HISTORY

Darug Aborigines inhabited the Shire (also spelt Dharug, Daruk, Dharuk) until the early 1800s.

The first European visitors to the Hills area were members of an expedition led by Governor Phillip from Parramatta in April 1791. The group was in search of a new area for settlement and farming to support what was then a struggling colony in Sydney.

The Castle Hill area had been selected as a Government Farm settlement for convicts. In 1794, William Joyce, a pardoned convict, was granted the first parcel of land in Baulkham Hills.

Others started to follow and the Hills District began to thrive with more settlers moving to the area and establishing viable farms.

The Hills area was proclaimed a Shire on 6 March 1906. A temporary Council was put in place and held their first meeting on 16 June 1906 at Matthew Pearce's property on Windsor Road, Baulkham Hills.

On 8 December 1906 the first elected Council took office and Councillor Bruce Purser was elected as the first President of the Shire of Baulkham Hills.

Over the years, the Council Chamber has moved to cater for increases in population and the need for more services and infrastructure. Council moved to its present location at 3 Columbia Court, Baulkham Hills at the end of 2013. After 31 years at Showground Road the way has been cleared for The North West Rail.

# how we govern

*our Shire*

## THE ROLE OF COUNCIL

The Hills Shire has an elected body of 12 Councillors.

The Hills Shire local government area is divided into four wards with three Councillors representing each ward. Ward boundaries are determined by population, thereby enabling equal representation across the Shire (see map opposite).

The Hills Shire Councillors are elected by the people every four years. The Mayor and Deputy Mayor are elected by the Councillors every year.

The Mayor and Councillors are responsible for setting Council policy by taking into account community needs and aspirations. Being an elected community representative requires many hours of commitment at Council Meetings, task groups, community consultation, civic ceremonies and public meetings.

In addition, the Councillors must abide by a Code of Conduct (published on Council's website) to further ensure that they carry out their duties in the best interests of the Shire and the residents they represent.

The Council, as listed on the previous pages was elected in September 2012. Council elections take place in September 2016.

The General Manager has the responsibility of ensuring all decisions of Council comply with the Local Government Act 1993, as well as other relevant legislation.



# organisational structure

The Hills Shire Council has adopted an organisational structure in May 2014 which is appropriate to its needs and delivers services to the community. The chart details the structure of the Executive Management Team which is divided into four areas. Key activities within each area are:

<p>General Manager DAVE WALKER</p>	<p>Group Manager Strategic Planning MICHAEL EDGAR</p>	<p>Group Manager Customer Services JOHN DEAN</p>	<p>Group Manager Environment &amp; Planning CAMERON MCKENZIE</p>
 <p>Financial Planning &amp; Operations Internal Audit &amp; Risk Management Workforce Strategy &amp; Business Improvement Executive Services Information Technology</p>	 <p>Special Property Projects &amp; Property Development Forward Planning Community Planning &amp; Special Infrastructure Projects Infrastructure &amp; Transport Planning Corporate &amp; Strategic Planning Infrastructure Projects Delivery</p>	 <p>Hills Community Care &amp; Children's Services Place Management Community &amp; Economic Development Marketing &amp; Communications Customer Relations</p>	 <p>Regulatory Services Environmental &amp; Health Services Subdivision &amp; Development Certification Resource Recovery Development Assessment Services</p>

Dave commenced as Director - Corporate Services at The Hills Shire Council in January 1997 and appointed as General Manager in October 2005.

Michael joined The Hills Shire Council in July 2005 as Group Manager Environment & Planning.

John joined The Hills Shire Council in January 2007 as Manager, Economic Development. In April 2014 he was appointed to the position of Group Manager Customer Services.

Cameron was appointed to the position of Town Planning Coordinator at the Hills Shire Council in 1998. In 2001 he was promoted to Manager - Development Control and in July 2009 he was appointed to the position of Group Manager Environment and Planning.

# workforce profile

## MAJOR ACHIEVEMENTS 2013/14

### ENTERPRISE AGREEMENT 3

72% of staff voted in favour of the Enterprise Agreement for the 2014-2017 financial years, due to commence July 2014.

The aims of the agreement are to:

- Improve customer service outcomes;
- Maintain best practice workplace, health and safety;
- Improve the organisational performance standards; and
- Improve productivity

Council will facilitate better performance from its employees by:

- Providing structured performance monitoring and improvement opportunities through Team Meetings;
- Providing links between performance indicators and community outcomes;
- Promoting better understanding of Customer Service expectations; and
- Rewarding improved performance and productivity.

### SKILLS IMPROVEMENT

78 staff are undertaking or about to undertake nationally accredited training, partially funded by Council and grant funding, to address skills improvement and support increasing demand and succession planning. Courses include Cert IV in Frontline Management, Diploma in Management, Diploma in Project Management, Cert IV in Competitive Systems and Practices, Cert III/IV Customer Contact.

### RECRUITMENT

Recruitment software implemented to help make recruitment decisions more quantitative.

The Hills Shire Council is made up of permanent and casual staff and this combination allows Council to provide a flexible workforce to deliver services, facilities and programs to the community. As at June 2014, Council employed 594 individuals making up a workforce of the equivalent of 576.6 full-time positions. The majority of these individuals are permanent employees. Council is also supported by trainees and volunteers who support Hills Community Care, libraries and bushland regeneration.

## OUR STAFF - FTE

	13/14
Average age (years)	45.0
Senior Executives	4.0
Managers	24.0
Staff	548.6
<b>TOTAL</b>	<b>576.6</b>

FIGURE 1

## HUMAN RESOURCES ACTIVITIES S428(2)(M)

The Hills Shire Council recognises that EEO (Equal Employment Opportunity) is a key component of sound management. This organisation is committed to providing a workplace that reinforces its values of honesty, fairness, integrity and the contribution of all employees. As an EEO employer, this will be achieved by ensuring that all sources of direct or by association workplace discrimination, harassment, victimisation and vilification are eliminated. In accordance with relevant legislation, all employees and potential employees are to be treated equally and fairly. Council achieves this by:

- Maintaining an environment that is free of discrimination, harassment and vilification,
- Implementing a recruitment process that appoints potential employees on merit,
- Providing a clear and accountable process for grievance reporting practices,



- Maintaining an operating environment where people respect and tolerate the rights and differences of others,
- Providing EEO training to managers and supervisors
- Promoting equality of opportunity and a harassment-free work environment.

Council has achieved positive results in EEO by implementing flexible work arrangements for staff across the organisation. This includes altering start and finishing times, reducing hours and allowing staff to work from home to meet family commitments and achieving good work/life balance. In addition to this, Council has applied the new National Paid Parental Leave Scheme for employees who are going on maternity leave.

The Hills Shire Council promotes diversity in the workplace and currently has 35% female Managers, 14% of staff under 30 and 26% of staff over 55. Additionally, we offered work experience to 27 students throughout the year and employed 20 trainee staff.

## GENDER - BREAKDOWN OF NUMBER OF ACTIVE EMPLOYEES FTE

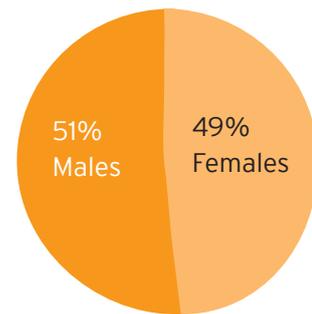


FIGURE 2

## STAFF TRAINING

As at March 2014 there are currently 78 staff undertaking or about to undertake nationally accredited training, partially funded by Council, to address skills improvement to support increasing demand and succession planning. Hours of training per employee has increased by 50% to 21 hours in 2012-13 compared to 14 hours in 2008-09.



*The new Council Chambers and Administration Building was officially opened by Mayor Byrne and the Her Excellency Professor Marie Bashir AC CVO, Governor of New South Wales on Sunday 15 December 2013. Visitors and staff received a commemorative medallion to mark the occasion.*

## Council Officer Earns Prime Minister's Scholarship

A passion and dedication to geography and mapping has earned Council's Senior Spatial Systems officer Chunhua Zhang a scholarship from the Prime Minister to study for a PhD at the University of Queensland.

Chunhua has studied Geographical Information Systems (GIS) at the South China Agricultural University in her hometown of Guangzhou and a Masters of GIS in Canada at the University of Calgary.

Chunhua moved to Queensland with her partner and then to Sydney to take up a job at Council where she produces maps based on geographical data. The maps assist Council staff with town planning, strategic planning, environmental mapping, infrastructure planning and more.

She also applied for the Endeavour Scholarship which is offered to high-achieving students throughout the Asia-Pacific region. It offers students the opportunity to travel abroad and complete their education on a full scholarship while strengthening bonds between Asia-Pacific nations.

Chunhua said she was honoured to be selected for the Endeavour Scholarships Prime Minister's Award and planned to use the education to move a step closer to her dream of becoming a Professor of geographical information systems.



## SAFETY AND WELLBEING OF STAFF

The Hills Shire Council provides a safe operating environment for its staff and visitors. Council is focused on improving our safety record and our safety management system has identified our priority areas. While we are proud of our safety record we all need to continue to work hard to ensure the safety of all our staff and customers at all times.

Safety is promoted in our organisation by:

- Employees being aware of their role and responsibility under our policies and relevant legislation.
- Individual acceptance of accountability and responsibility for safe conditions and behaviour.
- Effective identification of risks.
- Council wide safety targets are being identified and agreed.

Over the past couple of years Council has significantly reduced days lost to unplanned absence from 7.39 days in 2012/13 to 6.73 days in 2013/14. Workers compensation premiums have reduced. We need to maintain this improvement focus in the coming years.

## EMPLOYEE EXCELLENCE AWARDS

A new reward and recognition strategy was created to develop and nurture a high performance culture. Staff can nominate a colleague for an Employee Excellence Award, by completing an online form outlining the employees performance in line with one of the themes in figure 3.



FIGURE 3

## CHALLENGES

- **Aging workforce and succession planning**

Over the next four years Council must develop and implement strategies to manage the aging workforce, attract younger people into the organisation and manage the transfer of knowledge.

- **Changes to legislation**

There may be instances where legislative changes or the implementation of a major new plan or strategy may require increased staff or staff with different skills and capabilities.

- **Staffing gaps**

These include stormwater engineers, arborists, project managers, childcare assistants and cooks, environmental health and environmental services, civil and project engineers, building services, trades and some community service positions. There are also considerable gaps in the labour market for managers and finance professionals.

The challenge is to identify, manage and plan for skill shortages in the marketplace and be able to attract and retain suitable staff.

- **Meeting the needs and expectations of a rapidly growing worker and resident population**

A key challenge for The Hills Shire is to service an increasing resident and worker population without significantly increasing staff numbers and maintaining or decreasing our current staff to population ratio. When compared with other similar councils, The Hills Shire has a very good staff to resident ratio.

The challenge is to maintain this good ratio by finding better and more efficient ways to deliver services for a growing population within the given workforce numbers.

- **Financial constraints**

A major challenge for The Hills Shire, as it is for many councils is the need to manage increasing employment costs, along with other expenses against a backdrop of significant financial restrictions such as rate pegging. The Hills Shire Council will continue to pursue efficiency and productivity improvements as well as looking at ways to improve and strengthen the link between employee development and performance and the opportunity for salary progression.

- **Local Government reform - 'Fit for the Future'**

A significant challenge for Council is to maintain and provide quality customer focused services and facilities in an environment of steady population growth. In September 2014, NSW Premier Mike Baird and Minister for Local Government Paul Toole announced record funding of up to \$1B to ensure NSW has strong, modern councils to deliver the housing, jobs and local infrastructure people need. This generous package of incentives and support assists local councils to remove the obstacles that may have prevented reform and innovation in the past. The package is based on the Independent Local Government Review Panel's recommendations following three years of research and consultation.

Councils will have until 30 June 2015 to submit their proposal on how they plan to be Fit for the Future. It will be assessed by independent experts against independently-established criteria.

This will require looking for new ways of working, changes to traditional roles and acquisition of new skills and knowledge for staff to meet the increasing demands and expectations of our growing area.

*section 2*

# OUTCOMES

*our performance*



# Outcome 1 **proactive leadership**



## Quick Facts

as at 30 June 2014



65,855

RATES NOTICES



40

MILLION IN SALES AT  
GREY GUM ESTATE



3.9

BILLION DOLLARS IN  
TOTAL ASSETS



92.5

LEGAL  
MATTERS  
KEPT IN-HOUSE



2.2

MILLION PAGE VIEWS  
OF COUNCIL'S WEBSITE

# Achievements

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## Corporate Strategy

- Dennis Banicevic Council's external auditor summarised Council's liquidity level as "the highest I've seen in my 30 years in local government" during a presentation on its annual financial statements for 2013/14.
- The Draft Hills Shire Plan 2014 - 2017 containing Hills Future (Community Strategic Plan), Delivery Program, Resourcing Strategy, Operational Plan and Fees and Charges was placed on public exhibition from 1 - 30 May 2014. There were five written public submissions received from the community. Council adopted the Hills Shire Plan 2014/15 on 10 June 2014.

## Communications Strategy

- Four editions of The Hills Focus Magazine were produced and distributed throughout the year to every household in the Hills Shire.
- A number of successful marketing campaigns were carried out to promote Council events and activities, eg. Sydney Hills Summer Sessions marketing campaign (including Shakespeare in the Park) generated record attendance at events and media campaign advising of Pitt Town Road major bridgework and detours have resulted in greater awareness of the works.
- Customer satisfaction with Council's website sits at 83% with just over 2.2M website page views and over 920,000 visitors.

## Social Media

- Council has now reached a total of 28,068 Likes and Followers on Twitter and Facebook - with a total growth of 23,195 across the year. This trend is expected to continue and become a major communication channel for Council.
- The Sydney Country Music Facebook page has reached 10,000 likes.
- Facebook advertising proved to be a significant tool for the promotion of events like The Youth Ambassador's Open Mic and the Volunteer Expo.
- Council's You Tube Channel established with the first three 'Video Bites' highlighting tennis court hire at Bernie Mullane Reserve, knock/down rebuild opportunities, and volunteering. Communication from the Mayor on key issues for the community has also been enhanced through this channel.
- A number of informative videos were produced to assist with explaining newly devised master plans for various parts of the Shire.

## Workforce Strategy & Business Improvement

### Staff Training

- Obtained \$160,000 funding from the State Government for training courses to address organisation skills gaps (see page 28-29).
- Successful booking and implementation of the 2014 influenza vaccination program.
- Recruitment software implemented to help make recruitment decisions more quantitative.
- Development of and staff engagement of Enterprise Agreement 3 (see page 28).
- Reviewed and improved the Work Experience Program.

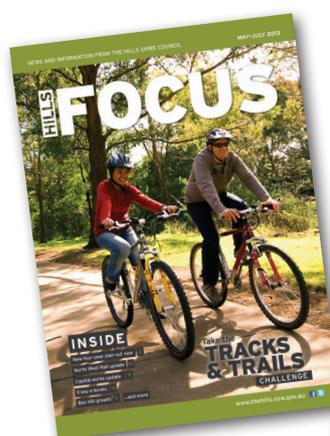
## Property Development & Management

### Withers Road Development

- Estate entry signs installed on site.
- Planting of four bio-retention basins commenced.
- Seven CCTV cameras supplied and erected to deter indiscriminate dumping of rubbish.

## Infrastructure Special Projects

- Satellite depot constructed at 5 Columbia Court and in use by Central and North Ward Place Management teams. Another satellite depot being constructed at Conie Avenue Reserve, Baukham Hills for West Ward.
- Members of the emergency services and emergency support organisations participated in the annual Emergency Services Expo as part of the Australia Day Main Street activities.



## Infrastructure Projects

- Capital Works Program resulted in 267 projects completed.
- Final expenditure was a \$51.1M (increase of 15% over original budget).
- Completed projects include:
  - Columbia Court Depot parking,
  - all footpath projects,
  - all road projects,
  - all waterways projects,
  - all original parks and traffic facility projects
  - Balmoral Road, Arnold Avenue and Kellyville Park Masterplans,
  - two bridges on Pitt Town Road,
  - emergency bank stabilisation on River Road.

## Customer Services

- The Customer Services Team is improving their focus on quality customer outcomes. The team will be focused on capturing customer contact details to ensure follow-up is provided when requests and issues are lodged with Council. Reports are being created that will clearly show outstanding requests which will allow the Customer Service Team to keep customers in the loop regarding their requests. As an organisation, we want to know what is important to our customers and that our services are aligned with community expectations.
- As part of the Council commitment to supporting the overnight visitor economy the date for the next Sydney Country Music Festival has been announced as 8 November 2014 at Bella Vista Farm Park. Around 4,000 attendees are expected. Heritage Council approval has been received for the new performing arts stage at the Farm.
- Council supported major events including Hills Relay for Life and also the Castle Hill RSL Dawn Service and flag raising at Centenary of ANZAC Reserve attended by 15,000. It was a good rehearsal for the major event in 2015 where 30,000 are expected.

## Challenges

- Continuing to lobby State and Federal Governments around infrastructure and transport needs to manage projected growth eg;
  - Bus flyover Excelsior Creek through to Crane Road.
  - Traffic lights at the Norwest Blvd/Solent Circuit roundabout at Norwest.
  - Carlingford to Epping railway line.
  - Legislation changes in compulsory acquisitions re Baulkham Hills Town Centre.
- Seek approval from RMS to build traffic lights at Glenhaven Road/Old Northern Road - funded from Section 94A funds.
- Implementing the NSW Government's 'Fit For the Future' reform package that was announced in September 2014 (see page 31).

## Looking Ahead

- With our expected population and housing growth, we will need to respond to the demands to buy land zoned open space, while maintaining services and facilities for our current residents.
- Strategic land assets are being converted into liquidity to help fund projects and facilities in a financially sustainable way.
- Council is a responsible employer and has implemented a range of initiatives with our staff to ensure we remain efficient, effective and committed to our Shire. We operate effectively in accordance with sound governance principles and have set new goals for customer service.



# How we performed against our actions

To achieve our strategy of a professional and proactive Council delivering sustainable services and facilities for The Hills Shire Council now and into the future we focused on the following actions:

ACTION	PROGRESS	COMPLETED	PERFORMANCE
Prepare and continue communication strategy around managing growth.	Messages about the growth of The Hills Shire have been communicated through a number of mediums including stories in The Hills Focus magazine, GWP business magazine, media releases and social media.		
Continue to lobby for legislation changes in compulsory acquisitions re Baulkham Hills Town Centre.	Baulkham Hills Library is located on a Crown Reserve contained within the proposed development site. Acquisition of privately owned retail sites could be required. The Land Acquisition (Just Terms Compensation) Act prevents Council from resuming these sites. Although wider powers are held by State Government Authorities, to date, the Department of Planning & Transport for NSW have been reluctant to exercise these. Any development project is intended to contain a bus transit station and extensive commuter car parking spaces. Concept plans were commissioned by Council and envisaged a mix of business, retail and residential facilities. This project is subject to ongoing consultations with relevant stakeholders.		
Initiate developer forums to canvas ways in which Council can encourage knockdown rebuild in existing urban residential areas.	Developer forum held and media strategy implemented via local print media and Council's website to encourage knock down rebuild in the existing urban residential areas of the Shire. The media strategy seeks to highlight the services Council's Development Assessment Team can provide in the provision of advice to residents seeking to undertake knock down rebuild or substantial alterations and additions to existing dwellings. The strategy also promotes early discussions with Council staff to assist with the regulatory processes associated with redevelopment.		
Continue to lobby State and Federal Governments re Carlingford to Epping railway line.	Further letter sent to Minister for Transport regarding Carlingford spur and associated light rail options in June. Meeting planned with Minister and Mayor of The Hills and Parramatta Councils.		
Continue to plan and lobby for bus flyover Excelsior Creek through to Crane Road via bridge back.	Further submissions sent to Transport for NSW. Project is now used as a model for Council initiated bus priority measures by TfNSW.		
Continue to lobby State and Federal Government for traffic lights at the Norwest Boulevard/ Solent Circuit Roundabout.	RMS are continuing with detailed survey, design and estimation works. Submissions have been forwarded through the local MP for Baulkham Hills, and to the RMS direct. Submission to the Minister for Roads during 2013 is still current.		

COMPLETE  ON TRACK  NOT STARTED  DEFERRED 



Knock down rebuild is being encouraged in existing urban areas

ACTION	PROGRESS	COMPLETED	PERFORMANCE
Make representation to NSW Government in relation to Torrs Street Baulkham Hills, Perry Street North Rocks, and creation of new car parking facilities at Round Corner.	Approval for funding and lease at Torrs St car park site now finalised. Construction to begin this year. Perry St site has been deferred because Transurban need to retain the existing compound for further widening works along the M2 Motorway associated with the Northconnex Project. Negotiations continuing with options at the Oakes Rd interchange and at possible Round Corner sites.		
Lobby for Old Northern Road overtaking lane.	RMS have advised that the project is listed for 2015/16 financial year.		
Fully implement the Strategic Asset Management module across all asset classes and use to predict future asset renewals and replacements and implement 10 year construction program.	Data collection continuing. Modelling on road pavements to commence from September.		
Pursue Plan of management by Transurban and RMS for their land and ensure regular maintenance is undertaken.	Responsibility for M2 maintenance has recently been taken over by Transfield Services. Transfield have confirmed that additional resources have been allocated to ensure that maintenance standards along the corridor are undertaken in accordance with their contractual obligation with Transurban and/or RMS. Council and local residents should see an improvement in maintenance standards along the M2 corridor.		
Continue to lobby Government to consider for dual use of Richmond airport for a limited range of commercial and domestic flights in the interim period while Sydney's future needs about a second airport are being considered.	Council has at every opportunity advocated its position in relation to the interim use of Richmond Airport to support Sydney's aviation needs. The Hon Warren Truss MP, Deputy Prime Minister and Minister for Infrastructure and Regional Development, has acknowledged The Hills Shire Council's submission and views. Media articles have also appeared reporting Council's position.		

# Measuring our quality of life performance

Results below are as per community survey conducted in December 2012. A new survey will be conducted in November 2014.

ON TRACK  ACTION REQUIRED  COMPLETE  CANCELLED  NOT STARTED 

RESULT	INDICATOR	OUTCOME	STRATEGY
87.6 	• Community satisfaction - people who agree there are opportunities to have a 'real say' on issues	1. Value our customers, engage with and inform our community and advocate on their behalf.	1.1 Facilitate strong two way relationships and partnerships with the community, involve them in local planning and decision making and actively advocate community issues to other levels of government.
87.4 	• Community satisfaction - level of communication & access to information		
92.0 	• Community satisfaction with Council's overall performance		
99.25 	• % customer requests actioned within agreed service standards		
			1.2 Provide prompt, complete, friendly and helpful advice and information to the community and respond in a timely manner meeting service standards for all service requests.

# Measuring our operational performance

KPI	METHOD	TARGET	ACTUAL	PERFORMANCE STATUS
<b>EXECUTIVE SERVICES</b>				
Average time (hours) to distribute minutes to group	< is better	48.00	24.00	
<b>COMMUNICATIONS &amp; MARKETING</b>				
External customer satisfied with accessing website information	> is better	75	82.50	
<b>CUSTOMER SERVICE</b>				
Abandoned calls to received calls (Customer Services)	< is better	5	3.86	
Average waiting time (minutes) at counter (Customer Services)	< is better	5	2.69	
Average waiting time (seconds) on switchboard (Customer Services)	< is better	63	27.78	
Enquiries resolved at first point of contact	> is better	80	92.30	
Mystery shopper score	> is better	72	85.60	
Satisfied visitors with service at counter (Customer Services)	> is better	65	98.52	
<b>INFORMATION MANAGEMENT</b>				
Documents registered within 24 hours of being scanned	> is better	80	85.25	
Overdue correspondence across organisation	< is better	5	1.21	
Projects completed within agreed time-frames	> is better	80	82.50	
<b>INFORMATION TECHNOLOGY</b>				
Completed IT incidents within two days	> is better	60	87.96	
Customer satisfaction - corporate systems support (results based on survey to random user sample)	> is better	75	82.93	
Customer satisfaction - technical support (results based on survey to random user sample)	> is better	90	87.40	



## CUSTOMER SATISFACTION - TECHNICAL SUPPORT (RESULTS BASED ON SURVEY TO RANDOM USER SAMPLE)

The move to Columbia Court and the implementation of the new technologies in the building has placed a significant workload on our technical support team and has caused delays in resolving technical teething issues. This has resulted in the lower than target satisfaction from our internal customers with our technical support team.

Results below are as per community survey conducted in December 2012. A new survey will be conducted in November 2014.

RESULT	INDICATOR	OUTCOME	STRATEGY
91.18%  93.28  90.4  <input type="checkbox"/>	<ul style="list-style-type: none"> <li>• % Actions completed in Hills Delivery Program</li> <li>• % Standards achieved in Operations Plan</li> <li>• Community satisfaction with long term planning for The Hills Shire</li> <li>• % staff with professional or trade qualifications</li> </ul>	2. Prudent management of financial resources, assets and people to deliver the community outcomes.	2.1 Council has a clear strategic direction that guides its decision making and creates a safe and a skilled workforce that delivers high quality services and products.
<div style="border: 1px solid black; padding: 5px; background-color: #f9f9f9;"> <p><input type="checkbox"/> <b>% STAFF WITH PROFESSIONAL OR TRADE QUALIFICATIONS</b></p> <p>A new HR system will be implemented in the next few months which will collect this information.</p> </div>			
12.56  0 	<ul style="list-style-type: none"> <li>• Unrestricted Current Ratio</li> <li>• Debt Service Ratio</li> </ul>		2.2 Maintain a strong financial position that supports the delivery of services and strategies and ensures long term financial sustainability.
<div style="border: 1px solid black; padding: 5px; background-color: #f9f9f9;"> <p> <b>DEBTORS COLLECTED WITHIN 30 DAYS</b></p> <p>The reason debtors collected within 30 days has fallen under 90% for the June quarter is mainly due to a high number of invoices being raised in June for End of Financial Year and unexpected delays in invoicing of customers hiring Council owned fields and facilities during the year.</p> </div>			

KPI	METHOD	TARGET	ACTUAL	PERFORMANCE STATUS
<b>WORKFORCE STRATEGY &amp; BUSINESS IMPROVEMENT</b>				
Average number of days lost to absences	< is better	7.00	6.73	
Days lost due to workplace injuries	< is better	300.00	78.00	
Lost time injury frequency rate	< is better	14.00	9.45	
Percentage of staff retained	> is better	85.00	92.02	
Staff satisfaction	> is better	75.00	75.00	
<b>FINANCE</b>				
Integrated planning and reporting requirements fulfilled as per DLG Guidelines	> is better	100.00	100.00	
Level of debt (millions)	< is better	0.00	0.00	
Unrestricted current ratio	> is better	1.00	1.00	
Variation to original budget (recurrent expenditure)	< is better	5.00	1.18	
Variation to original budget (recurrent income)	< is better	5.00	1.00	
Payments paid electronically	> is better	70.00	90.58	
Debtors collected within 30 days	> is better	90.00	84.75	
Return on investment (ROI) margin >0.2% above	> is better	95.00	100.00	
<b>RATES</b>				
Section 603 certificates issued within 3 days	> is better	95.00	100.00	
Rates outstanding	< is better	3.50	3.06	
Supplementary levies processed in a month	> is better	90.00	95.00	
<b>PROPERTY DEVELOPMENT &amp; MANAGEMENT</b>				
Implement adopted actions/ milestones for operational land as resolution of Council (Property Development)	> is better	85.00	92.40	
Customer requests responded to in 10 days (Property Management)	> is better	80.00	90.00	
Implement adopted actions / milestones for operational land as resolution of Council (Property Management)	> is better	85.00	94.50	
Number of accurate lease documents reviewed/renewed prior to expiry of lease	> is better	80.00	82.00	
Occupancy of rented property	> is better	90.00	95.30	

Results below are as per community survey conducted in December 2012. A new survey will be conducted in November 2014.

RESULT	INDICATOR	OUTCOME	STRATEGY
1.94 	<ul style="list-style-type: none"> <li>• Building and infrastructure renewal ratio</li> </ul>		2.3 Provide and maintain sustainable infrastructure and assets that enhance the public domain, improve the amenity and achieve better outcomes for the community.
88.0  84.4  78.0  100%  93.5 	<ul style="list-style-type: none"> <li>• Community satisfaction with Council's professional conduct</li> <li>• Community satisfaction with Council's decision making</li> <li>• Days lost due to workplace injuries</li> <li>• Risk management plans in place for all key and high priority risks</li> <li>• Council's rating on the Governance Health Check</li> </ul>	3. Sound governance based on transparency and accountability.	3.1 Ensure Council is accountable to the community and meets legislative requirements and support Council's elected representatives for their role in the community.

KPI	METHOD	TARGET	ACTUAL	PERFORMANCE STATUS
<b>FLEET MANAGEMENT</b>				
Hours of major plant utilised	> is better	38,100	42,406.25	
Major plant hours recovered	> is better	95	99.60	
Work orders completed on time (plant maintenance)	> is better	90	91.75	
Stock turnover	> is better	100	191.31	
Stocktake variance	< is better	2	0.27	
<b>LAND &amp; SPATIAL INFORMATION</b>				
Subdivision updates completed in 1.5 days	> is better	75.00	88.36	
<b>SUPPLY MANAGEMENT</b>				
Contract renewals on time	> is better	100.00	98.20	
<div style="border: 1px solid #ccc; padding: 10px; background-color: #f9f9f9;"> <p><b>CONTRACT RENEWALS ON TIME</b></p> <p>Two contracts relating to leases were outstanding at year end. In both cases the lease documentation required clarification before completion. The lease documents should be signed within the next month.</p> </div>				
<b>INFRASTRUCTURE PROJECTS</b>				
Capital works completed on time (number of jobs)	> is better	90.00	96.96	
Capital works program projects completed (dollar terms)	> is better	90.00	96.39	
Design completed on time	> is better	80.00	100.00	
<b>INTERNAL AUDIT &amp; RISK MANAGEMENT</b>				
Audits completed in annual audit program	> is better	90.00	96.00	
Implemented annual risk management plan	> is better	90.00	93.00	
<b>LEGAL SERVICES</b>				
Land & Environment litigation matters in-house	> is better	60.00	60.00	
Legal advice provided within 14 days of instructions	> is better	90.00	95.00	
Legal matters/ advice kept in-house	> is better	50.00	92.50	



Outcome 2

# vibrant communities



## Quick Facts

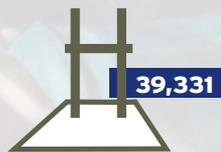
as at 30 June 2014



VENUE BOOKINGS



TENNIS COURT BOOKINGS



SPORTS FIELD BOOKINGS



COMMUNITY TRANSPORT TRIPS



HOURS OF DOMESTIC HELP



MEALS SERVED

# Achievements

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## Asset Management

- All footpath projects identified in the Capital Works program are complete, including Ridgescrop Drive, Amphitheatre Cct, and Bettington Road;
- Road projects identified in the Capital Works program are complete, including Acres Road, Candlebush Crescent, Darcey Road and Davidson Avenue.

## Children's Services

- Achieved 90% occupancy for year end June 2014. This a 2% improvement over the previous year.
- The program achieved a net financial surplus of \$254,312.

## Hills Community Care

- The restructure of Hills Community Care was completed and quality standards improved as an outcome of assessment with the funding authorities.

## Parks & Gardens

- Storage solutions at various sportsgrounds have been completed.
- The Parks & Recreation Facilities Team were involved in the utilisation of 7,400 tonnes of road waste material being used in the construction of a new playing field, Kellyville Park providing significant cost savings to Council.
- Tree inspections undertaken at leased child care facilities.
- Gooden Drive Reserve drainage project and the re-turfing of the athletics field.

## Community Buildings

- Five of an original 49 building projects identified in Capital Works are complete, including Annangrove Park Meeting Hall, Balcombe Heights Child Care Centre, Castle Glen Community Centre, Greenup Park amenities and Wisemans Ferry park amenities.

## Development Monitoring

### Fire Safety

- 884 Fire safety inspection carried out in an effort to ensure public safety, including an audit of all Council Licensed (pubs and clubs) facilities.
- All entertainment venues were inspected and an audit undertaken to ensure fire safety measures are being maintained and maximum capacity signage/evacuation plans are in place.

- All major shopping centres were inspected and an audit to ensure fire safety measures are being maintained.

## Swimming Pools

- A total of 1,674 swimming pool inspections were carried out.

## Library Services

Customer feedback prompted the following initiatives:

- Replacement of the autosorter at Castle Hill Library.
- New self service kiosks across all five branches.
- The expansion of the ebook and emagazine service.
- A new technology access hub and interactive space has been created at Castle Hill library, adding additional power points to create technology-friendly booths, as well as providing additional chairs, tables and desks allowing customers to sit, read, study and interact with library resources.
- More than 4,000 people of all ages attended the various events that make up the Library's outreach program. The Library partnered with the Sydney Writers Festival to host international bestselling author Camilla Lackberg.

## Community Services

- Agreements reached with Crestwood High School and William Clarke College for use of school sporting fields by community groups
- National Volunteer Week held from 12 - 18 May. Council held two Volunteer Thank You events during this week to provide the Mayor, Councillors and Council staff the opportunity to formally acknowledge and thank Council volunteers.
- During National Volunteer Week Council developed an online campaign to promote Council's different volunteer programs to the community. Council has received a number of enquiries about volunteering in response to this campaign
- The Hills Volunteer Expo was held on 22 May at Castle Grand Community Centre. A range of local, state and national organisations held stalls to promote their volunteer opportunities to the local community. The event attracted a range of local community groups, school groups, Council volunteers, and volunteer organisations.



Gateway to the new technology lounge at Castle Hill Library

- Final heats of the Open Mic competition an initiative of the Hills Shire Youth Ambassadors, were held in June. The competition gave young Hills residents the opportunity to showcase their performing abilities including singers, poets, comedians, magicians etc.

### Civic Events

#### Annual Orange Blossom Festival (OBF)

- The second Sydney Hills Country Music Festival at Bella Vista Farm Park saw over 2,000 people attend. Australian country music legend Troy Cassar-Daley, rocking country duo McAlister Kemp, and an array of talented country artists performed at Bella Vista Farm Park on Saturday 7 September as part of the OBF program of events.
- Staging of the first Pop Up Markets in Main Street, Castle Hill CBD attracted 9,000 people over two days - despite coinciding with the Federal election.
- OBF celebrations continued throughout September with community fairs, art and music shows and favourite events.

### Sponsorship

- Locked in all news local sponsorships for each event this year - Hills Building & Design Awards (HB&DA) Orange Blossom Festival, Sydney Country Music Festival, Paws in the Park, Summer Sessions.
- Received all signed Sponsorship Agreements for HB&DA - Sitting at \$51,000 sponsorship.

### Community Facilities Hire

- Sports forum and summer 2014 - 2016 allocation scheduled for July or August 2014.
- Heritage park upgrade and interpretation event Kellyville park community engagement facilitation and master plan.
- Ongoing roll-out of keyless venues project.
- Ongoing roll-out of SMS activated lighting to sporting facilities.
- Cashless initiative for tennis facilities from 1 July 2014. Paperless confirmation for venues, parks and tennis to reduce cost and processing.

## Challenges

- Planning for an aging population.
- Implementing changes in Work Health and Safety legislation for volunteers.
- Managing the impact of the North West Rail Link.
- Advances in technology.

## Looking Ahead

- Develop Recreation Strategy.
- Continue to undertake business gap analysis and scoping of leisure precinct around Castle Hill Showground.
- Commencement of community engagement program, stakeholder consultation re Showground Station Sporting Precinct with Government, potential partners, 355 Committee, Agricultural Society and sporting groups.



*The Recreation Strategy is a priority for Council. Cycling in Crestwood Reserve, Baulkham Hills.*

# How we performed against our actions

To achieve our strategy of active, safe and culturally rich people enjoying community life together, we focused on the following actions:

ACTION	PROGRESS	STATUS	PERFORMANCE
Prepare a report on recreational infrastructure needs.	Draft report nearing completion and to be referred for discussion with Councillors at November Strategic Planning Workshop. Recommendations to be incorporated into Hills Shire Plan for 2015.		
Call for expression of interest from commercial hospitality operators for use of Bella Vista Farm Park Homestead, buildings adjacent to the Homestead and surrounds.	Not started due to physical limitations of the homestead and outbuildings to accommodate commercial hospitality activities. Project on hold pending review of the buildings structural and capacity conditions being undertaken.		
Identify suitable locations for onsite parking to service future commercial adaptive reuse and determine criteria for acceptable level of use for Bella Vista Farm Park Homestead.	Parking in line with Conservation Management Plan for events and parking in the main area now limited to two hour time frame to alleviate Woolworths staff using facility for commuter parking.		
Undertake business gap analysis and scoping of leisure precinct around Castle Hill Showground	The North West Rail Link project has brought about changes to Castle Hill Showground. Former NSW Premier, Barry O'Farrell, secured the future of the Showground by announcing the realignment of Showground Station away from the main arena, the full impact of this change is still to be determined. Council is undertaking a master plan project for the precinct for uses that will meet the community's needs well into the future. As well, the Department of Planning, through the proposed Urban Activation program is also likely to be engaged in fully determining the long-term requirements of the station precinct including the Showground. This process will be ongoing over the next 12 months.		
Develop a Cultural Strategy to include performance, art and exhibition space.	Report from external research company into the usage of performing arts facilities in The Hills Shire has been received. Council's draft action plan for cultural activity is being drafted and the recommendations will be reported to Council when complete.		

COMPLETE 

ON TRACK 

NOT STARTED 

DEFERRED 

# Measuring our quality of life performance

Results below are as per community survey conducted in December 2012. A new survey will be conducted in November 2014.

ON TRACK  ACTION REQUIRED  COMPLETE  CANCELLED 

RESULT	INDICATOR	OUTCOME	STRATEGY
77.8  84.0  75.4  81.4  58.0  70.0  not asked in survey 97.0  85.6  72.0  519.2 	<ul style="list-style-type: none"> <li>Community satisfaction with public toilets</li> <li>Community satisfaction with quality of parks and gardens</li> <li>Community satisfaction with playgrounds and play equipment</li> <li>Community satisfaction with ovals and sporting facilities</li> <li>Community satisfaction with community centres and halls</li> <li>% of people who agree or strongly agree they have easy access to sporting facilities</li> <li>% population aged over 18 who participate in physical activity</li> <li>% people who feel safe in public places during the day</li> <li>Community satisfaction - lighting of public areas</li> <li>Buildings rated in satisfactory condition</li> <li>Number of crimes reported per 100,000 people - malicious damage to property</li> </ul>	4. Public spaces are attractive, safe and well maintained providing a variety of recreational and leisure activities that support an active lifestyle.	4.1 Manage and maintain a diverse range of safe, accessible and sustainable open spaces and provide recreation, sporting and leisure activities and facilities.
84.3  2/102  28,794 	<ul style="list-style-type: none"> <li>Customer satisfaction with library collections</li> <li>Turnover rate for library collections is in top 20% of NSW Public Libraries</li> <li>Number of participants in library events and programs</li> </ul>		4.2 Provide quality Library resources, programs and facilities for leisure, cultural and education opportunities.



### CUSTOMER SATISFACTION - COLLECTION SERVICES (LIBRARY SERVICES)

While the target has not been met the result represents an increasing satisfaction rating on the previous year. Strategies are in place to maintain the upward trend.



### NUMBER OF INTERNET USE % > THAN NSW AVERAGE (LIBRARY SERVICES)

Measure does not include hours of WiFi usage which is increasing across the service.



### STOCK PER CAPITA % < COMPARED TO NSW AVERAGE (LIBRARY SERVICES)

Reflects library collections per capita are smaller than the NSW average. Collections are carefully targeted to meet customer needs.

# Measuring our operational performance

ON TRACK  ACTION REQUIRED  COMPLETE  CANCELLED 

KPI	METHOD	TARGET	ACTUAL	PERFORMANCE STATUS
<b>ASSET PLANNING</b>				
Park assets rated in a satisfactory condition	> is better	75	88	
Buildings rated in a satisfactory condition	> is better	60	72	
<b>COMMUNITY FACILITIES HIRE</b>				
Customer satisfaction with facility/ venue hire	> is better	85	92.13	
Utilisation of Council managed facilities	> is better	75	164.33	
Number of cemetery plots sold per year	> is better	77	190	
<b>PARKS &amp; GARDENS</b>				
Gardens rated in a satisfactory condition	> is better	80	93.15	
Playgrounds rated in a satisfactory condition	> is better	80	84.80	
Playing fields rated in a satisfactory condition	> is better	80	86	
Volunteer satisfaction level (Bushland)	> is better	75	90.91	
Works orders completed on time (Recreational Infrastructure Maintenance)	> is better	90	90.55	
<b>LIBRARY SERVICES</b>				
Customer satisfaction - collection services (Library Services)	> is better	90	84.30	
Customer satisfaction - Library Facilities	> is better	78	82.50	
Customer satisfaction - Marketing & Outreach (Library Services)	> is better	70	87.65	
Library visits	> is better	900000	992788	
Loans per capita % > than NSW average (Library Services)	> is better	10	24.16	
Number of hours of Internet use % > than NSW average (Library Services)	> is better	30	-0.90	
Number of loans processed per staff member (Library Services)	> is better	50	87.32	
Stock per capita % < compared to NSW average (Library Services)	< is better	30	53.94	

Results below are as per community survey conducted in December 2012. A new survey will be conducted in November 2014.

RESULT	INDICATOR	OUTCOME	STRATEGY
14	<ul style="list-style-type: none"> <li>• Number of identified neighbourhood safer places</li> <li>• Community satisfaction with emergency services</li> </ul>		4.3 Through strong partnerships provide and support safety activities in relation to bush fire management and other emergency services to foster a safe community.
88.6			
<div style="border: 1px solid black; padding: 10px; background-color: #f9f9f9;"> <b>HIGH PRIORITY HAZARDS AGAINST RED PLANS</b>                      Weather conditions continue to be the major factor regarding our ability to see any worthwhile fuel management burning on a broad scale across the Shire, in fact across the Sydney area and surrounds. Small areas around Middle Dural and Kenthurst were treated however these were open areas within adequate sunlight penetration and only lasted approximately 1 week of opportunity. Extensive planning and preparation for burning continues and considerable time is put to encouraging and assisting residents with pile burns and other activities which will assist in protecting their properties.                 </div>			
50.6	<ul style="list-style-type: none"> <li>• Community satisfaction with children and youth services and facilities</li> <li>• Community satisfaction with services and facilities for older people</li> <li>• Community satisfaction support for volunteer organisations</li> <li>• Community satisfaction for provision of community events</li> <li>• Per capita voluntary participation</li> </ul>	5. A connected and supported community with access to a range of services and facilities that contribute to health and wellbeing	5.1 Facilitate the provision of services across the community.
64.6			
77.4			
71.0			
19.6			
45.0	<ul style="list-style-type: none"> <li>• % people who agree or strongly agree that they have easy access to entertainment/ cultural facilities</li> <li>• Community satisfaction - heritage buildings - protection of heritage values and buildings</li> </ul>		5.2 Recognise and value our community's local heritage and culture
80.4			

ON TRACK ACTION REQUIRED COMPLETE CANCELLED

KPI	METHOD	TARGET	ACTUAL	PERFORMANCE STATUS
<b>FIRE CONTROL</b>				
High priority hazards against red plans	> is better	75	22	
Level of stakeholder participation in LEMC	> is better	80	86.40	
Level of stakeholder satisfaction with LEMC	> is better	80	93.33	
Satisfaction level of volunteers (RFS)	> is better	85	95.25	
Satisfaction rating of all training courses (RFS)	> is better	90	95	
<b>CHILDREN'S SERVICES</b>				
Costs recovered childcare services	> is better	100	107	
Customer satisfaction childcare services	> is better	90	91.55	
<b>HCC ADMINISTRATION</b>				
Level of customer satisfaction with Home & Community Care	> is better	80	90.51	
<b>CIVIC EVENTS</b>				
Customer satisfaction - citizenship (six citizenships/ surveys undertaken per year)	> is better	85	90.20	
Customer satisfaction - community events	> is better	42.50	75.30	
Customer satisfaction - signature events	> is better	85	89.80	
Increase economic impact from signature events	> is better	5	8	
Retention of existing sponsors	> is better	50	85	
<b>COMMUNITY SERVICES</b>				
Customer satisfaction with community engagement	> is better	85	90	
% Council volunteer satisfaction in interaction with Council	> is better	85	85	
% Retention of Council volunteers and number of hours worked	> is better	85	100	
Customer service requests completed within service standards	> is better	85	99.25	
<b>COMMUNITY BUILDINGS</b>				
Customer requests completed on time (Buildings Infrastructure Maintenance)	> is better	90	95.89	
Works orders completed on time (Buildings Infrastructure Maintenance)	> is better	90	93.23	

Results below are as per community survey conducted in December 2012. A new survey will be conducted in November 2014.

RESULT	INDICATOR	OUTCOME	STRATEGY
225 ✓	• Number of health standard violations in food outlets		5.3 Effective regulatory strategies, local laws, and compliance programs, manage public health and the impact of new and existing development on the community
100% ✓	• Proportion of registered premises (hairdressers, food shops etc) inspected annually		
95.8 ✓	• Customer requests for animal control and parking responded to within service standards		



*Trevi Lakeside Italian restaurant is located in Norwest*

KPI	METHOD	TARGET	ACTUAL	PERFORMANCE STATUS
<b>DEVELOPMENT MONITORING</b>				
Building certificates issued within 40 working days (excluding those involving unauthorised work)	> is better	50	86.67	YES ✓
Customer requests - development control compliance in 7 days	> is better	80	95.98	YES ✓
Registered properties inspected in 12 months (Development Monitoring)	> is better	100	100	YES ✓
<b>ENVIRONMENTAL HEALTH SERVICES</b>				
Complaints/incidents responded in 48 hours (Env Health Services)	> is better	80	87.79	YES ✓
Complaints/incidents responded to in 7 Days (Env Health Services)	> is better	80	88.02	YES ✓
Registered food premises inspected in 12 months (Env Health Services)	> is better	100	100	YES ✓
<b>COMPLIANCE</b>				
Customer Requests - Investigation of Animal nuisances within 5 days	> is better	80	95.77	YES ✓
Customer Requests - Investigation of abandoned vehicles within 3 days	> is better	80	85.38	YES ✓





*Aerial view of Connie Lowe Reserve at Rouse Hill*

# Outcome 3 **balanced urban growth**



## Quick Facts

as at 30 June 2014



1,492

DEVELOPMENT  
APPLICATIONS  
DECIDED



14.5

KILOMETRES  
OF NEW ROADS  
CONSTRUCTED



35.5

KILOMETRES OF  
NEW FOOTPATHS  
& CYCLEWAYS



4,336

HOURS REPAIRING  
POTHOLES



865

NEW RESIDENTIAL  
LOTS CREATED

# Achievements

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## River Road Restored

A section of historic River Road that collapsed into the Hawkesbury River has been fully restored following extensive geotechnical studies and delicate construction work. Council's Waterways team have had to work with a variety of Government bodies and stakeholders including Roads and Maritime Services, NSW Department of Primary Industries, Endeavour Energy and Telstra on this massive project.

A retaining wall structure which is made up of baskets filled with rocks has been put in place along with new road pavement and a safety barrier.

## Forward Planning

- Implemented six amendments to The Hills Local Environmental Plan 2012.

## Civil Maintenance

- Timed parking signage installed at Bella Vista Farm Park to improve congestion during the work day.
- Staff trained in the operation of the new loader.

## Development Assessment Services

- A total of 1,492 Development Applications and modifications were determined in the 2013/2014 financial year with a total cost of works estimated at approximately \$1,057,669,341.
- 10 Development Applications and 2 Section 96(2) modifications each with a Capital Investment Value in excess of \$20M assessed by Council staff and determined by the NSW Government's Joint Regional Planning Panel.
- A system of electronic Development Application assessment and determination implemented to reduce the reliance on hard copy documents and to assist with reducing the lodgment costs associated with requiring multiple sets of hard copy documents from customers.

## Subdivision & Development Certification

- DA approved 786 new residential lots (not including strata title lots from medium density development).
- 312 of the residential lots (40%) were in the Balmoral Road Release Area, 292 (37%) were in the North Kellyville Release Area and 71 (9%) were for rural and rural cluster subdivision utilising the new provisions of LEP 2012 allowing subdivision of rural land.
- 1,212 new residential lots were registered with 428 (35%) in the North Kellyville Release Area and 338 (28%) in the Balmoral Road Release Area. A further 410 lots are currently under construction.
- First rural-residential subdivisions creating 71 lots were approved under the new provisions introduced with LEP 2012.
- Subdivision construction work increased sharply with \$15.6M of public infrastructure including 14.5km of new road and drainage resulting from private subdivision work being dedicated as public assets, almost triple that from last year.
- Conducted 2,483 critical stage building inspections, 879 critical stage subdivision inspections and 588 driveway inspections.
- Successfully implemented use of mobile technology for driveway crossing inspections. This transmits inspection results direct to customers from the field via email while remotely entering results into Council's corporate system. This project provides faster and improved service to customers, has reduced duplication of processes and our reliance on paper. This process will be applied to other types of inspections in the near future.

## Challenges

- Improving transport links in the Shire.
- Responding to ongoing reform of the NSW planning systems.
- Providing for sustainable dwelling and employment growth that balances the needs of the economy, community and environment.



## Looking Ahead

- Continue to update Roads Hierarchy.
- Continue to update Road Strategy.
- Update Transport Direction.
- Develop car parking policy for Council centres (Castle Hill, Rouse Hill, Baulkham Hills).
- Continue to Investigate commuter car parking incentives for development sites for M2 bus route.
- Continue feasibility study for traffic modelling on Baulkham Hills Town Centre grade separation between Windsor Road and Old Northern Road/Seven Hills Road to submit to RMS.
- Develop strategy to change former HCC site into development site re Baulkham Hills Town Centre.

*Construction of Torrs Street car park near the M2 at Baulkham Hills will help ease commuter car parking issues.*

# How we performed against our actions

To achieve our strategy of an attractive built environment that reflects our garden image, we focused on the following actions:

ACTION	PROGRESS	COMPLETED	PERFORMANCE
Conduct feasibility study for traffic modelling on Baulkham Hills Town Centre grade separation between Windsor Road and Old Northern Road/ Seven Hills Road to submit to RMS.	Traffic analysis completed. Councillors briefed at July Workshop. Results, incorporating possible grade separation design options for Windsor Road at Old Northern Road, together with cost/benefit analysis to be incorporated into the Town Centre.		
Finalise the strategy for Norwest Boulevard roundabouts and traffic lights.	Route Development Strategy for Norwest Boulevard revised and completed. All documentation handed to RMS as the route is now a State Road. Funding contributions from relevant Contribution Plans have been incorporated into the forward plan for intersections upgrades at Lexington Avenue, Solent Circuit West, and Solent Circuit East. Brookhollow Avenue intersection upgrade is planned as part of the Northwest Rail works for Norwest Station.		
Initiate discussions with land owners of former Bus Depot in North Rocks regarding potential option to lease/ use for commuter car parking.	Valuations completed and owners (Liverpool Bus Company) advised in writing of Council's interest in the site during May 2014, and were requested to obtain a valuation to allow further negotiation. No reply to date, but owners have verbally advised that they are interested in an offer.		
Conduct feasibility study re Russell Street Precinct intersection with Windsor Road, connection through to Windermere for lights. Road link to Rifle Range through to Roland Avenue.	Matter was previously investigated in 2008 as part of the approved re-development of the former Primary School site. The analysis has been reviewed and will be referred to Council for information.		
Conduct a traffic analysis study for Round Corner and rejuvenation	Traffic Analysis completed in June 2014. Councillors briefed at July Workshop. Final report on Round Corner options listed for August 2014.		
Update Roads Hierarchy	Final report completed. Copy to be forwarded to all Councillors.		
Update Roads Strategy	Status update to Councillor Workshop in July 2014. Road Strategy will be incorporated in pavement modelling work from September.		

COMPLETE 

ON TRACK 

NOT STARTED 

DEFERRED 

ACTION	PROGRESS	COMPLETED	PERFORMANCE
Update Transport Direction including Showground Road, Green Road, North Rocks Road, Annangrove Road, Kenthurst Road and Memorial Avenue.	Presented to Council in June and to be further considered in August.		
Investigate commuter car parking incentives for development sites for M2 bus route.	Proposals for public car parking in development sites at Baulkham Hills and Castle Hill Town Centres completed. Transport for NSW are continuing with development options for car parking and bus layover facilities within Crown land along Windsor Road near Railway Street. Stage 1 to commence in 2015/16.		
Identify key streets in each ward for street beautification and funding model.	Councillors briefed on options at July workshop. Draft expression of interest prepared for public advertising. Offers of service from private companies will need to satisfy purchasing requirements and be reported to Council.		
Participate with North West Rail team in liaison groups.	Attendance at regular meetings with North West Rail Link project team continuing during the quarter. Councillor and senior staff inspection of future station precincts undertaken on 21 September.		
Develop Crown Road Strategy which includes opportunities to sell redundant land and use the money to upgrade Crown Roads and seek funding to bring them up to a standard for Council to take over after that.	Crown Road strategy developed and included as part of overall Road Asset Management strategy that was presented to the Councillors Workshop on 1 July 2014.		
Update Local Strategy	Presented to Council in June and to be further considered in August.		
Prepare a Public Domain Plan re Baulkham Hills Town Centre and consult with community prior to adopting.	Draft master plan and public domain plan to be considered further by Council in September.		
Revisit Master Plan and then the town planning controls re Baulkham Hills Town Centre.	Draft master plan and public domain plan to be considered further by Council in September.		
Rezone Bella Vista Farm Park to be consistent with CMP.	Stakeholder focus groups pending.		

# Measuring our quality of life performance

Results below are as per community survey conducted in December 2012. A new survey will be conducted in November 2014.

ON TRACK  ACTION REQUIRED  COMPLETE  CANCELLED 

RESULT	INDICATOR	OUTCOME	STRATEGY
93.6% 	<ul style="list-style-type: none"> <li>Community satisfaction - people satisfied with condition of residential roads surfaces</li> </ul>	6. Safe convenient and accessible transport options that enable movement through and within our Shire	6.1 Facilitate and maintain well managed and integrated local roads and transport infrastructure and support the safety of movement for all users
88.50 	<ul style="list-style-type: none"> <li>Road assets rated in satisfactory condition</li> </ul>		
95.00 	<ul style="list-style-type: none"> <li>Footpaths rated in satisfactory condition</li> </ul>		
14.1% 	<ul style="list-style-type: none"> <li>Population who walk, cycle or use public transport to get to work</li> </ul>		
35.5km 	<ul style="list-style-type: none"> <li>Kilometres of dedicated walking and cycling trails constructed per year</li> </ul>		
89% 	<ul style="list-style-type: none"> <li>Community satisfaction with footpaths/ cycleways</li> </ul>		
60% 	<ul style="list-style-type: none"> <li>% people who agree or strongly agree they have easy access to work</li> </ul>		
354 	<ul style="list-style-type: none"> <li>Road traffic major injuries per 100,000 population</li> </ul>		
22 	<ul style="list-style-type: none"> <li>Pedestrian injuries and fatalities, per 100,000 population</li> </ul>		
100% 	<ul style="list-style-type: none"> <li>Actions completed as per North West Sector Project Plan</li> </ul>		



### SUBDIVISION APPLICATIONS PROCESSED IN 40 DAYS

40% more subdivision DAs were determined compared to Q3 and 81% more than Quarter 4 in the previous financial year. 55% of the subdivision DAs determined in the period were "Integrated Development" under the Act, requiring external referral to concurrence authorities such as NSW Rural Fire Service and the Office of Water. 16% of the subdivision DAs determined in the period were for rural and rural cluster subdivision utilising the new provisions of LEP 2012 allowing subdivision of rural land. Such land is often constrained with issues including bushfire, ecology, proximity to a natural watercourse and existing unauthorised uses. These factors combined to impact this result.

# Measuring our operational performance

ON TRACK  ACTION REQUIRED  COMPLETE  CANCELLED 

KPI	METHOD	TARGET	ACTUAL	PERFORMANCE STATUS
<b>ASSET MANAGEMENT</b>				
Footpaths rated in a satisfactory condition	> is better	90	95	
Road assets rated in a satisfactory condition	> is better	85	88.50	
<b>CIVIL MAINTENANCE</b>				
% transactions not reconciled (restorations)	< is better	0	0	
Average time taken to clean pits/ pipes	< is better	7	6.84	
Average time taken to repair potholes	< is better	3	1.61	
Investigations carried out by agreed time	> is better	90	96.84	
Number of kilometres swept	> is better	1800	1852.43	
Restoration work orders completed on time	> is better	90	90.87	
Works orders completed on time (Civil Maintenance)	> is better	90	94.07	
<b>DEVELOPMENT ASSESSMENT SERVICES</b>				
Development application processed in 40 days	> is better	80	81.10	
<b>SUBDIVISION &amp; DEVELOPMENT CERTIFICATION</b>				
Building construction certificates processed in 28 days	> is better	75	85.53	
Complying development certificates processed within statutory timeframe	> is better	80	83.39	
Subdivision applications processed in 40 days	> is better	60	52.42	
Subdivision certificates processed within 14 days	> is better	90	90.62	

Results below are as per community survey conducted in December 2012. A new survey will be conducted in November 2014.

RESULT	INDICATOR	OUTCOME	STRATEGY
84% ✓	• Community satisfaction - streetscape appearance	7. Responsible planning facilitates a desirable living environment and meets growth targets	7.1 The Shire's natural and built environment is well managed through strategic land use and urban planning that reflects our values and aspirations.
80% ✓	• Community satisfaction - low density housing development		
61.6% ✓	• Community satisfaction - medium density housing development		
86.6% ✓	• Community satisfaction - range of shopping facilities		
79.8% ✓	• Community satisfaction - built environment - overall zoning and presentation of The Shire		
89% ✓	• % people who agree or strongly agree they have easy access to local shops		
84% ✓	• % people who agree or strongly agree they have easy access to major shopping centres		
82% ✓	• % people who agree or strongly agree their neighbourhood has a friendly atmosphere		
82% ✓	• % people who agree or strongly agree they have easy access to health and medical services		
86% ✓	• % people who agree or strongly agree they have easy access to schools		
81.10% ✓	• Development applications processed in 40 days	7.2 Manage new and existing development with a robust framework of policies, plans and processes that is in accordance with community needs and expectations.	
52.42% ✓	• Subdivision applications processed in 40 days		
90.62% ✓	• Subdivision certificates processed within 14 days		
85.53% ✓	• Building construction certificates processed in 28 days		
83.39% ✓	• Complying development certificates processed in 10 days		
86.67% ✓	• Building certificates issued within 40 working days (excluding unauthorised works)		

KPI	METHOD	TARGET	ACTUAL	PERFORMANCE STATUS
<b>FORWARD PLANNING</b>				
External customer requests completed (Forward Planning)	> is better	100	100	YES ✓
Internal customer requests completed (Forward Planning)	> is better	100	100	YES ✓
Rezoning applications to Council in 12 weeks	> is better	90	91.67	YES ✓
Section 149 Applications processed within 4 days	> is better	70	85.15	YES ✓





# Outcome 4 **protected environment**



## Quick Facts

as at 30 June 2014



# Achievements

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## Waterways

- Stormwater Network Asset Upgrade and Concept Design - Carmen Drive Carlingford Catchment and substantive bank stability concept and detailed design projects at River Road Wisemans Ferry and Lasburn Crescent Carlingford.
- Flood modelling and mapping for the Caddies Creek Playing Fields project, data provided to consultants acting for Sydney Water.
- Contribution to the Flood Controlled Land Development Control Plan Project, including digital mapping and DCP advice.
- Completion of the Council's Tailout Channel Mapping and Condition Assessment project.
- Provided flood related data and advice for the Timber Bridge Replacement Program - Pitt Town Road Bridges.
- Flood modelling and concept design for stormwater network upgrades at Westmore Drive West Pennant Hills, Gay Street catchment Castle Hill and Marriott Grove catchment Castle Hill.
- Commissioned consultants to undertake Council's Dams Surveillance and Reporting for Flood Detention Basins in The Hills Shire Council Area; Flood Gauging and Warning at low level bridges and causeways Project and the Urban Overland Flow Study.
- The Waterways Team have completed Stage 1 of the Tail Out Channel Mapping and Conditioning Assessment and have now started on Stage 2 of this project. This mapping and condition assessment is part of Council's asset management program and is carried out within nominated priority areas within the Shire over both public and private land.

## Sustainability

### Rabbit Baiting Programs

- Two programs were conducted for landowners with appropriate accreditation. The first program commenced in November with 52 properties involved and a total of 250 acres baited. There was full attendance from all registered participants, with only positive feedback received from those involved.
- A second rabbit baiting program commenced during March. There were 32 properties involved with a total of 164 acres being baited.

## Get Smart Business Program

- The Smart Enviro business program was established as the fifth component of Council's Get Smart Business program. Advertisements were placed in local newspapers and business magazines, as well as Council's Facebook page. An information session is scheduled for May 2014 and registrations have already been received for this session. This program will provide local businesses with an energy and water assessment, a report detailing findings and recommendations for saving money and improving efficiencies, as well as energy and water products to help the businesses monitor and reduce energy usage. (see page 76)

## Saving Energy at Community Facilities

- The following projects were funded from the Waste and Sustainability Improvement Payment, with no capital required from Council:
  - A 5kW photo-voltaic (solar power) system was installed at Baulkham Hills Library. The Library consumes approximately 59,899kWh per year. This solar system is expected to produce approximately 7100kWh per year, saving approximately \$2,585 per year in electricity.
  - A detailed review was undertaken for the lighting at Castle Grand Community Centre and Library. The outcome included upgrading to LED lighting in the technology lounge of the Library and substantial improvements made to the lighting of the book shelves throughout the Library and the foyer and exhibition area of Castle Grand. Staff have provided positive feedback on the improvements made to the lighting for this community facility.
  - A pump well was installed at Annangrove Park, as the first component of a sub-surface drainage collection and reuse system. This will significantly reduce the demand for potable water to irrigate this park and reduce the number of days the park will be closed due to wet weather.

## Community Environment Centre

- The volunteers from the Community Environment Centre continued to assist Council with the operation and promotion of the Centre, including operating the Centre every Thursday, maintaining the gardens, and attendance at various events during Volunteer Week. The contribution that they make to this community resource is invaluable and has enabled this Centre to continue to develop.

- The vegetation structure map was completed and uploaded onto Council's mapping system. Habitat modelling was completed for the Threatened Species within the Shire.

### Start Saving

- The summer series of the Living Sustainably Workshop Series offered 14 workshops to residents, ranging from no-dig gardening, managing horse properties, bush walks, composting and worm-farming and natural baby care. The workshops have again proven to be a success, with many participants attending additional workshops.

### Resource Recovery

#### Keep Australia Beautiful NSW - Enviro Mentors Program

- Council visited 16 local schools as part of its holistic education program to improve awareness and engagement on local sustainability issues and initiatives. Students participated in the 'Schoolyard Harvest' and 'Compost Critters' modules and learnt valuable information relating to growing food gardens in their homes and schools.
- A free Mocktail Event was hosted in support of the 2013 Orange Blossom Festival and was overwhelmingly popular with the community. A great way to encourage residents to grow their own vegetables and fruits and compost at home.

### The Garage Sale Trail Event

- More than 130 Hills residents held a garage sale on 26 October 2013. A percentage of earnings was donated to charities nominated by registered participants.

### Workshops

- Love Food Hate Waste workshops were held in partnership with the Ethnic Communities Council as part of a successful grant application titled - 'Drawn to Love Food Hate Waste'. 24 local Chinese women shared their thoughts and traditions on food and resource recovery with the workshop conducted in Cantonese. A local artist captured the thoughts on canvas.
- A series of workshops aimed to encourage residents to 'Rethink their Waste' and 'Do the Right Bin' were held.
- The workshops were highly regarded with more than 150 residents attending:
  - Bread and pasta making
  - Community farming
  - Eco chooks - keeping chickens in the backyard
  - Re-trash: recycled art and up-cycling
  - Up-cycling - timber window frames

PROJECT		13/14	12/13	11/12	10/11
e-waste recycling including CDs/VHS/DVD/tapes	kgs VHS tapes/CDs/DVDs recycled	5,463	4,520	2,599	2,915
	kgs of electronic waste collected	152,000	54,113	112,000	119,473
Hazardous clean out events (kgs chemicals collected)		60,000*	97,242	98,538	113,677
Battery and used motor oil recycling collections (kgs batteries collected)		730	874	860	367
Mattress recycling (number of mattresses collected)		36**	216	2,880	5,647
Local events/ displays, provision of compost bins/ worm farms		284	323	428	376

\*Lower results this year due to one of the Chemical Clean Out days being cancelled due to bad weather.

\*\* This program was not provided to residents in the reporting year however, will be reinstated in 2014/15.

Mattresses collected relate to those illegally dumped.

## Looking Ahead

- Responding to the NSW Government policy to reduce waste to landfill.
- Reducing Council and community energy and water consumption.
- Strategically looking after our endangered species and vegetation communities.
- Increasing participation and prioritisation of environmental protection.
- Investigate feasibility to co-collect food and garden organics.

## WASTE MANAGEMENT & RESOURCE RECOVERY INDICATORS

INDICATOR	13/14	12/13	11/12	10/11	SUSTAINABILITY TREND
Amount of household garbage and clean up waste collected (tonnes)	46,841	45,490	45,375	42,686	
Average amount of waste generated per household per week (kg)	12.05	11.28	10.86	11.75	
Amount of recyclable material collected (tonnes)	16,730	16,839	17,755	18,319	
Amount of recyclables generated per household per week (kg)	5.79	5.84	6.23	6.59	
Amount of garden organic material collected (tonnes)	18,823	19,333	22,422	19,141	
Amount of garden organic material generated per household per week (kg)	8.94	8.05	12.68	9.27	
Greenhouse Gas emissions saved from recycling and garden organics service (CO2e tonnes)	12,752*	14,033	15,288	9,965	
Contamination rates in the recycling stream (%)	6.56	6.50	4.7	4.21	
Number of waste related education programs and promotional communications delivered	284	323	428	376	
Number of RID Squad investigations completed	381	392	340	N/A	

\* The result is lower than last reporting year as our recycling and garden organics tonnages were down and our waste was slightly higher.

## Challenges

- Responding to the NSW Government policy to reduce waste to landfill.
- Making waste recovery programs more accessible to the community as they are costly and require extensive promotion and marketing to be successful.
- Reducing both Council and the community's energy and water consumption.
- Protecting our endangered species and vegetation communities.
- Increasing participation and prioritisation of environmental protection.



## How we performed against our actions

To achieve our strategy of preserving and protecting the natural character of our Shire, we focused on the following actions:

ACTION	PROGRESS	STATUS	PERFORMANCE
Prepare a WaterGuide to accompany the Waterways Direction.	Final Draft WaterGuide completed. Format agreed with Manager Forward Planning.		
Carry out urban overland flood study program.	Stage 2 Urban Overland Flow Study Buffer Zone mapping completed. Adopted by Council with Flood Controlled Land DCP in March 2014. Stage 3 refinement mapping scheduled for completion September 2014. Stage 4 scheduled for completion 2014/2015 financial year.		

## Measuring our quality of life performance

Results below are as per community survey conducted in December 2012. A new survey will be conducted in November 2014.

ON TRACK  ACTION REQUIRED  COMPLETE  CANCELLED 

RESULT	INDICATOR	OUTCOME	STRATEGY
28,864 <sup>GJ</sup>  246,186 <sup>kL</sup>  12.9%  515  77  61  18,852,950 <sup>kL</sup> 	<ul style="list-style-type: none"> <li>Emissions from Council (CO2-e tonnes)</li> <li>Total energy consumption by Council (kWh/MJ)</li> <li>Total water consumption by Council (kL)</li> <li>Total direct and indirect greenhouse gas</li> <li>Percentage of days that air pollution index is in the poor - hazardous range (%)</li> <li>Number of noise complaints received by Council</li> <li>Number of Threatened Entities known in the Shire</li> <li>Number of water pollution complaints received and actioned by Council</li> <li>Total potable water consumption for the entire Shire (kL)</li> </ul>	8. Our unique environment is valued maintained and enhanced	8.1 Demonstrate leadership in sustainable environmental performance and manage environmental risks and impacts responsibly and provide education and regulatory actions.
84%  76% 	<ul style="list-style-type: none"> <li>% constructed stormwater system rated satisfactory</li> <li>% natural waterways rated satisfactory</li> </ul>		8.2 Monitor and maintain the natural qualities of the waterways networks.
12.05kg  5.79kg  8.94kg  90.3%  * data not available at this time	<ul style="list-style-type: none"> <li>Average amount of waste generated per household per week (kg)</li> <li>Average amount of recyclables generated per household per week (kg)</li> <li>Average amount of garden organics generated per household per week (kg)</li> <li>Community satisfaction - domestic garbage collection</li> </ul>	9. Our natural resources are used wisely	9.1 Provide services, infrastructure, information and education that facilitate resource recovery and encourage commercial and residential waste minimisation



## Measuring our operational performance

ON TRACK  ACTION REQUIRED  COMPLETE  CANCELLED 

KPI	METHOD	TARGET	ACTUAL	PERFORMANCE STATUS
<b>WATERWAYS</b>				
Council's natural waterway assets that are mapped with a condition assessment	> is better	65	100	
The constructed stormwater system where hydrologic level of service is determined	> is better	35	45.75	
<b>SUSTAINABILITY</b>				
Tree applications processed in 10 days	> is better	90	99.74	
<b>WASTE SERVICES</b>				
Kerbside bin diversion rate from landfill	> is better	53	53.06	



Outcome 5

# modern local economy



## Quick Facts

as at 30 June 2014



ATTENDANCE TO BUSINESS EVENTS



POPULATION LIVE & WORK IN THE SHIRE



PAGE VIEWS ON INVESTMENT ATTRACTION SITE



BUSINESS ATTENDED BUSINESS VISIT PROGRAM



SATISFACTION BUSINESS EDUCATION SERIES

# Achievements

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## Business Growth

- Customer close the loop measures of satisfaction for business visits and workshops are all performing strongly with 100% satisfaction achieved. A good result.
- Council's Economic Development Team met with more than 287 businesses in the financial year, with those visits expressing a very high level of satisfaction with the business information and demographic data provided.
- Approximately 959 companies attended Council facilitated business workshops during the financial year with high satisfaction ratings.
- Around 75,033 page views were achieved on Council's investment attraction website.
- Council was a major sponsor at The Sydney Hills Local Business Awards.
- The **Smart Start** program is all about giving new businesses and start-ups an introduction to the area, local business figures and business people as well as letting people know how Council can help.
- The **Smart Home** workshops are designed for home businesses - giving business people a few pointers in running a business from home and making sure they're up to speed with all their regulatory and legal requirements.
- The **Smart Digital** workshop educates businesses about how to use the web and the growing world of social media.
- And the **Smart Marketing** workshop teaches business people to put together a marketing strategy and get their name out to potential customers.
- Finally, **Smart Enviro** was designed to assist businesses to improve their water and energy efficiency.

## Get Smart Series

- Council's popular suite of business workshops has expanded and has a new name. The Get Smart Series now includes five separate workshop series tailored to the needs of different businesses, both new and existing in the Sydney Hills.

## Challenges

- Retaining and attracting business investment to provide a range of jobs.
- Utilising our geographic position within the Sydney metropolitan region to secure national and international business investment.



## *Looking Ahead*

- Retaining and attracting business investment to provide a range of jobs.
- Providing opportunities for people at all stages of life.
- Utilising our geographic position within the Sydney metropolitan region to secure national and international business investment.
- Assisting The Hills, Hawkesbury and Riverlands Tourism Association to implement the new Destination Management Plan for the Sydney Hills with a particular emphasis on growing business tourism and increasing overnight stays.

# Measuring our quality of life performance

Results below are as per community survey conducted in December 2012. A new survey will be conducted in November 2014.

ON TRACK  ACTION REQUIRED  COMPLETE  CANCELLED 

RESULT	INDICATOR	OUTCOME	STRATEGY
\$8.353B  \$17.296B 	<ul style="list-style-type: none"> <li>Gross regional product</li> <li>Total output sales</li> </ul>	10. Our Shire is the vibrant key business centre in the region	10.1 Promote an awareness of the region's business opportunities and provide information and support to attract new investment and jobs
25,788  56,850 	<ul style="list-style-type: none"> <li>Number of work places</li> <li>Number of jobs</li> </ul>		10.2 Support existing businesses and business networks to increase business capacity and capabilities to grow jobs
42.6% 	<ul style="list-style-type: none"> <li>% population living and working in The Hills Shire</li> </ul>		10.3 Well managed business infrastructure to support a thriving local economy

# Measuring our operational performance

COMPLETE 

ON TRACK 

NOT STARTED 

DEFERRED 

KPI	METHOD	TARGET	ACTUAL	PERFORMANCE STATUS
<b>ECONOMIC DEVELOPMENT</b>				
% business customers satisfied with visits	> is better	95	100	
% business customers satisfied with workshops	> is better	90	100	

# legislative information *2013/14*

This section contains information on governance and statutory information required by the Local Government (General) Regulation 2005.

## *Three levels of government*



Every person is part of the local community

### **LOCAL GOVERNMENT -**

The head of a Council is the Mayor or Shire President. There are over 560 local councils in Australia. They each look after the particular needs of a city or local community. Local Government is responsible for regulatory functions, waste services, libraries, community services, bushland, parks and gardens, community buildings and road maintenance.



Every local community is part of a State

### **STATE & TERRITORY GOVERNMENT -**

The leader of the state government is called the Premier (Chief Minister in the two territories). There are six state and two territory parliaments which make laws for their state or territory. State Government is responsible for public hospitals, public schools and education, police and emergency services, main roads and public transport.



Every State is part of Australia

### **FEDERAL GOVERNMENT -**

Led by the Prime Minister, The federal parliament makes laws for the whole of Australia. Federal Government is responsible for foreign affairs, defence, telecommunications, pensions, customs and taxation.

Australians aged 18 years and over vote to elect representatives to federal, state/territory parliaments and to local councils to make decisions on their behalf.

**1. COUNCIL'S ACHIEVEMENTS IN IMPLEMENTING THE DELIVERY PROGRAM AND THE EFFECTIVENESS OF THE PRINCIPAL ACTIVITIES UNDERTAKEN IN ACHIEVING THE OBJECTIVES AT WHICH THOSE PRINCIPAL ACTIVITIES ARE DIRECTED - S428(1)**

A Report on Council Performance for 2013/14 using outcomes from The Hills Shire Council's Four Year Delivery Plan 2012 - 2016 is presented in 'Outcomes - Section 2' from page 32.

**2. COUNCIL'S ACHIEVEMENTS IN IMPLEMENTING THE COMMUNITY STRATEGIC PLAN OVER THE PREVIOUS FOUR YEARS - S428(2)**

The Community Strategic Plan was adopted by the Council in 2011 and as such The Hills Shire is not due to produce an end of term report until 2016. However, we report on the five outcomes identified in our Community Strategic Plan in our quarterly reports to Council, this annual report and any other communications we have with our community.

**3. HUMAN RESOURCES ACTIVITIES S428(2)(M)**

(see page 28)

**4. COPY OF COUNCIL'S AUDITED FINANCIAL REPORTS AND NOTES AND INFORMATION REQUIRED BY THE REGULATION OR THE GUIDELINES - S428(4)(A)**

The Hills Shire Council's audited financial reports for the 2013/14 financial year are presented from page 95 (See General Purpose Financial Statements and Special Purpose Financial Statements).

**5. REMUNERATION PACKAGES FOR SENIOR STAFF - REGULATION CL217(1)**

The Executive Management team comprised of the General Manager and four Group Managers until the Council's restructure in May 2014. The current structure consists of the General Manager and three Group Managers total package value \$1,147,278.

**6. DETAILS OF OVERSEAS VISITS BY COUNCILLORS, COUNCIL STAFF OR OTHER PERSONS REPRESENTING COUNCIL (INCLUDING VISITS SPONSORED BY OTHER ORGANISATIONS) S 428 (4)(B), CL 217 (1)(A)**

There were no overseas visits representing Council during 2013/14.

**7. PROVISION OF EQUIPMENT AND FACILITIES FOR COUNCILLORS - cl 217(1)(a1)**

BENEFIT	\$
Councillors Remunerations	325,777
Seminars & Conferences	88,943
Training	16,223
Travelling Expenses	35,482
Insurance	9,245
Telecommunications/Internet	34,546
Provision of Facility Policy	49,986
Provision of Equipment	19,130
	579,332

**8. COUNCILLORS SEMINARS AND CONFERENCE EXPENSES CL217(1)(A1) (PART)**

Councillors may be appointed by Council to attend conferences and seminars. All direct expenses such as registration fees, travel and accommodation are paid by Council as well as a sustenance allowance. Councillors attend seminars and conferences to keep up-to-date with information and developments in areas such as Local Government, town planning and governance as well as specific outcome areas such as infrastructure, the community and the environment.

The total of \$88,943 expended by Councillors on conferences and seminars included an amount of \$45,627 for interstate visits by Councillors to attend conferences and seminars.

NAME	No of seminars and conferences attended	COST \$
Strategic Planning Workshops		10,713
Clr Dr Michelle Byrne	4	9,310
Clr Peter Gangemi	3	7,015
Clr Raymond Harty OAM	3	9,377
Clr Alan Haselden	3	5,901
Clr Tony Hay OAM	2	7,470
Clr Andrew Jefferies	1	1,421
Clr Yvonne Keane	3	9,906
Clr Dr Jeff Lowe	3	9,134
Clr Robyn Preston	2	5,844
Clr Mark Taylor	3	1,940
Clr Mike Thomas	3	8,444
Clr Ryan Tracey	2	2,468
<b>TOTAL</b>		<b>88,943</b>

## ATTENDANCE AT COUNCIL - MEETINGS AND TASK GROUPS

The meeting schedule throughout 2013/2014 was:

- First Tuesday of the month - Workshop for Councillors
- Second and Fourth Tuesdays of the month - Ordinary Council Meetings

Council Meetings held outside of the normal schedule are called Extraordinary Meetings.

	Council	Extraordinary	Councillor Workshop	Resource Recovery Task Group	Total
<b>No. of Meetings held 1 July 2013 - 30 June 2014</b>	19	3	10	2	34
Clr Dr Michelle Byrne	19	3	10	2	34
Cl Andrew Jefferies	18	3	10	1	32
Clr Peter Gangemi	18	2	5	1	26
Clr Raymond Harty OAM	16	2	3	2	23
Clr Tony Hay OAM	17	3	5	2	27
Clr Alan Haselden	13	3	8	2	26
Clr Yvonne Keane	17	3	9	2	31
Clr Dr Jeff Lowe	16	3	9	2	30
Clr Robyn Preston	16	3	10	1	30
Clr Mark Taylor	18	1	9	0	28
Clr Michael Thomas	19	2	10	2	33
Clr Ryan Tracey	18	3	9	0	30

## FEES PAID TO COUNCILLORS ON BOARDS/TRUSTS

Councillors have been appointed to represent Council on the following Boards or Trusts:

HAWKESBURY RIVER COUNTY COUNCIL	FEES PAID
Clr Andrew Jefferies	
Members Allowance	\$5,229.96
Travel Allowance	\$ 116.64
Total	\$5,346.60
Clr Mark Taylor	
Members Allowance	\$5,229.96
Travel Allowance	\$ 111.00
Total	\$5,340.96

## AUDIT COMMITTEE

In the 2013/14 period the Audit Committee met three times. The meeting times were:

- 20 August 2013
- 5 December 2013
- 3 April 2014

The Audit Committee membership and the number of meetings attended are as follows:

COUNCILLOR REPRESENTATIVES	NO. OF MEETINGS ATTENDED
Clr Dr M R Byrne (Mayor, Chair)	3
Clr A J Hay OAM	2
Clr Dr J. N. Lowe	1
Clr M G Thomas	3

INDEPENDENT COMMUNITY REPRESENTATIVES	NO. OF MEETINGS ATTENDED
Mr Trevor Bland	3
Mr Michael Blair	3
Adjunct Professor Jim Taggart	2

**9. STORMWATER LEVIES AND CHARGES**

**Stormwater Drainage System**

Council's constructed stormwater drainage system now comprises approximately 669 km of pipes and swales with approximately 28,900 pits. Work continued during the 2013/2014 financial year to acquire accurate data related to the stormwater system, including where new assets were created through the development and subdivision process.

Condition assessments are continuing for visible structures and CCTV inspections of high priority pipe systems were undertaken during the financial year. The hydrologic level of service is known for approximately 47% of the whole stormwater system.

The average age of the stormwater system does not exceed 35 years, compared to an assumed useful life of 80 years. It is considered that the physical condition of most of the system is satisfactory, with works or maintenance required to repair and/or replace elements of the system.

Some areas of the constructed stormwater system are considered to have inadequate capacity, occasionally resulting in localised flash flooding problems. Works to increase system capacity or reduce flooding impacts include:

- Improving inflow efficiencies,
- Constructing new stormwater systems,
- Upgrading existing stormwater systems,
- Creating improved overland flowpaths,
- Constructing detention basins, and
- Re-using/recycling stored stormwater.

Estimate of cost to maintain standard (current \$ value)	\$2.3M
Maintenance program for 2013/2014	\$1.7M

**Stormwater Management Service Charge**

Council adopted a range of projects in its works program to be undertaken utilising funds from the Stormwater Management Service Charge during 2013/2014.

Highlights of projects undertaken in 2013/2014 include:

- Ashford Avenue Castle Hill, pipeline extension and energy dissipater.
- Burnside Reserve North Parramatta, waterways improvements and amenity landscaping Stages 3 and 4.
- Castle Hill Heritage Park, design and environmental/archaeological assessment for stream restoration project.
- Valencia Street Round Corner, stormwater system upgrade.
- Darling Mills Creek off Ventura Road Northmead, planting and maintenance.
- Lisle Avenue Carlingford, stormwater pit construction.

- Tailout Channel Maintenance and Remediation Program.
- Bank Stability and Instream Maintenance Program.
- Urban Overland Flow Study.
- Hunts Creek Reserve Carlingford, detailed design for bank stabilisation works.
- Ongoing Dams Surveillance and Reporting for Flood Detention Basins Project.

Projects completed not funded from the Stormwater Management Service Charge include:

- River Road Wisemans Ferry, bank stabilisation.
- Hawkesbury River flood mitigation maintenance.
- Proactive maintenance activities including improving table drains, outlet scour protection works and minor stormwater system improvements.

**10. COMPANION ANIMALS ACT AND REGULATION - GUIDELINES ON THE EXERCISE OF FUNCTIONS UNDER THE COMPANION ANIMALS ACT CL 217(1)(F)**

Council's Community Safety Officers have recently joined Council's Regulatory Services team which has a large focus on delivering excellent customer service and professional advice.

Community Safety Officers have an active role which involves promoting not only the responsibilities when it comes to owning a Companion Animal, but also the responsibilities the pet owner has towards other members of the community.

Under the provisions of the Companion Animals Act, 1998, Council's Community Safety Officers have the authority to manage issues relating to Companion Animals. This can include investigating dog attacks and nuisance animals, patrols in public areas to ensure owners compliance with laws such as leashing and picking up after their dogs and monitoring declarations of menacing or dangerous dogs.

The Hills Shire Council places emphasis on the prompt and efficient handling of animal complaints or requests for assistance. When an animal such as a dog is not under effective control in a public place and no owner is present, Community Safety Officers are quick to attend and they may secure and impound the dog to avoid any safety concerns for our community.

We have quite high rates of dog ownership in The Hills Shire Council Local Government area and our Officers want to make sure everyone is following the rules to ensure the safety of both residents and dogs.

Pound data statistics are collected monthly and lodged annually with the Office of Local Government. These are the statistics for the 2013/2014 financial year.

	Total taken to Pound 2013/14	Surrendered to Pound by other parties	Taken to Pound by Council	Returned to their home by Council
Dogs	234	40	194	59
Cats	146	13	133	0

	Released to owners		Euthanased		Sold		Rehomed with rescue orgs	
Dogs	143	61%	9	3.9%	51	21.8%	31	13.3%
Cats	2	1.4%	60	41.1%	15	10.3%	69	47.2%

### Education

“Paws in the Park” is a great day out for pet owners and pets to enjoy, as well as the opportunity to reinforce the responsible pet ownership message. The popular free community event is part of the Annual Orange Blossom Festival.

Owners and dogs participate in the “Pawsitive Steps” towards mental health walk before enjoying the activities that follow. There is a large collaboration between Council and the community such as local dog agility clubs and pet product suppliers that make this event a success. The Hills Shire Council “Laws 4 Paws” stand allows the Community Safety Officer to educate and encourage people on how to be responsibly look after their pets.

As part of the recent move into the Regulatory Services Team, Council has initiated a campaign to remind residents of the importance of maintaining current and accurate microchipping records and to encourage owners to register those companion animals that are yet to be registered.

A procedure that details the process for the investigation of barking dog complaints has been revised so the Community Safety Officers can focus strongly on customer liaison to assist both the owner of the dog and the person affected by the barking noise. Actions shall be based on the ideal to achieve the most desirable outcome for the community.

### Impounding Facilities

Council outsources its shelter facilities through Hawkesbury City Council and utilises Council’s website to promote the re-homing of companion animals. Educational brochures are available to people contemplating adopting a pet and how to care for the animal once they have taken their new dog or cat home. Mandatory de-sexing has been introduced for all animals that are sold from Hawkesbury Animal Shelter.

### Enforcement

For the financial year 2013/2014 a total of 78 dog attacks were reported to the Office of Local Government of which 23 involved more than one offending dog.

Council is required to report dog attacks to the Office of Local Government within 72 hours after any relevant information is received by the Council.

Note: The above information is complaint volume only, complaints may be unsubstantiated.

NUISANCE ORDERS ISSUED	
Habitually at large in a public place	4
Endangers health of a person/animal	7
Dog noise	11
Defecating	1
<b>TOTAL</b>	<b>23</b>
DECLARATIONS OF DANGEROUS DOG	
Attacks on persons	3
Attacks on animals	6
Used for the purposes of hunting	2
<b>TOTAL</b>	<b>11</b>
DECLARATIONS OF MENACING DOG	
Attacked an animal - no serious injury or death	4
Displayed unreasonable aggression towards a person or animal	4
<b>TOTAL</b>	<b>8</b>

Council provides seven off leash areas within the Shire including, Balcombe Heights Reserve, Seven Hills Road, Baulkham Hills; Castle Hill Showground (lower dog arenas); Connie Lowe Reserve, Adelphi Street, Rouse Hill (within the fenced area); Coolong Reserve, Coolong Street, Castle Hill (within the fenced area); Crestwood Reserve, Peel Road, Baulkham Hills (within the fenced area); Dewhurst Avenue Reserve, Castle Hill and Don Moore Reserve, North Rocks.

### A total of 72 Penalty Infringement Notices were issued for breaches of the Companion Animals Act, 1998 of which:

6	issued for	Companion animal not registered as required
1	issued for	Fail to comply with prevention notice
5	issued for	Fail to comply with nuisance dog order
7	issued for	Owner failed to comply with dangerous dog control requirements

1	issued for	In charge of dog which rushes at/ attacks/bites/harasses/chases any person/animal -not declared dangerous/menacing/restricted dog
10	issued for	Owner of dog which rushes at/ attacks/bites/harasses/chases- not declared dangerous/menacing/ restricted dog
27	issued for	Own dog uncontrolled in public place-not declared dangerous/ menacing/restricted dog
2	issued for	Own dog uncontrolled in public place- declared dangerous dog
11	issued for	Owner failed to prevent dog from escaping-not declared dangerous/ menacing/restricted dog
2	issued for	Owner failed to prevent dog from escaping- declared dangerous dog

### Funding

Funding for Council's Companion Animal Management is absorbed within the general Community Safety and Compliance budget.

## 11. CONTRACTS AWARDED BY COUNCIL (CL217(1)(A2))

NATURE OF SERVICE		Account Name	Total paid incl GST
Construction	Contract	Richard Crookes Constructions Pty Ltd	20,447,885.76
Waste Service	Contract	Cleanaway	9,779,373.97
Road Construction	Contract	J & E Excavations & Plant Hire	8,956,304.78
Waste Service	Contract	Veolia Environmental Services (Aust) Pty Ltd	8,797,062.62
Construction	Contract	TJ & RF Fordham Pty Ltd	7,142,196.30
Bridge Construction	Contract	Delaney Civil Pty Ltd	3,067,395.57
Road Materials	Contract	Boral Asphalt	2,876,462.54
Concrete Services	Contract	Awada Civil Engineering Pty Ltd	2,616,995.15
Electricity Supply	Contract - LGP	Endeavour Energy	1,829,896.08
Electricity Supply	Contract - LGP	AGL Retail Energy Ltd	1,520,944.89
Electricity Supply	Contract - LGP	Origin Energy	1,468,710.71
Waste Service	Contract	Sita Australia Pty Ltd	1,444,623.94
Technology	Contract - LGP	Dell Australia Pty Ltd	1,296,761.49
Road Materials	Contract	Boral Construction Materials Group Ltd	1,238,337.79
Arboricultural Services	Contract	Sydney Metro Tree Services	1,211,371.30
Furniture	Contract	Schiavello Systems (NSW) Pty Ltd	1,207,720.80
Concrete Services	Contract	G P Concreting Group Pty Ltd	1,171,064.75
Worker Compensation Insurance	Contract- State	QBE Workers Compensation (NSW) Ltd	1,121,292.97
Electrical Services	Contract	Smada Electrical Services	893,843.17
Construction	Contract	Casbee Pty Limited	880,000.00
Software	Contract - LGP	Technology One Ltd	808,318.56
Construction	Contract	Westbury Constructions Pty Ltd	795,789.77

NATURE OF SERVICE		Account Name	Total paid incl GST
Road Construction	Contract	Sami Road Services Pty Ltd (SRS)	755,515.40
Insurance Brokerage	Contract	Willis Australia Limited	752,767.04
Concrete Services	Contract	Awada Civil Pty Ltd	737,308.88
Water Services	Contract	Sydney Water	727,995.57
Ferry Services	Contract	Hawkesbury City Council	698,339.05
Communications (Telephone Services)	Contract - LGP	Telstra Corporation Limited	665,786.50
Arboricultural Services	Contract	Active Tree Services	652,249.60
Building Construction	Contract	Caliber Construction Pty Ltd	635,745.00
Electricity Supply	Contract - LGP	Energy Australia	617,314.31
Road Construction	Contract	Downer EDI Works P/L (Works Infrastructure)	600,107.47
Information Technology	Contract	Fredon Industries Pty Ltd	585,374.93
Construction/ refurbishment works	Multiple contracts	Cunneen Group	564,455.69
Bushland Management	Contract	Bushland Management Solutions Pty Ltd	554,023.17
Furniture	Contract	Zenith Interiors Pty Ltd	533,101.91
Motor Vehicles	Contract - State	Power Ford (Aust Automotive Group)	521,294.46
Plants	Contract	Planex Sales Pty Ltd	502,926.60
Sports field Drainage	Contract	Turf Drain Australia	484,473.00
Respite Services (HCC)	Contract	Wendys Home Care Pty Limited	449,832.69
Motor Vehicles	Contract - LGP/State	Castle Hill Hyundai - New Vehicles Only	421,397.64
Advertising Services	Contract	Leonard Holt Robb	384,067.92
Plant and Equipment	Contract	GYC Pty Ltd - Castle Hill	374,922.72
Legal Fees	Contract	Matthews Folbigg Pty Limited	370,995.56
Truck Parts	Multiple Orders	Volvo Commercial Vehicles Aust P/L	366,751.55
Library Books	Contract - LGP	Peter Pal Library Supplier	348,964.33
Valuation Fees	Government Charge	Land and Property Information	345,290.07
Motor Vehicles	Contract - State	Central Coast Motor Group	339,087.23
Withers Road Development	Government Charge	NSW Transport - Roads & Maritime Services	337,035.00
Street Sweeper	Contract	All Sweeper Hire Pty Ltd	320,420.93
Library Auto sorter and warranty	Contract	3M Australia Pty Ltd	314,490.00
Cleaning Services	Contract	G&EM Cleaning Services Pty Ltd	312,283.79
Temporary Childcare Staff	Contract	Pulse Child Care Crew part of Pulse Staffing Aust. P/L	306,288.25
Concrete restoration works	Contract	Kelbon Project Services Pty Ltd	304,579.55
Photocopier Services	Contract	Toshiba Australia Pty Ltd	304,568.95
Building Maintenance	Contract	Prominent Construction Pty Ltd	300,115.20
Software	Contract	Data #3	298,476.95
Cleaning Services	Contract	CHS Cleaning	296,184.72
Management Fee	Contract	Belgravia Leisure	288,323.31

NATURE OF SERVICE		Account Name	Total paid incl GST
Hardware Supplies	Contract	Bakers Construction & Industrial	279,114.95
Bushland Management	Contract	Ecohort Pty Ltd	273,617.84
Gibbons Road	Contract	Colliers International (NSW) Pty Ltd	273,089.94
Bushland Management	Contract	Toolijooa Pty Ltd	266,772.13
Building Maintenance	Contract	Kentmere Constructions Pty Ltd	266,645.72
Apprentice/Trainees	Multiple Orders	MG My Gateway Training (Macarthur Group Apprentices)	259,635.83
Postage Services	Contract	Australia Post (main account)	259,037.36
Line Marking Services	Contract	Ultra Linemarking	257,170.66
Security Services	Contract	Sargent Security (AUS) Pty Ltd	251,708.90
Telephone Services	Contract - LGP	Optus Billing Services	248,696.18
Plant Purchases	Contract - State	Gilbert & Roach Pty Ltd	236,329.27
Geotechnical Services	Contract/orders	GHD Pty Ltd	221,862.30
Cleaning	Contract	F&Z Cleaning Service	218,028.00
CTP Insurance	Contract	QBE Insurance (Australia) Ltd	215,977.71
Motor Vehicles	Multiple Orders	Castle Hill Toyota - New Vehicles Only	215,576.25
Embankment Stabilisation Works/Rehabilitation	Multiple Orders	Collective Civil Pty Ltd	214,270.63
Legal Services	Fee Agreement	Watson & Watson, Solicitors	213,080.63
Meals on Wheels	Contract	Master Catering Services Pty Ltd	210,173.19
Upgrades of Councils Facilities	Multiple Quotes	Castle Hill Joinery & Interiors	206,948.90
Withers Road Site Superintendency	Contract	RPS Australia East Pty Ltd (formerly Conics)	205,903.30
Property Management	Contract	GPT Property Management Pty Ltd (RENTS)	204,965.40
Casual Staff Recruitment Contracts	Contract	Hoban Recruitment	199,132.82
Horticultural Supplies	Multiple Orders	Living Turf	197,794.43
Legal Services	Contract	Maddocks	190,698.60
Bushland Management	Contract	Eco Logical Australia	185,964.80
Fencing	Multiple Orders	Metal Fencing Specialists Pty Ltd	184,668.00
Road Signs	Contract - State	HJD Industries T/as Road Management Solutions	183,379.09
Building Construction	Contract	Auscorp Constructions Pty Ltd	181,503.30
Bushland Management/Restoration	Contract	Dragonfly Environmental	179,943.16
Plant and Equipment	Contract - State	Clark Equipment Sales Pty Ltd	174,881.53
Noxious Weed Control	Contract	Hawkesbury River County Council	173,120.20
Telephone System	Contract	Computer Systems Australia	170,560.50
Software Maintenance	Contract	Infor Global Solutions (ANZ) Pty Ltd (formerly GEAC)	169,099.90
Playground Equipment	Contract	Forpark Australia	167,563.00

NATURE OF SERVICE		Account Name	Total paid incl GST
Traineeships	Contract	Apprentice Power (WSROC Group Apprentices)	167,108.73
Horticultural Supplies	Multiple Orders	Green Horticultural Group	166,963.09
Rosa Bus (HCC)	Contract - State	Daimler Trucks Sydney Huntingwood	166,955.24
Legal Fees	Fee Agreement	Evans & Peck Pty Ltd	166,131.39
Traffic Management Services	Contract	Allroad Traffic Pty Ltd	165,933.31
Cleaning services	Contract	TST Property Services	164,614.36
Technology support	Contract	Hitech Support Pty Ltd	164,149.70
Drainage Services	Contract	Curtis Barrier Pty Ltd	161,816.75
Locksmith Services	Multiple Orders	Independent Locksmiths & Security Pty Ltd	157,189.80
Tennis Court Resurfacing	Contract	Sports Technology International Pty Ltd	153,945.00
Flooring for various Council facilities	Multiple Orders	Choices Flooring Castle Hill	151,628.53
			107,088,558.17

## 12. LEGAL PROCEEDINGS - REGULATION 217(1)(A3)

### Land & Environment Court Appeals 2013/2014

PARTY	STATUS/OUTCOME	COSTS
Sales Search Pty Limited	Section 56A Appeal dismissed subject to conditions of consent (in house)	\$20,000
Winston Hills Hotel	Class 1 Appeal upheld subject to conditions (in house)	Nil
Kinder Palace Pty Limited	Class 1 Appeal upheld subject to conditions (in house)	Nil Costs recovered \$1,600
Zaidi	Class 1 Appeal discontinued by consent (in house)	Nil
Newell Capital Pty Limited	Class 1 Appeal upheld subject to conditions (in house)	Nil
Lonergan	Class 1 Appeal upheld subject to conditions (external)	\$31,000 Costs recovered \$3,000
Brkich	Class 1 Appeal against s121B Order discontinued following s34 Agreement (in house)	Nil
Brkich (2)	Class 1 Appeal against Council's failure to determine a building certificate discontinued following s34 Agreement (in house)	Nil
Malcolm Smith Pty Limited	Class 1 Appeal upheld subject to conditions (in house)	Nil
Millennium Design Consultants	Class 1 Appeal to be determined (external)	\$5,000
		<b>Total costs expended \$56,000</b> <b>Total costs recovered \$4,600</b> <b>Total costs incurred \$51,400</b>

**OTHER CIVIL MATTERS 2013/2014**

<b>PARTY</b>	<b>STATUS/OUTCOME</b>	<b>COSTS</b>	
QIC	Land & Environment Court (in house)	Nil	
Casbee	Supreme Court Matter settled on confidential terms (external)	2013/14 \$367,700	Total to date \$1,070,000
Rossi	Land & Environment Court To be determined (external)	2013/14 \$193,000	Total to date \$715,000
		Costs recovered/ordered: \$16,450	
Stankovic	Federal Court Claim for compensation Struck out with costs awarded in favour of Council (in house)	\$6,280 Costs recovered/ordered: \$32,800	
Stankovic (No. 2)	Federal Court Leave to Appeal Bankruptcy Dismissed (in house)	\$5,625	
Kinnarney Civil & Earthmoving	Supreme Court Winding up Application Application Granted (external)	\$10,818 Costs recovered/ordered: \$4,700	

**LOCAL COURT/LAND AND ENVIRONMENT COURT PROSECUTIONS & DISTRICT COURT APPEALS  
2013/2014**

<b>PARTY</b>	<b>STATUS/OUTCOME</b>	<b>COSTS</b>	
Paul Mouawad	Local Court Land & Environment Court Transport waste offence Appealing Local Court conviction Appeal dismissed (in house)	Fined: \$15,000 Costs order: \$33,000	
Ninoska Mouawad	Local Court Land & Environment Court Transport waste offence Appealing Local Court conviction Appeal dismissed (in house)	Fined: \$9,000 Costs order: \$16,700	
Dupuche	Local Court Dangerous Dogs Applicant withdraws Application (in house)	Nil	
Ryan	Local Court Dangerous Dogs Outcome (in house)	Fined: \$10 Costs order: \$300	
CF Pye Pty Limited	Land & Environment Court Failure to Comply with Clean Up Notices Dismissed by Consent (external)	Costs order: \$75,000 External costs: \$64,000	
Polselli	Local Court Dangerous Dog Control Orders (in house)	Nil	
Frangieh	Local Court Unauthorised Building Works Convicted and fined (external)	Fined: \$3,000 Costs Order: \$1,755	
Future Property Corp Pty Limited	Local Court Failure to Comply with Pool Direction Convicted and fined (in house)	Fined: \$3,500 Costs Order: \$400	

Kinnarney	Federal Magistrates Court Bankruptcy proceedings Defendant ordered to pay costs (external)	\$21,636 Costs recovered/ordered: \$5,792.77
MacDougall	Local Court Statement of Claim Discontinued	Nil
		<b>Total Costs expended \$605,059 Total Costs recovered \$59,742.77 Total Costs incurred \$545,316.23</b>

<b>PARTY</b>	<b>STATUS/OUTCOME</b>	<b>COSTS</b>
Conley	Local Court Dangerous Dog Control Orders (in house)	Nil
Dural Country Club Pty Limited	Local Court Food Prosecution Convicted and fined (in house)	Fined: s10 & \$1,000 Costs Order: \$725
Funnell	Local Court Dog Attack Proceedings withdrawn (in house)	Nil
Funnell (2)	Local Court Failure to comply with Control Orders Proceedings withdrawn (external)	Nil
Martin	Local Court Fail to Comply with Order Convicted and fined (in house)	Fined: \$10,000 Costs order: \$583
Jasser	Local Court Failure to Comply with Clean Up Notice withdrawn due to compliance (in house)	Nil
Farnsworth	Local Court Tree offence Prosecution withdrawn (in house)	Nil
Castle Terrace Chinese Cuisine	Local Court Food Prosecution Convicted and fined (in house)	Fined: \$6,000 Costs order: \$740
Bananas Truck & Tipper Hire Pty Limited	Local Court Tree Removal Convicted and fined (in house)	Fined: \$3,000 Costs order: \$500
Radeshar Pty Limited	Local Court Food Prosecution Convicted and fined (in house)	Fined: \$25,000 Costs order: \$400
Trikilis	Local Court Failure to Pay Statutory Fee Convicted and fined (in house)	Fined: \$500 Costs Order: \$400
Trikilis (2)	Local Court Annulment Application of Conviction Application dismissed (in house)	Nil

<b>PARTY</b>	<b>STATUS/OUTCOME</b>	<b>COSTS</b>
Paul Mouawad (2)	Land & Environment Court Failure to Comply with Clean Up Notice Proceedings dismissed	Costs: \$104,427.48
Multi CYS Pty Limited t/as Rib Runner Runner Baulkham Hills	Local Court Food Prosecution Withdrawn due to de-registration of Defendant by ASIC (in house)	Nil
Pascal Mouawad	Local Court Transport Waste Offence Proceedings withdrawn (in house)	Nil
FCG Australia Pty Limited	Local Court Transport Waste Offence Proceedings withdrawn (in house)	Nil
KDV Trading Pty Limited	Local Court Development without Development Consent Proceedings withdrawn (in house)	Nil
Clarendon Homes Pty Limited	Local Court Development without Development Consent Proceedings discontinued (in house)	Nil
Daniel Lo-Cao	Local Court Dog Attack Proceedings discontinued and dog declared "menacing" (in house)	Nil
Morteza Nasab	Local Court Breach of Development Consent Proceedings withdrawn (in house)	Nil
Cui	Local Court Food Prosecution Convicted and fined (in house)	Fined: \$7,000 Costs order: \$400
Byron Plan	Local Court Street trees Convicted and fined (in house)	Fined: \$500 Costs order: \$400
		Fines in favour of Council \$158,500.00 Costs orders in favour of Council \$56,303.00 External Costs incurred \$168,427.48

### **13. SUMMARY OF RESOLUTIONS MADE UNDER SECTION 67 CONCERNING WORK CARRIED OUT ON PRIVATE LAND INCLUDES: S428(2)(K)**

#### **PRIVATE WORKS AND FINANCIAL ASSISTANCE CL217(1)(A4)**

Council did not carry out any work on private land in 2013/14.

#### **CONTRIBUTIONS/DONATIONS**

In 2013/14 Council provided \$159,005.66 in grants and donations to community groups, individuals and organisations.

#### **SPONSORSHIP RECEIVED**

In 2013/14 Council received \$196,922.00 in sponsorship, including \$67,800 in cash and \$133,622 in-kind.

### **14. EXTERNAL BODIES, COMPANIES AND PARTNERSHIPS CL217(1)(A6) AND (A7)**

#### **EXTERNAL BODIES EXERCISING COUNCIL FUNCTIONS**

In accordance with the Local Government Act 1993, the statement of "External Bodies" is limited to those organisations which exercised functions delegated by Council. In 2013/2014, there were no "External Bodies" exercising functions delegated by Council.

Hawkesbury River County Council undertakes the eradication of noxious weeds within The Hills Shire.

Council has entered a service agreement with the Rural Fire Service outlining roles and responsibilities of the respective parties.

#### **CONTROLLING INTEREST IN COMPANIES**

Council did not hold a controlling interest in any company either alone or in conjunction with other Councils.

#### **PARTNERSHIPS, COOPERATIVES AND JOINT VENTURES**

Council was involved in the following such relationships in 2012/13:

- Local Government NSW
- Hawkesbury River County Council
- NSW Rural Fire Service
- RID Squad
- Greater Western Sydney Business Connection
- Floodplain Management Authorities
- Hills Relay for Life
- Western Sydney Academy of Sport
- Public Libraries (NSW) Metropolitan Association
- Hills Community Safety Precinct Committee

### **15. A REPORT AS TO THE STATE OF THE ENVIRONMENT IN THE AREA IN RELATION TO SUCH ENVIRONMENTAL ISSUES AS MAY BE RELEVANT TO THE OBJECTIVES ESTABLISHED BY THE COMMUNITY STRATEGIC PLAN (THE ENVIRONMENTAL OBJECTIVES).**

We are no longer required to prepare a separate State of the Environment report this year, so we have discussed how we are addressing environmental issues and the sustainability initiatives we have undertaken in our Protected Environment outcome. Refer to page 67 for more information.

# 2013

GENERAL PURPOSE  
FINANCIAL STATEMENTS  
THE HILLS SHIRE COUNCIL

# 14



*rejuvenation infrastructure connectivity*

# contents

## *section 4*

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### **GENERAL PURPOSE FINANCIAL STATEMENTS for the financial year ended 30 June 2014**

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### **OVERVIEW**

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for The Hills Shire Council.
- (ii) The Hills Shire Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;

- The ability to provide goods, services and facilities, and to carry out activities appropriate to the current and future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 26 August 2014. Council has the power to amend and reissue these financial statements.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Understanding Council's Financial Statements

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### 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 2014. 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 5 "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 values 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 5 primary financial statements.

### About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, and
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

### Who uses the Financial Statements?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days and 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 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.

# General Purpose Financial Statements

for the financial year ended 30 June 2014

## Statement by Councillors and Management

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

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

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

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

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

**We are not aware of any matter that would render the Reports false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 26 August 2014.**



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Councillor Dr Michelle Byrne  
MAYOR



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Councillor Andrew Jefferies  
COUNCILLOR



---

Dave Walker  
GENERAL MANAGER



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Chandi Saba  
RESPONSIBLE ACCOUNTING OFFICER

# Income Statement

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
90,137	Rates & Annual Charges	3a	90,330	85,741
15,051	User Charges & Fees	3b	16,085	15,559
4,699	Interest & Investment Revenue	3c	7,458	6,817
3,795	Other Revenues	3d	29,378	5,743
15,765	Grants & Contributions provided for Operating Purposes	3e,f	15,518 <sup>2</sup>	21,893
18,113	Grants & Contributions provided for Capital Purposes	3e,f	66,060	50,382
<i>Other Income:</i>				
45,190	Net gains from the disposal of assets	5	32,702	-
<b>192,750</b>	<b>Total Income from Continuing Operations</b>		<b>257,531</b>	<b>186,135</b>
<b>Expenses from Continuing Operations</b>				
50,230	Employee Benefits & On-Costs	4a	48,410	47,501
25,365	Materials & Contracts	4c	29,331	25,750
20,438	Depreciation & Amortisation	4d	18,991	18,258
-	Impairment	4d	-	7,680
33,227	Other Expenses	4e	33,374	31,767
-	Net Losses from the Disposal of Assets	5	-	21,458
<b>129,260</b>	<b>Total Expenses from Continuing Operations</b>		<b>130,106</b>	<b>152,414</b>
<b>63,490</b>	<b>Operating Result from Continuing Operations</b>		<b>127,425</b>	<b>33,721</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>63,490</b>	<b>Net Operating Result for the Year</b>		<b>127,425</b>	<b>33,721</b>
63,490	Net Operating Result attributable to Council		127,425	33,721
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>45,377</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>61,365</b>	<b>(16,661)</b>

<sup>1</sup> Original Budget as approved by Council - refer Note 16

<sup>2</sup> Financial Assistance Grants for 13/14 are lower, reflecting a timing difference due to a change in how the grant is paid - refer Note 3 (e)

This Statement should be read in conjunction with the accompanying Notes.

# Statement of Comprehensive Income

for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>Net Operating Result for the year</b> (as per Income statement)		<b>127,425</b>	<b>33,721</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	795,956	55,314
Adjustment to correct prior period errors		-	10,357
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>795,956</b>	<b>65,671</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>795,956</b>	<b>65,671</b>
<b>Total Comprehensive Income for the Year</b>		<b>923,381</b>	<b>99,392</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>923,381</b>	<b>99,392</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

This Statement should be read in conjunction with the accompanying Notes.

# Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	105,952	96,418
Investments	6b	108,023	74,102
Receivables	7	27,364	6,513
Inventories	8	12,021	31,364
Other	8	610	637
<b>Total Current Assets</b>		<b>253,970</b>	<b>209,034</b>
<b>Non-Current Assets</b>			
Receivables	7	3,851	2,060
Infrastructure, Property, Plant & Equipment	9	3,955,669	3,083,460
Investment Property	14	24,030	17,719
<b>Total Non-Current Assets</b>		<b>3,983,550</b>	<b>3,103,239</b>
<b>TOTAL ASSETS</b>		<b>4,237,520</b>	<b>3,312,273</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	18,598	16,775
Provisions	10	16,247	16,161
<b>Total Current Liabilities</b>		<b>34,845</b>	<b>32,936</b>
<b>Non-Current Liabilities</b>			
Provisions	10	250	293
<b>Total Non-Current Liabilities</b>		<b>250</b>	<b>293</b>
<b>TOTAL LIABILITIES</b>		<b>35,095</b>	<b>33,229</b>
<b>Net Assets</b>		<b>4,202,425</b>	<b>3,279,044</b>
<b>EQUITY</b>			
Retained Earnings	20	3,081,009	2,953,584
Revaluation Reserves	20	1,121,416	325,460
Council Equity Interest		4,202,425	3,279,044
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>4,202,425</b>	<b>3,279,044</b>

This Statement should be read in conjunction with the accompanying Notes.

# Statement of Changes in Equity

for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		2,953,584	325,460	<b>3,279,044</b>	-	<b>3,279,044</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/13)		<b>2,953,584</b>	<b>325,460</b>	<b>3,279,044</b>	-	<b>3,279,044</b>
<b>c. Net Operating Result for the Year</b>		<b>127,425</b>	-	<b>127,425</b>	-	<b>127,425</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	795,956	<b>795,956</b>	-	<b>795,956</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>795,956</b>	<b>795,956</b>	-	<b>795,956</b>
<b>Total Comprehensive Income</b> (c&d)		<b>127,425</b>	<b>795,956</b>	<b>923,381</b>	-	<b>923,381</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>3,081,009</b>	<b>1,121,416</b>	<b>4,202,425</b>	-	<b>4,202,425</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		2,909,506	270,146	<b>3,179,652</b>	-	<b>3,179,652</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/12)		<b>2,909,506</b>	<b>270,146</b>	<b>3,179,652</b>	-	<b>3,179,652</b>
<b>c. Net Operating Result for the Year</b>		<b>33,721</b>	-	<b>33,721</b>	-	<b>33,721</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	55,314	<b>55,314</b>	-	<b>55,314</b>
- Prior Period Errors	20b (ii)	10,357	-	<b>10,357</b>	-	<b>10,357</b>
<b>Other Comprehensive Income</b>		<b>10,357</b>	<b>55,314</b>	<b>65,671</b>	-	<b>65,671</b>
<b>Total Comprehensive Income</b> (c&d)		<b>44,078</b>	<b>55,314</b>	<b>99,392</b>	-	<b>99,392</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>2,953,584</b>	<b>325,460</b>	<b>3,279,044</b>	-	<b>3,279,044</b>

This Statement should be read in conjunction with the accompanying Notes.

# Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
89,906	Rates & Annual Charges		90,301	85,680
15,012	User Charges & Fees		16,085	17,115
4,699	Investment & Interest Revenue Received		6,839	6,581
33,877	Grants & Contributions		43,261	63,057
-	Bonds, Deposits & Retention amounts received		2,336	2,913
3,785	Other		12,414	13,890
<b>Payments:</b>				
(49,841)	Employee Benefits & On-Costs		(48,367)	(46,390)
(25,461)	Materials & Contracts		(28,406)	(27,607)
-	Bonds, Deposits & Retention amounts refunded		-	(2,327)
(33,353)	Other		(44,182)	(39,817)
<b>38,626</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>50,281</b>	<b>73,095</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		47,808	47,997
65,850	Sale of Real Estate Assets		56,681	-
1,022	Sale of Infrastructure, Property, Plant & Equipment		1,200	51,258
<b>Payments:</b>				
-	Purchase of Investment Securities		(81,729)	(109,939)
(48,899)	Purchase of Infrastructure, Property, Plant & Equipment		(58,007)	(44,990)
(4,500)	Real Estate Development Costs		(6,700)	(8,274)
<b>13,473</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(40,747)</b>	<b>(63,948)</b>
<b>Cash Flows from Financing Activities</b>				
Nil				
<b>-</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>-</b>	<b>-</b>
<b>52,099</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>9,534</b>	<b>9,147</b>
96,418	plus: Cash & Cash Equivalents - beginning of year	11a	96,418	87,271
<b>148,517</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>105,952</b>	<b>96,418</b>
Additional Information:				
	plus: Investments on hand - end of year	6b	108,023	74,102
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>213,975</b>	<b>170,520</b>

Please refer to Note 11 for additional cash flow information.

This Statement should be read in conjunction with the accompanying Notes.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

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# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

### (a) Basis of preparation

#### (i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

#### (ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

#### (iii) New and amended standards adopted by Council

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

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

#### (iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

### (v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

### (vi) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

### (vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this 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 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 are set out below:

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment.

#### **Critical judgements in applying Council's accounting policies**

- (i) Impairment of Receivables - Council has no impairment of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

### (b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

#### **Rates, Annual Charges, Grants and Contributions**

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

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 financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, (i) it is probable that the economic benefits comprising the contribution will flow to the Council and (ii) the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

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

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 detailed Note relating to developer contributions can be found at Note 17.

### User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue

when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

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

### Sale of Infrastructure, Property, Plant and Equipment

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

### Interest and Rents

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

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

### Dividend Income

Council does not have any dividend income.

### Other Income

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

### (c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2014) and (ii) all the related operating results (for the financial year ended the 30th June 2014).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

reporting period transactions have been eliminated in full between Council and its controlled entities.

### (i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Hills Community Care
- Child Care Centres

### (ii) The Trust Fund

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

Trust monies and property subject to Council's control have been included in these statements.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these statements.

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

### (iii) Joint Ventures

Council has no interest in any Joint Venture Entities, Assets or Operations.

### (iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity),

ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

### (v) County Councils

Council is a member of the following County Councils (which are bodies corporate under the Local Government Act);

#### ▪ Hawkesbury River County Council

The governing body of each County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above County Councils and accordingly these entities have not been consolidated or otherwise included within these financial statements.

### (vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

### (d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

#### Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

### Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

### (e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

- cash on hand,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

### (f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss,**
- **loans and receivables,**
- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

### (ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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balance sheet date which are classified as non-current assets.

### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

### Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

### General Accounting & Measurement of Financial Instruments:

#### (i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

#### (ii) Subsequent Measurement

**Available-for-sale financial assets and financial assets at fair value through profit and loss** are subsequently carried at fair value.

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

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**"

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

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

### Impairment

Council assesses at each balance date 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.

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. loans and receivables), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

### (iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local

Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

### (g) Fair value estimation

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

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

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

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

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

### (h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

### (i) Inventories

#### Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

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.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

#### Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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

#### Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** – refer Note 1(p),
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths** (Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Internal Valuation)
- **Land Improvements** (as approximated by depreciated historical cost)
- **Other Structures** (as approximated by depreciated historical cost)
- **Other Assets** (as approximated by depreciated historical cost)

#### Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

#### Subsequent costs

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.

#### Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

### Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

#### Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

#### Plant & Equipment

Office Furniture	> \$5,000
Office Equipment	> \$5,000
Other Plant & Equipment	> \$5,000

#### Buildings & Land Improvements

Park Furniture & Equipment	100% Capitalised
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#### Building

- construction/extensions	100% Capitalised
- renovations	100% Capitalised

Other Structures	100% Capitalised
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#### Stormwater Assets

Drains & Culverts	100% Capitalised
Other	100% Capitalised

#### Transport Assets

Road construction & reconstruction	100% Capitalised
Reseal/Re-sheet & major repairs:	100% Capitalised

Bridge construction & reconstruction	100% Capitalised
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### Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

#### Plant & Equipment

- Office Equipment	expensed
- Office furniture	expensed
- Computer Equipment	expensed
- Vehicles	4 years
- Heavy Plant/Road Making equip.	4 years
- Other plant and equipment	5 years

#### Other Equipment

- Playground equipment	5 years
- Benches, seats etc	5 years

#### Buildings

- Buildings : Masonry	100 years
- Buildings : Other	100 years

#### Stormwater Drainage

- Drains	100 years
- Culverts	100 years

#### Transportation Assets

- Sealed Roads : Surface	100 years
- Sealed Roads : Structure	100 years
- Unsealed roads	100 years
- Bridge : Concrete	100 years
- Bridge : Other	100 years

- Road Pavements	100 years
- Kerb, Gutter & Paths	100 years

#### Other Infrastructure Assets

- Bulk earthworks	Infinite
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All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

### Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

### (k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

### (l) 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 to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. A revaluation has been carried out in 2013/2014.

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

### (m) Intangible Assets

Council has not classified any assets as Intangible.

### (n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

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

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the

reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

### (o) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

Council exclude the assets, their values and depreciation charges from these financial statements.

### (p) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every year.

The last full revaluation for Council's Investment Properties was dated 30/06/2014.

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

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

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

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

This amortisation of the discount is disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

### **(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations**

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

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

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

### (s) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

### (t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

### (u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

### (v) Borrowing costs

Council does not have any borrowings.

### (w) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

### **(x) Employee benefits**

#### **(i) Short Term Obligations**

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

#### **(ii) Other Long Term Obligations**

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made 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 then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

#### **(iii) Retirement benefit obligations**

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

The last valuation of the Scheme was performed by Richard Boyfield on 30/06/2014 and covers the period ended 30/06/2014.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an

expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2014 was \$ 379,000.

The amount of additional contributions included in the total employer contribution advised above is \$792,058.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 1,515,567 as at 30 June 2014.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

### Defined Contribution 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.

#### (iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/13.

#### (y) Self insurance

Council does not self insure.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

### **(z) Allocation between current and non-current assets & liabilities**

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

#### **Exceptions**

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

### **(aa) Taxes**

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

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

#### **Goods & Services Tax (GST)**

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

### **(ab) New accounting standards and interpretations**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

**Council has not adopted any of these standards early.**

Council's assessment of the impact of these new standards and interpretations is set out below.

#### **Applicable to Local Government with implications:**

***AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)***

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

**Applicable to Local Government but no implications for Council;**

***AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for 30 June 2015 Financial Statements)***

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

**Applicable to Local Government but not relevant to Council at this stage;**

***AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective for 30 June 2015 Financial Statements for not-for-profit entities)***

This suite of five new and amended standards address the accounting for joint arrangements,

consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

### **Not applicable to Local Government per se;**

None

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

### **(ac) Rounding of amounts**

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

### **(ad) Comparative Figures**

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

### **(ae) Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 2(a). Council Functions/Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2014	Actual 2014	Actual 2013	Original Budget 2014	Actual 2014	Actual 2013	Original Budget 2014	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Balanced Urban Growth	70,511	99,709	36,332	40,783	40,362	67,348	29,728	59,347	(31,016)	3,236	4,133	3,623,443	2,747,276
Modern Local Economy	-	-	3	841	740	738	(841)	(740)	(735)	-	-	-	-
Protected Environment	25,136	27,127	25,730	29,736	30,208	27,678	(4,600)	(3,081)	(1,948)	517	732	172,005	168,545
Proactive Leadership	2,388	21,485	3,486	8,623	10,171	9,780	(6,235)	11,314	(6,294)	-	-	257,821	234,719
Vibrant Communities	18,361	34,306	46,222	49,277	48,625	46,870	(30,916)	(14,319)	(648)	7,886	7,709	184,251	161,733
<b>Total Functions &amp; Activities</b>	<b>116,396</b>	<b>182,627</b>	<b>111,773</b>	<b>129,260</b>	<b>130,106</b>	<b>152,414</b>	<b>(12,864)</b>	<b>52,521</b>	<b>(40,641)</b>	<b>11,639</b>	<b>12,574</b>	<b>4,237,520</b>	<b>3,312,273</b>
Share of gains/(losses) in Associates & Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	76,354	74,904	74,362	-	-	-	76,354	74,904	74,362	3,773	5,437	-	-
<b>Operating Result from Continuing Operations</b>	<b>192,750</b>	<b>257,531</b>	<b>186,135</b>	<b>129,260</b>	<b>130,106</b>	<b>152,414</b>	<b>63,490</b>	<b>127,425</b>	<b>33,721</b>	<b>15,412</b>	<b>18,011</b>	<b>4,237,520</b>	<b>3,312,273</b>

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

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 2(b). Council Functions/Activities - Component Descriptions

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

### **BALANCED URBAN GROWTH**

Housing, town planning, domestic waste management services, other waste management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public cemeteries, public conveniences, other community amenities.

Building control, abattoirs, quarries and pits, other.

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, street lighting, other.

### **MODERN LOCAL ECONOMY**

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards & markets, real estate development, commercial nurseries, other business undertakings.

### **PROTECTED ENVIRONMENT**

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

Administration and inspection, immunisations, food control, insect/vermin control, noxious plants, health centres, other.

### **PROACTIVE LEADERSHIP**

Costs relating to the Council's role as a component of democratic government, including elections, members fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance, together with related administration

### **VIBRANT COMMUNITIES**

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		58,601	56,041
Farmland		640	634
Business		6,911	6,821
<b>Total Ordinary Rates</b>		<b>66,152</b>	<b>63,496</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		22,627	20,695
Stormwater Management Services		1,551	1,550
<b>Total Annual Charges</b>		<b>24,178</b>	<b>22,245</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>90,330</b>	<b>85,741</b>
Council has used 2012 year valuations provided by the NSW Valuer General in calculating its rates.			
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Nil			
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
General Administration		3	2
Planning & Building Regulation		5,000	4,467
Registration Fees		448	439
Section 603 Certificates		321	249
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>5,772</b>	<b>5,157</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aged Care		2,171	2,215
Cemeteries		217	552
Child Care		4,918	4,681
Corporate Services		1	1
Engineering Works		8	12
Library		110	120
Other Support Services		345	360
Parks & Gardens		416	365
Public Halls		2,127	2,090
Other		-	6
<b>Total Fees &amp; Charges - Other</b>		<b>10,313</b>	<b>10,402</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>16,085</b>	<b>15,559</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		268	283
- Interest earned on Investments (interest & coupon payment income)		7,044	6,534
Other		146	-
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>7,458</u></b>	<b><u>6,817</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		268	283
General Council Cash & Investments		5,252	5,561
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		1,938	973
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>7,458</u></b>	<b><u>6,817</u></b>
<b>(d) Other Revenues</b>			
Fair Value Adjustments - Investment Properties	14	6,311	364
Rental Income - Investment Properties	14	595	592
Fines		645	756
Legal Fees Recovery - Rates & Charges (Extra Charges)		116	144
Building Control		90	112
Community Services & Education		462	323
Corporate Support		1,280	1,634
Engineering Works		313	289
Environmental Protection		711	1,094
Insurance Claim Recoveries		15	16
Public Libraries		52	62
Sales - Final Settlement and disturbance costs		18,392	-
Town Planning		200	178
Other		196	179
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>29,378</u></b>	<b><u>5,743</u></b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	1,857	3,606	-	-
Financial Assistance - Local Roads Component	940	1,795	-	-
Pensioners' Rates Subsidies - General Component	976	984	-	-
<b>Total General Purpose</b>	<b>3,773</b>	<b>6,385</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.

### Specific Purpose

Aged Care	5,518	5,393	-	-
Bushfire & Emergency Services	496	499	-	-
Child Care	218	218	-	-
Community Care	84	101	-	-
Environmental Protection	517	732	-	-
Flood Restoration	-	-	-	3
Library	442	497	-	-
NSW Rural Fire Services	-	-	-	78
Parks, Heritage & Cultural Services	510	445	636	499
Street Lighting	259	259	-	-
Transport (Roads to Recovery)	-	-	894	889
Transport (Other Roads & Bridges Funding)	965	939	998	1,073
Town Planning	32	-	-	-
Buildings	-	-	70	-
<b>Total Specific Purpose</b>	<b>9,041</b>	<b>9,083</b>	<b>2,598</b>	<b>2,542</b>
<b>Total Grants</b>	<b>12,814</b>	<b>15,468</b>	<b>2,598</b>	<b>2,542</b>

### Grant Revenue is attributable to:

- Commonwealth Funding	6,777	9,302	1,376	1,394
- State Funding	5,991	6,162	1,222	1,148
- Other Funding	46	4	-	-
	<b>12,814</b>	<b>15,468</b>	<b>2,598</b>	<b>2,542</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	-	-	24,096	29,434
Other Developer Contributions-PIF and HAF Funding	-	-	-	8,100
<b>Total Developer Contributions</b>	<b>-</b>	<b>-</b>	<b>24,096</b>	<b>37,534</b>
	17			
<b>Other Contributions:</b>				
Community Facilities	-	38	-	194
Community Services	174	138	-	-
Dedications (other than by S94)	-	-	37,811	9,630
Drainage	-	-	-	391
Fire Protection	8	41	98	-
Other Withers Road Bio Banking	-	4,905	-	-
Parks & Gardens	373	201	77	78
Roads & Bridges	1,971	956	1,380	13
Town Planning	118	108	-	-
Other	60	38	-	-
<b>Total Other Contributions</b>	<b>2,704</b>	<b>6,425</b>	<b>39,366</b>	<b>10,306</b>
<b>Total Contributions</b>	<b>2,704</b>	<b>6,425</b>	<b>63,462</b>	<b>47,840</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>15,518</b>	<b>21,893</b>	<b>66,060</b>	<b>50,382</b>

\$ '000	Actual 2014	Actual 2013
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### (g) Restrictions relating to Grants and Contributions

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

Unexpended at the Close of the Previous Reporting Period	48,618	19,471
add: Grants & contributions recognised in the current period but not yet spent:	29,487	43,700
less: Grants & contributions recognised in a previous reporting period now spent:	(10,777)	(14,553)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>18,710</b>	<b>29,147</b>
<b>Unexpended and held as Restricted Assets</b>	<b>67,328</b>	<b>48,618</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	6,576	8,291
- Developer Contributions	60,752	40,327
	<b>67,328</b>	<b>48,618</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		39,589	38,347
Employee Leave Entitlements (ELE)		4,155	4,643
Superannuation - Defined Contribution Plans		3,084	2,915
Superannuation - Defined Benefit Plans		379	381
Workers' Compensation Insurance		884	1,004
Fringe Benefit Tax (FBT)		170	184
Training Costs (other than Salaries & Wages)		475	377
Other		254	205
<b>Total Employee Costs</b>		<b>48,990</b>	<b>48,056</b>
less: Capitalised Costs		(580)	(555)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>48,410</b>	<b>47,501</b>
Number of "Equivalent Full Time" Employees at year end		577	580
<b>(b) Borrowing Costs</b>			
Nil			
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		5,873	4,685
Contractor & Consultancy Costs		21,408	19,421
Auditors Remuneration <sup>(1)</sup>		70	92
Legal Expenses:			
- Legal Expenses: Planning & Development		474	689
- Legal Expenses: Other		1,489	769
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		17	94
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>29,331</b>	<b>25,750</b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		70	72
- Other audit & assurance services - Amalgamation Review		-	20
<b>Total Auditor Remuneration</b>		<b>70</b>	<b>92</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Other		17	94
		<b>17</b>	<b>94</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	2,495	2,245
Office Equipment		-	-	25	10
Land-Biobanking site		-	7,680	-	-
Land Improvements (depreciable)		-	-	2,640	2,248
Buildings - Non Specialised		-	-	1,701	1,815
Buildings - Specialised		-	-	75	142
Infrastructure:					
- Roads		-	-	9,697	9,452
- Stormwater Drainage		-	-	2,358	2,326
Other Assets					
- Other		-	-	-	20
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>		<b>-</b>	<b>7,680</b>	<b>18,991</b>	<b>18,258</b>

\$ '000	Notes	Actual	Actual
		2014	2013
<b>(e) Other Expenses</b>			
Advertising		146	114
Bank Charges		351	381
Contributions/Levies to Other Levels of Government			
- Department of Planning Levy		235	229
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		241	223
- NSW Fire Brigade Levy		1,733	1,701
- NSW Rural Fire Service Levy		602	578
- Waste Levy		9,778	8,570
- Other (incl. Ferries, Registrations, Valuer General & Other)		998	1,221
Councillor Expenses - Mayoral Fee		59	58
Councillor Expenses - Councillors' Fees		267	255
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		145	139
Electricity & Heating		1,410	1,115
Insurance		731	755
Office Expenses		630	701
Professional Charges		467	573
Project Costs (amounts that are not materially individual)		7,493	7,196
Street Lighting		3,065	3,039
Telephone & Communications		1,085	717
Voluntary Charges		3,407	3,377
Other		531	825
<b><u>TOTAL OTHER EXPENSES</u></b>		<b>33,374</b>	<b>31,767</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2014	Actual 2013
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		-	49,725
less: Carrying Amount of Property Assets Sold / Written Off		-	(72,117)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>(22,392)</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		1,200	1,533
less: Carrying Amount of P&E Assets Sold / Written Off		(574)	(599)
<b>Net Gain/(Loss) on Disposal</b>		<b>626</b>	<b>934</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		56,681	-
less: Carrying Amount of Real Estate Assets Sold / Written Off		(24,605)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>32,076</b>	<b>-</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		47,808	47,997
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(47,808)	(47,997)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>32,702</u></b>	<b><u>(21,458)</u></b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 6a. Cash Assets and Note 6b. - Investments

\$ '000	Notes	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		8,916	-	8,529	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		3,371	-	4,255	-
- Short Term Deposits		93,665	-	83,634	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>105,952</b>	<b>-</b>	<b>96,418</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		108,023	-	74,102	-
<b>Total Investments</b>		<b>108,023</b>	<b>-</b>	<b>74,102</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>213,975</b>	<b>-</b>	<b>170,520</b>	<b>-</b>

<sup>1</sup> Those Investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:**

### Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		<b>105,952</b>	<b>-</b>	<b>96,418</b>	<b>-</b>
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### Investments

b. "Held to Maturity"		108,023	-	74,102	-
Investments	6(b-ii)	<b>108,023</b>	<b>-</b>	<b>74,102</b>	<b>-</b>

### Note 6(b-ii)

#### Reconciliation of Investments classified as "Held to Maturity"

Balance at the Beginning of the Year		74,102	-	12,160	-
Additions		81,729	-	109,939	-
Disposals (sales & redemptions)		(47,808)	-	(47,997)	-
<b>Balance at End of Year</b>		<b>108,023</b>	<b>-</b>	<b>74,102</b>	<b>-</b>

#### Comprising:

- Long Term Deposits		108,023	-	74,102	-
<b>Total</b>		<b>108,023</b>	<b>-</b>	<b>74,102</b>	<b>-</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

\$ '000	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>213,975</b>	<b>-</b>	<b>170,520</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	72,702	-	54,074	-
Internal Restrictions (refer below)	118,220	-	91,025	-
Unrestricted	23,053	-	25,421	-
	<b>213,975</b>	<b>-</b>	<b>170,520</b>	<b>-</b>

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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### Details of Restrictions

#### External Restrictions - Included in Liabilities

Nil

#### External Restrictions - Other

Developer Contributions - General (D)	40,327	26,032	(5,607)	60,752
Specific Purpose Unexpended Grants (F)	8,291	-	(1,715)	6,576
Domestic Waste Management (G)	5,456	598	(680)	5,374
<b>External Restrictions - Other</b>	<b>54,074</b>	<b>26,630</b>	<b>(8,002)</b>	<b>72,702</b>
<b>Total External Restrictions</b>	<b>54,074</b>	<b>26,630</b>	<b>(8,002)</b>	<b>72,702</b>

#### Internal Restrictions

Refer break up on next page	91,025	93,028	(65,833)	118,220
<b>Total Internal Restrictions</b>	<b>91,025</b>	<b>93,028</b>	<b>(65,833)</b>	<b>118,220</b>
<b>TOTAL RESTRICTIONS</b>	<b>145,099</b>	<b>119,658</b>	<b>(73,835)</b>	<b>190,922</b>

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

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

**G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 6c. Restricted Cash, Cash Equivalents & Investments - (continued)

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Community Buildings	9,229	6,258	(6,258)	9,229
Land Development	8	28,951	(16,947)	12,012
Balcombe Heights	82	-	-	82
Projects	5,992	12,382	(7,474)	10,900
Baulkham Hills Town Centre	5,778	-	-	5,778
Open Space Acquisition	10,200	4,464	-	14,664
Carry Over Recurrent	7,223	3,061	(7,222)	3,062
Cemetery	1,777	112	(377)	1,512
Contingency	1,744	277	(1,403)	618
Drainage Easements	57	379	-	436
Election	-	886	-	886
Employees Leave Entitlement	4,665	1,440	-	6,105
Insurance / Workers Compensation	4,714	279	-	4,993
Legal	-	14	-	14
Parks & Reserves	586	414	-	1,000
Road / Road Closure	2,254	665	-	2,919
Restorations	1,950	1,688	(600)	3,038
Work Place Reform	2,262	99	-	2,361
Child Care	976	322	-	1,298
Hills Community Care	1,223	195	(405)	1,013
Capital Works	26,087	29,256	(24,045)	31,298
Plant	2,191	659	(674)	2,176
Other Recurrent (IT, Facility Policy , Office Equip)	2,027	1,227	(428)	2,826
<b>Total Internal Restrictions</b>	<b>91,025</b>	<b>93,028</b>	<b>(65,833)</b>	<b>118,220</b>
<b>TOTAL RESTRICTIONS</b>	<b>145,099</b>	<b>119,658</b>	<b>(73,835)</b>	<b>190,922</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		1,598	760	1,948	381
Interest & Extra Charges		401	-	439	-
Accrued Revenues					
- Interest on Investments		1,873	-	1,216	-
Government Grants & Subsidies		1,206	-	700	-
Debtors - Applications		1,123	-	249	-
Net GST Receivable		836	-	100	-
Other Debtors - Bio Banking		-	3,058	-	1,638
Other Debtors - Withers Rd		17,846	-	-	-
Other Debtors		2,816	33	2,497	41
<b>Total</b>		<b>27,699</b>	<b>3,851</b>	<b>7,149</b>	<b>2,060</b>
<b>less: Provision for Impairment</b>					
Other Debtors		(335)	-	(636)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(335)</b>	<b>-</b>	<b>(636)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>27,364</u></b>	<b><u>3,851</u></b>	<b><u>6,513</u></b>	<b><u>2,060</u></b>
<b>Externally Restricted Receivables</b>					
<u>Domestic Waste Management</u>		<u>881</u>	<u>-</u>	<u>867</u>	<u>-</u>
<b>Total External Restrictions</b>		<b>881</b>	<b>-</b>	<b>867</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>26,483</b>	<b>3,851</b>	<b>5,646</b>	<b>2,060</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>27,364</u></b>	<b><u>3,851</u></b>	<b><u>6,513</u></b>	<b><u>2,060</u></b>

### Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 8. Inventories & Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		10,481	-	28,386	-
Stores & Materials		26	-	44	-
Other		1,514	-	2,934	-
<b>Total Inventories</b>		<b>12,021</b>	<b>-</b>	<b>31,364</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		610	-	637	-
<b>Total Other Assets</b>		<b>610</b>	<b>-</b>	<b>637</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>12,631</b>	<b>-</b>	<b>32,001</b>	<b>-</b>

### Externally Restricted Assets

There are no restrictions applicable to the above assets.

### Other Disclosures

#### (a) Details for Real Estate Development

Residential		10,481	-	28,386	-
<b>Total Real Estate for Resale</b>		<b>10,481</b>	<b>-</b>	<b>28,386</b>	<b>-</b>

(Valued at the lower of cost and net realisable value)

#### Represented by:

Acquisition Costs		5,813	-	18,141	-
Development Costs		4,668	-	10,245	-
<b>Total Costs</b>		<b>10,481</b>	<b>-</b>	<b>28,386</b>	<b>-</b>
<b>Total Real Estate for Resale</b>		<b>10,481</b>	<b>-</b>	<b>28,386</b>	<b>-</b>

#### Movements:

Real Estate assets at beginning of the year		28,386	-	5,654	-
- Purchases and other costs		6,700	-	22,732	-
- WDV of Sales (exp)	5	(24,605)	-	-	-
<b>Total Real Estate for Resale</b>		<b>10,481</b>	<b>-</b>	<b>28,386</b>	<b>-</b>

#### (b) Current Assets not anticipated to be settled within the next 12 months

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2014	2013
Real Estate for Resale	5,194	5,190
	<b>5,194</b>	<b>5,190</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2013						as at 30/6/2014						
	At			Carrying Value			Asset Additions			Revaluation Increments to Equity (ARR)			
	Cost	Fair Value	Accumulated Dep'n	Impairment	Value	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	At Cost	Fair Value	Accumulated Dep'n	Impairment	Carrying Value
Capital Work in Progress	251	-	-	-	251	-	-	(251)	304	-	-	-	304
Plant & Equipment	-	21,997	16,121	-	5,876	3,316	(2,495)	-	-	22,684	16,561	-	6,123
Office Equipment	-	832	802	-	30	335	(25)	-	-	1,073	733	-	340
<b>Land:</b>													
- Operational Land	-	124,568	-	-	124,568	-	-	-	-	124,568	-	-	124,568
- Community Land	-	209,322	-	-	209,322	3,388	-	-	-	212,710	-	-	212,710
- Land under Roads (pre 1/7/08)	-	1,782,880	-	-	1,782,880	-	-	-	-	2,442,522	-	-	2,442,522
- Land under Roads (post 30/6/08)	-	21,989	-	-	21,989	18,844	-	-	(211)	177,147	-	-	177,147
Land Improvements - depreciable	-	12,914	10,123	-	2,791	2,730	(2,640)	-	(32)	16,047	13,164	-	2,672
Buildings - Non Specialised	-	165,211	53,097	-	115,114	23,966	(1,701)	149	-	192,326	54,798	-	137,496
Buildings - Specialised	-	7,423	3,990	-	3,433	-	(75)	-	-	7,423	4,065	-	3,358
<b>Infrastructure:</b>													
- Roads	-	965,826	411,152	-	554,674	33,861	(9,697)	-	(61)	999,687	420,849	-	578,777
- Bulk Earthworks (non-depreciable)	-	50,024	-	-	50,024	3,559	-	-	-	53,583	-	-	53,583
- Stormwater Drainage	-	235,312	66,767	-	168,545	5,817	(2,358)	-	-	241,129	69,125	-	172,004
<b>Other Assets:</b>													
- Other	-	52,422	8,459	-	43,963	-	-	102	-	52,122	8,057	-	44,065
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>251</b>	<b>3,653,720</b>	<b>570,511</b>	<b>-</b>	<b>3,083,460</b>	<b>95,816</b>	<b>(18,991)</b>	<b>-</b>	<b>-</b>	<b>4,543,021</b>	<b>587,352</b>	<b>-</b>	<b>3,955,669</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$32.737m) and New Assets (\$25.268m) and subdivider dedications (\$37.811m). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 9b. Infrastructure, Property, Plant & Equipment

Council has no Externally Restricted Infrastructure, Property, Plant & Equipment.

## Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

## Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		7,521	-	8,034	-
Security Bonds, Deposits & Retentions		11,077	-	8,741	-
<b>Total Payables</b>		<b>18,598</b>	<b>-</b>	<b>16,775</b>	<b>-</b>
<b>Borrowings</b>					
Nil					
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		4,187	-	4,233	-
Sick Leave		426	250	472	293
Long Service Leave		11,227	-	10,908	-
Gratuities		407	-	548	-
<b>Total Provisions</b>		<b>16,247</b>	<b>250</b>	<b>16,161</b>	<b>293</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>34,845</b>	<b>250</b>	<b>32,936</b>	<b>293</b>

### (i) Liabilities relating to Restricted Assets

There are no restricted assets (external or internal) applicable to the above liabilities.

### (ii) Current Liabilities not anticipated to be settled within the next 12 months

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

	Actual 2014	Actual 2013
Provisions - Employees Benefits	13,147	13,093
Payables - Security Bonds, Deposits & Retentions	7,753	6,414
	<b>20,900</b>	<b>19,507</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	105,952	96,418
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>105,952</b>	<b>96,418</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>127,425</b>	<b>33,721</b>
Adjust for non cash items:			
Depreciation & Amortisation		18,991	18,258
Net Losses/(Gains) on Disposal of Assets		(32,702)	21,458
Non Cash Capital Grants and Contributions		(37,811)	(9,630)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
Fair Value Adjustment Investment Properties		(6,311)	(364)
Impairment Loss		-	7,680
Biobanking Credits		-	(4,905)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(22,341)	1,829
Increase/(Decrease) in Provision for Doubtful Debts		(301)	(455)
Decrease/(Increase) in Inventories		1,438	169
Decrease/(Increase) in Other Assets		27	53
Increase/(Decrease) in Payables		(513)	3,484
Increase/(Decrease) in Other Liabilities		2,336	586
Increase/(Decrease) in Employee Leave Entitlements		43	1,211
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>50,281</b>	<b>73,095</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Other Dedications - Developer Contributions in kind		37,811	9,630
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>37,811</b>	<b>9,630</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		5,000	5,000
Credit Cards / Purchase Cards		159	64
<b>Total Financing Arrangements</b>		<b>5,159</b>	<b>5,064</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

### **(ii) Secured Loan Liabilities**

Loans are secured by a mortgage over future years Rate Revenue only.

### **(e) Bank Guarantees**

Council has not provided any bank guarantees to external 3rd parties.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		3,190	17,330
Infrastructure		174	2,227
Parks		1,217	-
Waterways		-	661
Land		12	-
<b>Total Commitments</b>		<b>4,593</b>	<b>20,218</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		4,593	20,218
<b>Total Payable</b>		<b>4,593</b>	<b>20,218</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		4,593	-
Internally Restricted Reserves		-	20,218
<b>Total Sources of Funding</b>		<b>4,593</b>	<b>20,218</b>

### (b) Finance Lease Commitments

Nil

### (c) Operating Lease Commitments (Non Cancellable)

Nil

### (d) Investment Property Commitments

Nil

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2014	Indicator 2014	Prior Periods	
			2013	2012
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Operating Performance Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
(excl. Capital Grants & Contributions) - Operating Expenses	<u>22,352</u>	14.66%	3.27%	6.30%
Total continuing operating revenue <sup>(1)</sup>	<u>152,458</u>			
(excl. Capital Grants & Contributions)				
<b>2. Own Source Operating Revenue Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
(less ALL Grants & Contributions)	<u>136,940</u>	62.67%	61.09%	61.80%
Total continuing operating revenue <sup>(1)</sup>	<u>218,518</u>			
<b>3. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(2)</sup>	<u>175,193</u>	12.56 : 1	11.09	9.65
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<u>13,945</u>			
<b>4. Debt Service Cover Ratio</b>				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<u>41,343</u>	N/A	N/A	N/A
Principal Repayments (from the Statement of Cash Flows)	-			
+ Borrowing Interest Costs (from the Income Statement)				
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual and Extra Charges Outstanding	<u>2,759</u>	2.95%	3.12%	3.15%
Rates, Annual and Extra Charges Collectible	<u>93,482</u>			
<b>6. Cash Expense Cover Ratio</b>				
Current Year's Cash and Cash Equivalents including All Term Deposits	<u>213,975</u>	21.23	17.62	16.95
Payments from cash flow of operating and financing activities	<u>10,080</u>			

### Notes

<sup>(1)</sup> Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and net share of interests in joint ventures.

<sup>(2)</sup> Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

<sup>(3)</sup> Refer to Note 10(a).

<sup>(4)</sup> Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



**Purpose of Operating Performance Ratio**

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

**Commentary on 2013/14 Result**

**2013/14 Ratio 14.66%**

This ratio is abnormally high due to property development income received in FY 13/14. If adjusted for this abnormality it is still above the benchmark.

— Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



**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 & contributions.

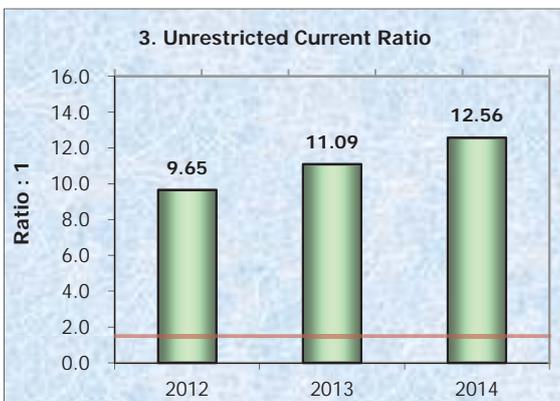
**Commentary on 2013/14 Result**

**2013/14 Ratio 62.67%**

Council is not fully reliant on grants and contributions. It shows Council's financial flexibility.

— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



**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 2013/14 Result**

**2013/14 Ratio 12.56 : 1**

This ratio continues to increase and is well above the industry benchmark of 1 indicating sound liquidity.

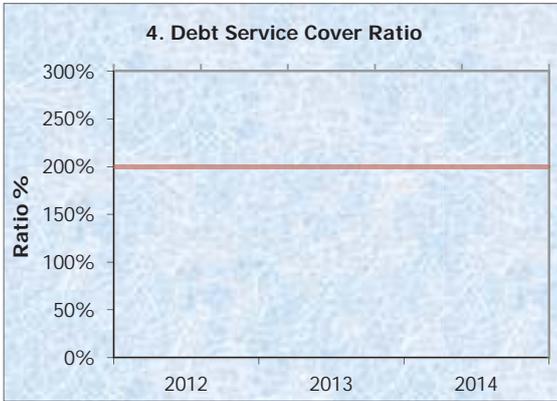
— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



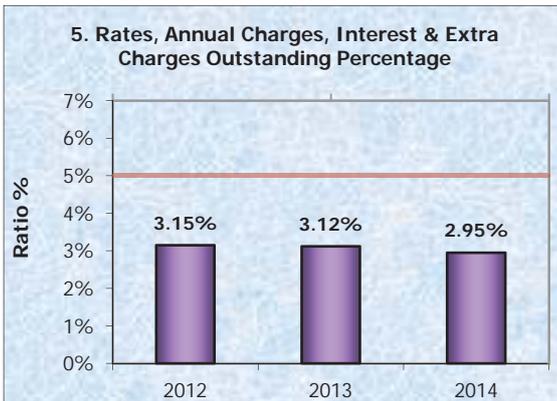
— Minimum 200.00%

Source for Benchmark: NSW Treasury Corporation

**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 2013/14 Result	
2013/14 Ratio	N/A
Council remains debt free	



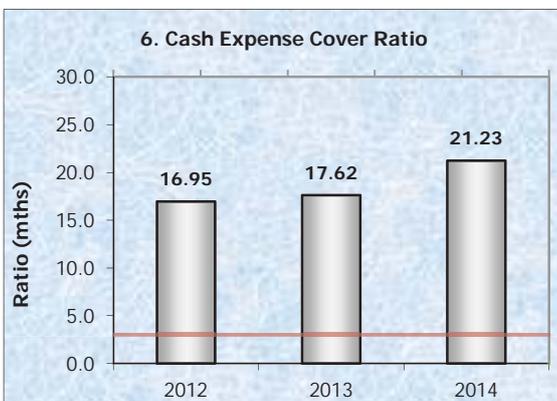
— Maximum 5.00%

Source for Benchmark: Office of Local Govt - Comparative Information (10/11)

**Purpose of Rates & Annual Charges Outstanding Ratio**

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2013/14 Result	
2013/14 Ratio	2.95%
This is excellent and has improved on last year	



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

**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 Result	
2013/14 Ratio	21.23
Council's Cash Expense Ratio has been well above benchmark indicating Council's ability to pay for its immediate expenses without addition cash flow.	

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 14. Investment Properties

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Investment Properties at Fair value</b>			
<u>Investment Properties on Hand</u>		<u>24,030</u>	<u>17,719</u>
<b>Reconciliation of Annual Movement:</b>			
Opening Balance		17,719	17,355
- Net Gain/(Loss) from Fair Value Adjustments		6,311	364
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<b><u>24,030</u></b>	<b><u>17,719</u></b>

### (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 2014 revaluations were based on Independent Assessments made by:  
Independent Property Valuations Pty Ltd

### (c) Contractual Obligations at Reporting Date

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

### (e) Investment Property Income & Expenditure - summary

<b>Rental Income from Investment Properties:</b>			
- Minimum Lease Payments		595	592
<b>Net Revenue Contribution from Investment Properties</b>		<b>595</b>	<b>592</b>
plus:			
Fair Value Movement for year		6,311	364
<b>Total Income attributable to Investment Properties</b>		<b><u>6,906</u></b>	<b><u>956</u></b>

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

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Financial Risk Management

\$ '000

### 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 & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2014	2013	2014	2013
<b>Financial Assets</b>				
Cash and Cash Equivalents	105,952	96,418	105,952	96,418
Investments				
- "Held to Maturity"	108,023	74,102	108,023	74,102
Receivables	31,215	8,573	31,215	8,573
<b>Total Financial Assets</b>	<b>245,190</b>	<b>179,093</b>	<b>245,190</b>	<b>179,093</b>
<b>Financial Liabilities</b>				
Payables	18,598	16,775	18,598	16,775
<b>Total Financial Liabilities</b>	<b>18,598</b>	<b>16,775</b>	<b>18,598</b>	<b>16,775</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "**at fair value through profit & 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.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (Continued)

\$ '000

### (a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

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

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. 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.

The risks associated with the investments held are:

- **Price Risk** - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there 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.
- **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 & Investments.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2014</b>				
Possible impact of a 1% movement in Interest Rates	2,139	2,139	(2,139)	(2,139)
<b>2013</b>				
Possible impact of a 1% movement in Interest Rates	994	994	(994)	(994)

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (Continued)

\$ '000

### (b) Receivables

Council's major receivables comprise (i) Rates & Annual charges and (ii) User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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 & annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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.

A profile of Council's receivables credit risk at balance date follows:

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	0%	92%	0%	80%
Overdue	100%	8%	100%	20%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>(ii) Ageing of Receivables - value</b>				
Current (not yet overdue)	-	26,460	-	5,092
Past due by up to 30 days	138	1,438	139	293
Past due between 31 and 60 days	138	103	139	80
Past due between 61 and 90 days	276	77	276	20
Past due by more than 90 days	2,207	713	2,214	956
	<b>2,759</b>	<b>28,791</b>	<b>2,768</b>	<b>6,441</b>
<b>(iii) Movement in Provision for Impairment of Receivables</b>			2014	2013
Balance at the beginning of the year			636	1,091
- amounts provided for but recovered during the year			(301)	(455)
<b>Balance at the end of the year</b>			<b>335</b>	<b>636</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (Continued)

\$ '000

### (c) Payables & Borrowings

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

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

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2014</b>									
Trade/Other Payables	11,077	7,521	-	-	-	-	-	18,598	18,598
<b>Total Financial Liabilities</b>	<b>11,077</b>	<b>7,521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,598</b>	<b>18,598</b>
<b>2013</b>									
Trade/Other Payables	8,741	8,034	-	-	-	-	-	16,775	16,775
<b>Total Financial Liabilities</b>	<b>8,741</b>	<b>8,034</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,775</b>	<b>16,775</b>

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

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

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	18,598		16,775	
	<u>18,598</u>		<u>16,775</u>	

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 11 June 2013.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the 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.

Note that for Variations\* of Budget to Actual :

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

**F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----		
<b>REVENUES</b>					
Rates & Annual Charges	90,137	90,330	193	0%	<b>F</b>
User Charges & Fees	15,051	16,085	1,034	7%	<b>F</b>
Interest & Investment Revenue	4,699	7,458	2,759	59%	<b>F</b>
Due to greater than anticipated section 94 income & receipt of property development activity income resulting in more cash available for investing resulting in additional income					
Other Revenues	3,795	29,378	25,583	674%	<b>F</b>
Due to fair value adjustment for properties, additional compensation from transport for NSW for compulsory acquisition of land as reported to Council on 12 November 2013 and the sale of fixed assets reported to Council on 25 February 2014					
Operating Grants & Contributions	15,765	15,518	(247)	(2%)	<b>U</b>
Capital Grants & Contributions	18,113	66,060	47,947	265%	<b>F</b>
Due to greater than anticipated capital grants and contributions received from developer contributions, subdivider dedications and other capital grants and contributions relating to FY 14/15 received in advance.					
Net Gains from Disposal of Assets	45,190	32,702	(12,488)	(28%)	<b>U</b>
Mainly due to the profit realised from the receipt of a final settlement, for a asset disposed in FY 12/13.					

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 16. Material Budget Variations (Continued)

\$ '000	2014 Budget	2014 Actual	2014 Variance*		
<b>EXPENSES</b>					
Employee Benefits & On-Costs	50,230	48,410	1,820	4%	F
Materials & Contracts	25,365	29,331	(3,966)	(16%)	U
Over expenditure due to additional work undertaken as a result of receiving a biodiversity Cattai Creek bushland grant, greater than anticipated restoration work undertaken mainly due to North West Rail and various road patching and waste contract charges.					
Depreciation & Amortisation	20,438	18,991	1,447	7%	F
Other Expenses	33,227	33,374	(147)	(0%)	U

\$ '000	2014 Budget	2014 Actual	2014 Variance*		
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### Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Operating Activities	38,626	50,281	11,655	30.2%	F
Due to greater than anticipated section 94 income & more cash available for investing resulting in additional income Fair value adjustment for properties, additional compensation from transport for NSW for compulsory acquisition of land as reported to Council on 12 November 2013 and sale of fixed assets reported to Council on 25 February 2014					
Cash Flows from Investing Activities	13,473	(40,747)	(54,220)	(402.4%)	U
Due to greater than anticipated section 94 income & more cash available for investing resulting in additional income					

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 17. Statement of Developer Contributions (Continued)

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\$ '000

Council currently has 10 S94 Developer Contribution Plans.

The table (on the next page) reflects the position of each Contribution Plan including Internal Borrowings.

The NSW Government has established a Priority Infrastructure Fund (PIF) for the FY 10/11, Housing Acceleration Fund (HAF) for the FY 12/13 and Local Infrastructure Growth Scheme from the FY 13/14 to bridge the gap between the IPART Approved Essential Infrastructure Contribution rate and the Cap.

**Council has received \$25.5m from Department of Planning for PIF & HAF as at 30 June 2013 for development applications approved between 4 June 2010 and 30 April 2014.**

**Reasons as to why there are two Notes in The Financial Statements to record Section 94 Funds.**

These schedules detail the amount of funds held and invested against each Contribution Plan. It also gives an indication of the End of Plan Balances.

Some plans had borrowed funds from other plans in the past years. Note 17 is produced to comply with the Local Government Code of Accounting Practice requirements.

To calculate the true balance for these plans in Note 17 Column "Held as Restricted Assets" must be added with "Cumulative Internal Borrowings".

To calculate the true projected end of plan balance Column "Over or (under) funding" must be added with "Cumulative Internal Borrowings".

These balances have been combined in Note 23.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 17. Statement of Developer Contributions (Continued)

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	4,853	1,339	-	218	-	-	6,410	19,341	(24,443)	1,308	-
Roads	7,292	1,138	-	482	(491)	402	8,823	67,531	(123,865)	(47,511)	4,286
Traffic Facilities	389	4,860	-	(159)	-	761	5,851	43,562	(35,662)	13,751	(7,754)
Open Space	10,623	13,931	-	(588)	(4,176)	(1,163)	18,627	153,570	(218,127)	(45,930)	(29,665)
Community Facilities /Infrastructure	1,299	1,339	-	912	-	-	3,550	17,860	(45,488)	(24,078)	21,702
Other	3,123	128	-	285	-	-	3,536	33,253	(40,102)	(3,313)	4,149
<b>S94 Contributions - under a Plan</b>	<b>27,579</b>	<b>22,735</b>	-	<b>1,150</b>	<b>(4,667)</b>	-	<b>46,797</b>	<b>335,117</b>	<b>(487,687)</b>	<b>(105,773)</b>	<b>(7,282)</b>
<b>S94A Levies - under a Plan</b>	<b>8,472</b>	<b>1,361</b>	-	<b>620</b>	<b>(940)</b>	-	<b>9,513</b>	<b>25,445</b>	<b>(42,240)</b>	<b>(7,282)</b>	<b>7,282</b>
<b>Total S94 Revenue Under Plans</b>	<b>36,051</b>	<b>24,096</b>	-	<b>1,770</b>	<b>(5,607)</b>	-	<b>56,310</b>	<b>360,562</b>	<b>(529,927)</b>	<b>(113,055)</b>	-
S94 not under Plans	4,276	-	-	166	-	-	4,442	-	-	4,442	-
<b>Total Contributions</b>	<b>40,327</b>	<b>24,096</b>	-	<b>1,936</b>	<b>(5,607)</b>	-	<b>60,752</b>	<b>360,562</b>	<b>(529,927)</b>	<b>(108,613)</b>	-

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 17. Statement of Developer Contributions (Continued)

\$ '000

### S94 CONTRIBUTIONS - UNDER A PLAN

#### CONTRIBUTION PLAN NUMBER 5 - Castle Hill

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	164	15	-	7	-	-	186	366	(453)	99	-
Open Space	1,487	129	-	60	-	(1,163)	513	1,456	(231)	1,738	1,163
Community Facilities	1,017	56	-	40	-	-	1,113	1,381	(5,114)	(2,620)	-
Other	1	-	-	-	-	-	1	-	-	1	-
<b>Total</b>	<b>2,669</b>	<b>200</b>	<b>-</b>	<b>107</b>	<b>-</b>	<b>(1,163)</b>	<b>1,813</b>	<b>3,203</b>	<b>(5,798)</b>	<b>(782)</b>	<b>1,163</b>

#### CONTRIBUTION PLAN NUMBER 6 - Extractive Industries

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	5,877	809	-	244	-	-	6,930	-	(3,495)	3,435	-
<b>Total</b>	<b>5,877</b>	<b>809</b>	<b>-</b>	<b>244</b>	<b>-</b>	<b>-</b>	<b>6,930</b>	<b>-</b>	<b>(3,495)</b>	<b>3,435</b>	<b>-</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 17. Statement of Developer Contributions (Continued)

\$ '000

### S94 CONTRIBUTIONS - UNDER A PLAN

#### CONTRIBUTION PLAN NUMBER 7 - Southern Precincts

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	38	7	-	2	(2)	-	45	461	(845)	(339)	-
Traffic Facilities	139	-	-	5	-	-	144	-	-	144	-
Open Space	8,138	265	-	326	-	-	8,729	7,189	(6,786)	9,132	-
Community Facilities	-	15	-	(6)	-	-	9	1,635	(417)	1,227	-
Other	4	-	-	-	-	-	4	-	-	4	-
<b>Total</b>	<b>8,319</b>	<b>287</b>	<b>-</b>	<b>327</b>	<b>(2)</b>	<b>-</b>	<b>8,931</b>	<b>9,285</b>	<b>(8,048)</b>	<b>10,168</b>	<b>-</b>

#### CONTRIBUTION PLAN NUMBER 8 - Rouse Hill

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	4,560	-	-	182	-	-	4,742	164	(1,450)	3,456	115
Roads	320	307	-	231	(115)	-	743	3,561	(16,636)	(12,332)	5,514
Traffic Facilities	-	-	-	(547)	-	547	-	-	-	-	(14,640)
Open Space	-	769	-	616	(995)	-	390	8,658	(62,957)	(53,909)	15,828
Community Facilities	-	116	-	686	-	-	802	1,036	(13,421)	(11,583)	17,615
Other	2,949	16	-	257	-	-	3,222	165	(2,228)	1,159	3,659
<b>Total</b>	<b>7,829</b>	<b>1,208</b>	<b>-</b>	<b>1,425</b>	<b>(1,110)</b>	<b>547</b>	<b>9,899</b>	<b>13,584</b>	<b>(96,692)</b>	<b>(73,209)</b>	<b>28,091</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 17. Statement of Developer Contributions (Continued)

### The Hills Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

#### Note 17. Statement of Developer Contributions (continued)

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### CONTRIBUTION PLAN NUMBER 9 - Castle Hill Town Centre

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	598	-	-	23	-	-	621	9,176	(22,729)	(12,932)	-
Open Space	163	-	-	6	-	-	169	-	-	169	-
Community Facilities /Infrastructure	-	-	-	-	-	-	-	7,100	(17,587)	(10,487)	-
Other	113	-	-	5	-	-	118	624	(1,545)	(803)	-
<b>Total</b>	<b>874</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>908</b>	<b>16,900</b>	<b>(41,861)</b>	<b>(24,053)</b>	<b>-</b>

##### CONTRIBUTION PLAN NUMBER 11 - Annangrove Industrial

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	-	-	-	(214)	-	214	-	43,562	(35,662)	7,900	(5,724)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(214)</b>	<b>-</b>	<b>214</b>	<b>-</b>	<b>43,562</b>	<b>(35,662)</b>	<b>7,900</b>	<b>(5,724)</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 17. Statement of Developer Contributions (Continued)

\$ '000

### S94 CONTRIBUTIONS - UNDER A PLAN

#### CONTRIBUTION PLAN NUMBER 12 - Balmoral Road

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage Roads	-	82	-	19	-	-	101	1,169	(2,166)	(896)	470
Traffic Facilities	-	-	-	(20)	(46)	66	-	12,612	(22,839)	(10,227)	(602)
Open Space	-	877	-	262	-	-	1,139	-	-	1,139	6,439
Community Facilities	-	5,869	-	(1,346)	(1,799)	-	2,724	69,467	(70,513)	1,678	(36,082)
Other	-	468	-	131	-	-	599	1,028	(1,905)	(278)	3,182
	-	65	-	18	-	-	83	10,069	(5,421)	4,731	432
<b>Total</b>	-	<b>7,361</b>	-	<b>(936)</b>	<b>(1,845)</b>	<b>66</b>	<b>4,646</b>	<b>94,345</b>	<b>(102,844)</b>	<b>(3,853)</b>	<b>(26,161)</b>

#### CONTRIBUTION PLAN NUMBER 13 - North Kellyville

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage Roads	-	1,257	-	6	-	-	1,263	10,349	(11,856)	(244)	(585)
Traffic Facilities	-	-	-	(16)	(320)	336	-	35,086	(49,526)	(14,440)	(626)
Open Space	-	3,983	-	325	-	-	4,308	-	-	4,308	6,171
Community Facilities	-	6,899	-	(283)	(1,382)	-	5,234	57,270	(66,478)	(3,974)	(10,574)
Other	-	684	-	50	-	-	734	1,595	(2,261)	68	905
	-	47	-	3	-	-	50	21,607	(29,985)	(8,328)	58
<b>Total</b>	-	<b>12,870</b>	-	<b>85</b>	<b>(1,702)</b>	<b>336</b>	<b>11,589</b>	<b>125,907</b>	<b>(160,106)</b>	<b>(22,610)</b>	<b>(4,651)</b>

\*Deficit for CP 12 and 13 is to be funded by Local Government Infrastructure Scheme

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 17. Statement of Developer Contributions (Continued)

\$ '000

### S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 14 - Carlingford

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	293	-	-	11	-	-	304	7,659	(8,971)	(1,008)	-
Roads	295	-	-	11	(8)	-	298	6,269	(7,342)	(775)	-
Traffic Facilities	250	-	-	10	-	-	260	-	-	260	-
Open Space	835	-	-	33	-	-	868	9,530	(11,162)	(764)	-
Community Facilities	282	-	-	11	-	-	293	4,085	(4,783)	(405)	-
Other	56	-	-	2	-	-	58	788	(923)	(77)	-
<b>Total</b>	<b>2,011</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>(8)</b>	<b>-</b>	<b>2,081</b>	<b>28,331</b>	<b>(33,181)</b>	<b>(2,769)</b>	<b>-</b>

### S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	8,472	1,361	-	620	(940)	-	9,513	25,445	(42,240)	(7,282)	7,282
<b>Total</b>	<b>8,472</b>	<b>1,361</b>	<b>-</b>	<b>620</b>	<b>(940)</b>	<b>-</b>	<b>9,513</b>	<b>25,445</b>	<b>(42,240)</b>	<b>(7,282)</b>	<b>7,282</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 17. Statement of Developer Contributions (Continued)

\$ '000

### S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	66	-	-	3	-	-	69	-	-	69	-
Roads	50	-	-	2	-	-	52	-	-	52	-
Parking	4,157	-	-	161	-	-	4,318	-	-	4,318	-
Open Space	2	-	-	-	-	-	2	-	-	2	-
Other	1	-	-	-	-	-	1	-	-	1	-
<b>Total</b>	<b>4,276</b>	<b>-</b>	<b>-</b>	<b>166</b>	<b>-</b>	<b>-</b>	<b>4,442</b>	<b>-</b>	<b>-</b>	<b>4,442</b>	<b>-</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 18. Contingencies & Other Assets/ Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge & 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 Benefit member category with member Councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from it's Defined Benefit Scheme obligations in accordance with AASB 119.

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 Plans.

#### 2. Other Liabilities

##### (i) Insurance

As at the 30/6/2014 there are three outstanding public liability claims with Council or Council's insurer. These are shown as contingent liabilities.

##### (ii) Property

A number of matters are currently listed to be heard in the Land & Environment Court.

##### (iii) 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.

##### (iv) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 18. Contingencies & Other Assets/ Liabilities Not Recognised (Continued)

\$ '000

### LIABILITIES NOT RECOGNISED (continued):

#### 2. Other Liabilities (continued)

##### (v) HIH Insurance

Upon investigation, Council has determined that through Metropool, its public risk & professional indemnity insurance cover for the period 1992 - 1996 was insured with the HIH group of companies.

At this point in time, there are no outstanding claims.

The statutory period has lapsed (3 yrs) with the only exception being that any minors that may have been injured in the 4 year period may lodge a claim up to the age of 21, although the likelihood of any claims is thought to be minimal.

##### (vi) 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 (& subsequent land asset) from such potential acquisitions has not been possible.

##### (vii) Dispute With Contractor

Council was in dispute with a Contractor over payments. The matter has now settled, costs have been expensed and the settlement was funded in 2013/2014.

### ASSETS NOT RECOGNISED:

#### (i) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

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

#### (ii) Sale of Asset

Through a compulsory acquisition Transport for NSW have acquired the Council Chambers, depot and Hills Centre. The asset is owned by Transport for NSW hence disposed in Council's books. The final payment was made in 2013/2014 as Council challenged the valuation/settlement amount and was seeking additional compensation.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

## Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		2,953,584	2,909,506
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	10,357
d. Net Operating Result for the Year		127,425	33,721
<b>Balance at End of the Reporting Period</b>		<b><u>3,081,009</u></b>	<b><u>2,953,584</u></b>

### (b) Reserves

#### (i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	1,121,416	325,460
<b>Total</b>	<b><u>1,121,416</u></b>	<b><u>325,460</u></b>

#### (ii) Reconciliation of movements in Reserves:

##### Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	325,460	270,146
- Revaluations for the year	9(a) 795,956	55,314
<b>- Balance at End of Year</b>	<b><u>1,121,416</u></b>	<b><u>325,460</u></b>

#### TOTAL VALUE OF RESERVES

<b><u>1,121,416</u></b>	<b><u>325,460</u></b>
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#### (iii) Nature & Purpose of Reserves

##### Infrastructure, Property, Plant & Equipment Revaluation Reserve

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 20. Equity - Retained Earnings and Revaluation Reserves (Continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Correction of Error/s relating to a Previous Reporting Period</b>			
Council made no correction of errors during the current reporting period.			
<b>Correction of errors as disclosed in last year's financial statements:</b>			
A revaluation exercise in 2013 identified that certain buildings had been disposed in prior years . Also it was found that depreciation had been understated.			
Land not recognised in previous years		18,964	
Buildings disposed in previous years		<u>(8,607)</u>	
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b><u>10,357</u></b>	

### (d) Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 21. Fair Value Measurement

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

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

### Fair value hierarchy

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

**Level 1** - Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3** - Unobservable inputs for the asset or liability.

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

30 June 2014	Note	Level 1 Active Market (\$000's)	Level 2 (\$) Significant observable inputs (\$000's)	Level 3 Significant unobservable inputs (\$000's)	Total (\$000's)
<b>Investment properties</b>	14			24,030	<b>24,030</b>
<b>Infrastructure, Property, Plant and Equipment</b>	9				
- Operational land				124,568	<b>124,568</b>
- Community land				212,710	<b>212,710</b>
- Land under roads				2,622,893	<b>2,622,893</b>
- Buildings (specialised and non-specialised)				140,634	<b>140,634</b>
- Roads, Bridges, Footpaths				578,777	<b>578,777</b>
- Storm water drainage				172,005	<b>172,005</b>
- Plant and Equipment				6,123	<b>6,123</b>
- Office Equipment				340	<b>340</b>
- Other				76,813	<b>76,813</b>

The Council's financial assets relates to its investments in term deposits . The information included under 6(b) is considered sufficient to meet the Fair Value disclosures requirements hence additional information is not included under this note.

The Council does not have any liabilities which are fair valued.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 21. Fair Value Measurement (Continued)

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### Valuation processes

Council's non-current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Division of Local Government. Further details of the revaluations policy is provided under note 1(k).

#### *Level 3 measurements*

#### Investment properties

On an annual basis, the Council engages external, independent and qualified valuers to determine the fair value of its investment properties. As at 30 June 2014, the fair values of the land and buildings have been determined by independent property valuations.

All investment property valuations are included in level 3 of the hierarchy. The value of investment property has determined using either using the capitalisation of rental income or with reference to value of similar properties within the area. The key unobservable input to the valuation is the rent or price per square metre. Further details have been provided below

#### Buildings

The Council engages external, independent and qualified valuers to determine the fair value of the Council's buildings. Buildings was last revalued in the 30 June 2011 financial year and the fair values were determined by Scott Fullarton Valuations.

Gross Value of each building, which is obtained by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. The key unobservable input being the rate square metre has been benchmarked to construction costs of similar properties across the industry.

Further details relating to the rate per square metre has been provided below

#### Land (Operational, Community and Land under road)

The Council engages external, independent and qualified valuers to determine the fair value of the Council's Community Land. Valuations for Operational land and Land under roads is performed by the Council's internal valuations team.

The fair value of land has been determined by referencing it to current prices in an active market for similar properties. Where such information is not available, current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences are considered. Appropriate adjustments are also made for the inherent features of the property such as fire-prone, flood zonings and usability of the land.

The fair value for community land and Land under roads has been determined using a unit rate per square metre, derived from the Valuer General's valuation performed for rating purposes, and applying to the total area. Given the nature of Community land and Land under roads, comparable sales data is generally not available. As the Valuer General's valuation considers land in all zoning, average unit derived from Valuer's General's valuation is considered the most practicable approach to valuing Community Land and Land under roads.

Community land was last revalued at 30 June 2009. Land under Roads was revalued in the current year and Operational land was last revalued at 30 June 2013.

The key unobservable input to the valuation is the rate per square metre, for which, further details have been provided below

#### Infrastructure assets

Valuations for infrastructure assets are performed internally by the Council's internal engineering team. The gross value of the infrastructure assets are determined by unit rate to total volume which is normally square metres, cubic metres or lineal metres.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 21. Fair Value Measurement (Continued)

The unit rates, which is a key unobservable input, is determined using rates stipulated in contracts with third party suppliers. Infrastructure assets were last revalued at 30 June 2010. The information presented below on unobservable input has been limited to significant components of the infrastructure assets as it impracticable to provide information for all components.

### Reconciliation of movements

The items classified under level 3 are investment properties and property, plant and equipment (including infrastructure assets). The reconciliation of movements in these assets are presented under note 14 and 9 respectively.

Asset / Liability Category	Carrying amount (At fair value) (\$000's)	Key Unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
Investment Properties	24,030	Rate per square metre and rental rate per square metre	\$113 - \$1,275 per square metre	The higher the rate, the higher the fair value.
<b>Infrastructure, Property, Plant and Equipment<sup>2</sup></b>				
- Operational land	124,568	Rate per square metre	\$0 - \$2,038 per square metre	The higher the rate, the higher the fair value. Significant variances in the rate per square metre is reflective of the inherent features of the land such as zoning and useability,
- Community land	212,710	Rate per square metre	\$107 per square metre – average	The higher the rate, the higher the fair value.
- Land under roads	2,622,893	Rate per square metre	\$107 per square metre – average	The higher the rate, the higher the fair value.
- Buildings (Specialised and non-specialised)	140,654	Rate per square metre	\$118 - \$7,130 per square metre	The higher the rate, the higher the fair value. Significant variances in the rate is reflective of the condition of the building, nature of the building and materials used to construct the building.
- Roads, Bridges, Footpaths	578,777	Rate per square metre or cubic metre	Footpath- \$60 to \$120 per square metre	The higher the rate, the higher the fair value.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 21. Fair Value Measurement (Continued)

Asset / Liability Category	Carrying amount (At fair value) (\$000's)	Key Unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
			Kerb & Gutter - \$90-\$120 per square metre  Road Pavement - \$45 to \$250 per cubic metre  Road Seal - \$7 to \$45 per square metre	
- Storm water drainage	53,583	Rate per lineal metre or unit	Conveyance - Pipe - \$175 to \$2,500 per Lineal Metre  Conveyance – Pit \$80 to \$3,900 per unit  Gross Pollutant trap \$1,700 to \$3,400 per unit	The higher the rate, the higher the fair value.

### Transfers between levels of the hierarchy

There were no transfers of assets and liabilities between the hierarchies.

### Highest and best use

All assets are used for highest and best use.

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 22. Council Information & Contact Details

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### Principal Place of Business:

3 Columbia Court  
Baulkham Hills. 2153

### Contact Details

#### Mailing Address:

PO Box 7064  
Baulkham Hills BC. 2153

#### Opening Hours:

8.30am-4.30am | Monday - Friday

**Telephone:** 02 9843 0555

**Facsimile:** 02 9843 0409

**Internet:** [www.thehills.nsw.gov.au](http://www.thehills.nsw.gov.au)

**Email:** [council@thehills.nsw.gov.au](mailto:council@thehills.nsw.gov.au)

### Officers

#### GENERAL MANAGER

Dave Walker

#### RESPONSIBLE ACCOUNTING OFFICER

Chandi Saba

#### PUBLIC OFFICER

Peter Doyle

#### AUDITORS

PricewaterhouseCoopers  
201 Sussex Street  
Sydney. 2000

### Elected Members

#### MAYOR

Councillor Dr Michelle Byrne

#### COUNCILLORS

Dr Michelle Byrne (Mayor)  
Andrew Jefferies(Deputy Mayor)  
Yvonne Keane  
Dr Jeff Lowe  
Tony Hay OAM  
Ryan Tracey  
Alan Haselden  
Robyn Preston  
Peter Gangemi  
Mark Taylor  
Raymond Harty OAM  
Mike Thomas

### Other Information

**ABN:** 25 034 494 656

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 23. Statement of Developer Contributions with Internal Borrowings

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\$ '000

Council currently has 10 S94 Developer Contribution Plans.

The table (on the next page) reflects the position of each Contribution Plan including Internal Borrowings.

The NSW Government has established a Priority Infrastructure Fund (PIF) for the FY 10/11, Housing Acceleration Fund (HAF) for the FY 12/13 and Local Infrastructure Growth Scheme from the FY 13/14 to bridge the gap between the IPART Approved Essential Infrastructure Contribution rate and the Cap.

**Council has received \$25.5m from Department of Planning for PIF & HAF as at 30 June 2013 for development applications approved between 4 June 2010 and 30 April 2014.**

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 23. Statement of Developer Contributions with Internal Borrowings

(Continued)

\$ '000

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	4,853	1,339	-	218	-	-	6,410	19,341	(24,443)	1,308	-
Roads	12,272	1,138	-	482	(491)	-	13,401	67,531	(123,865)	(42,933)	-
Traffic Facilities	(6,893)	4,860	-	(159)	-	-	(2,192)	43,562	(35,662)	5,708	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	(20,038)	13,931	-	(588)	(4,176)	-	(10,871)	153,570	(218,127)	(75,428)	-
Community Facilities /Infrastructure	22,833	1,339	-	912	-	-	25,084	17,860	(45,488)	(2,544)	-
Planning Agreement	4,147	-	-	-	-	-	4,147	-	-	4,147	-
Other	3,123	128	-	285	-	-	3,536	33,253	(40,102)	(3,313)	-
<b>S94 Contributions - under a Plan</b>	<b>20,297</b>	<b>22,735</b>	<b>-</b>	<b>1,150</b>	<b>(4,667)</b>	<b>-</b>	<b>39,515</b>	<b>335,117</b>	<b>(487,687)</b>	<b>(113,055)</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>15,754</b>	<b>1,361</b>	<b>-</b>	<b>620</b>	<b>(940)</b>	<b>-</b>	<b>16,795</b>	<b>25,445</b>	<b>(42,240)</b>	<b>-</b>	<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>36,051</b>	<b>24,096</b>	<b>-</b>	<b>1,770</b>	<b>(5,607)</b>	<b>-</b>	<b>56,310</b>	<b>360,562</b>	<b>(529,927)</b>	<b>(113,055)</b>	<b>-</b>
S94 not under Plans	4,276	-	-	166	-	-	4,442	-	-	4,442	-
<b>Total Contributions</b>	<b>40,327</b>	<b>24,096</b>	<b>-</b>	<b>1,936</b>	<b>(5,607)</b>	<b>-</b>	<b>60,752</b>	<b>360,562</b>	<b>(529,927)</b>	<b>(108,613)</b>	<b>-</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 23. Statement of Developer Contributions with Internal Borrowings

(Continued)

\$ '000

### S94 CONTRIBUTIONS - UNDER A PLAN

#### CONTRIBUTION PLAN NUMBER 5 - Castle Hill

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	164	15	-	7	-	-	186	366	(453)	99	-
Open Space	1,487	129	-	60	-	-	1,676	1,456	(231)	2,901	-
Community Facilities	1,017	56	-	40	-	-	1,113	1,381	(5,114)	(2,620)	-
Other	1	-	-	-	-	-	1	-	-	1	-
<b>Total</b>	<b>2,669</b>	<b>200</b>	<b>-</b>	<b>107</b>	<b>-</b>	<b>-</b>	<b>2,976</b>	<b>3,203</b>	<b>(5,798)</b>	<b>381</b>	<b>-</b>

#### CONTRIBUTION PLAN NUMBER 6 - Extractive Industries

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	5,877	809	-	244	-	-	6,930	-	(3,495)	3,435	-
<b>Total</b>	<b>5,877</b>	<b>809</b>	<b>-</b>	<b>244</b>	<b>-</b>	<b>-</b>	<b>6,930</b>	<b>-</b>	<b>(3,495)</b>	<b>3,435</b>	<b>-</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 23. Statement of Developer Contributions with Internal Borrowings

(Continued)

\$ '000

### S94 CONTRIBUTIONS - UNDER A PLAN

#### CONTRIBUTION PLAN NUMBER 7 - Southern Precincts

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	38	7	-	2	(2)	-	45	461	(845)	(339)	-
Traffic Facilities	139	-	-	5	-	-	144	-	-	144	-
Open Space	8,305	265	-	326	-	-	8,896	7,189	(6,786)	9,299	-
Community Facilities	(167)	15	-	(6)	-	-	(158)	1,635	(417)	1,060	-
Other	4	-	-	-	-	-	4	-	-	4	-
<b>Total</b>	<b>8,319</b>	<b>287</b>	<b>-</b>	<b>327</b>	<b>(2)</b>	<b>-</b>	<b>8,931</b>	<b>9,285</b>	<b>(8,048)</b>	<b>10,168</b>	<b>-</b>

#### CONTRIBUTION PLAN NUMBER 8 - Rouse Hill

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	4,674	-	-	182	-	-	4,856	164	(1,450)	3,570	-
Roads	5,834	307	-	231	(115)	-	6,257	3,561	(16,636)	(6,818)	-
Traffic Facilities	(14,092)	-	-	(547)	-	-	(14,639)	-	-	(14,639)	-
Open Space	15,830	769	-	616	(995)	-	16,220	8,658	(62,957)	(38,079)	-
Community Facilities /Infrastructure	17,613	116	-	686	-	-	18,415	1,036	(13,421)	6,030	-
Planning Agreement	4,147	-	-	-	-	-	4,147	-	-	4,147	-
Other	2,460	16	-	257	-	-	2,733	165	(2,228)	670	-
<b>Total</b>	<b>36,466</b>	<b>1,208</b>	<b>-</b>	<b>1,425</b>	<b>(1,110)</b>	<b>-</b>	<b>37,989</b>	<b>13,584</b>	<b>(96,692)</b>	<b>(45,119)</b>	<b>-</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 23. Statement of Developer Contributions with Internal Borrowings

(Continued)

\$ '000

### S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 9 - Castle Hill Town Centre

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	598	-	-	23	-	-	621	9,176	(22,729)	(12,932)	-
Open Space	163	-	-	6	-	-	169	7,100	(17,587)	(10,487)	-
Community Facilities /Infrastructure	-	-	-	-	-	-	-	624	(1,545)	(803)	-
Other	113	-	-	5	-	-	118	16,900	(41,861)	(24,053)	-
<b>Total</b>	<b>874</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>908</b>				

CONTRIBUTION PLAN NUMBER 11 - Annangrove Industrial

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	(5,510)	-	-	(214)	-	-	(5,724)	43,562	(35,662)	2,176	-
<b>Total</b>	<b>(5,510)</b>	<b>-</b>	<b>-</b>	<b>(214)</b>	<b>-</b>	<b>-</b>	<b>(5,724)</b>	<b>43,562</b>	<b>(35,662)</b>	<b>2,176</b>	<b>-</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 23. Statement of Developer Contributions with Internal Borrowings

(Continued)

\$ '000

### S94 CONTRIBUTIONS - UNDER A PLAN

#### CONTRIBUTION PLAN NUMBER 12 - Balmoral Road

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	469	82	-	19	-	-	570	1,169	(2,166)	(427)	-
Roads	(534)	-	-	(20)	(46)	-	(600)	12,612	(22,839)	(10,827)	-
Traffic Facilities	6,439	877	-	262	-	-	7,578	-	-	7,578	-
Open Space	(36,084)	5,869	-	(1,346)	(1,799)	-	(33,360)	69,467	(70,513)	(34,406)	-
Community Facilities	3,183	468	-	131	-	-	3,782	1,028	(1,905)	2,905	-
Other	431	65	-	18	-	-	514	10,069	(5,421)	5,162	-
<b>Total</b>	<b>(26,096)</b>	<b>7,361</b>	<b>-</b>	<b>(936)</b>	<b>(1,845)</b>	<b>-</b>	<b>(21,516)</b>	<b>94,345</b>	<b>(102,844)</b>	<b>(30,015)</b>	<b>-</b>

#### CONTRIBUTION PLAN NUMBER 13 - North Kellyville

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	(583)	1,257	-	6	-	-	680	10,349	(11,856)	(827)	-
Roads	-	-	-	(16)	(320)	-	(336)	35,086	(49,526)	(14,776)	-
Traffic Facilities	5,881	3,983	-	325	-	-	10,189	-	-	10,189	-
Open Space	(10,574)	6,899	-	(283)	(1,382)	-	(5,340)	57,270	(66,478)	(14,548)	-
Community Facilities	905	684	-	50	-	-	1,639	1,595	(2,261)	973	-
Other	58	47	-	3	-	-	108	21,607	(29,985)	(8,270)	-
<b>Total</b>	<b>(4,313)</b>	<b>12,870</b>	<b>-</b>	<b>85</b>	<b>(1,702)</b>	<b>-</b>	<b>6,940</b>	<b>125,907</b>	<b>(160,106)</b>	<b>(27,259)</b>	<b>-</b>

\*Deficit for CP 12 and 13 is to be funded by Local Government Infrastructure Scheme

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 23. Statement of Developer Contributions with Internal Borrowings

(Continued)

\$ '000

### S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 14 - Carlingford

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	293	-	-	11	-	-	304	7,659	(8,971)	(1,008)	-
Roads	295	-	-	11	(8)	-	298	6,269	(7,342)	(775)	-
Traffic Facilities	250	-	-	10	-	-	260	-	-	260	-
Open Space	835	-	-	33	-	-	868	9,530	(11,162)	(764)	-
Community Facilities	282	-	-	11	-	-	293	4,085	(4,783)	(405)	-
Other	56	-	-	2	-	-	58	788	(923)	(77)	-
<b>Total</b>	<b>2,011</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>(8)</b>	<b>-</b>	<b>2,081</b>	<b>28,331</b>	<b>(33,181)</b>	<b>(2,769)</b>	<b>-</b>

### S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	15,754	1,361	-	620	(940)	-	16,795	25,445	(42,240)	-	-
<b>Total</b>	<b>15,754</b>	<b>1,361</b>	<b>-</b>	<b>620</b>	<b>(940)</b>	<b>-</b>	<b>16,795</b>	<b>25,445</b>	<b>(42,240)</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 23. Statement of Developer Contributions with Internal Borrowings

(Continued)

\$ '000

### S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	66	-	-	3	-	-	69	-	-	69	-
Roads	50	-	-	2	-	-	52	-	-	52	-
Parking	4,157	-	-	161	-	-	4,318	-	-	4,318	-
Open Space	2	-	-	-	-	-	2	-	-	2	-
Other	1	-	-	-	-	-	1	-	-	1	-
<b>Total</b>	<b>4,276</b>	<b>-</b>	<b>-</b>	<b>166</b>	<b>-</b>	<b>-</b>	<b>4,442</b>	<b>-</b>	<b>-</b>	<b>4,442</b>	<b>-</b>



## **The Hills Shire Council**

### **Independent auditor's report to the Council – s417(2) Report on the general purpose financial statements**

#### **Report on the financial statements**

We have audited the accompany financial statements of The Hills Shire Council, which comprise the statement of financial position as at 30 June 2014 and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, accompanying notes to the financial statements and the Statement by Councillors and Management in the approved form as required by Section 413(2) of the Local Government Act 1993.

#### *Councillors' responsibility for the financial statements*

The Councillors of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993 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.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Councillors, as well as evaluating the overall presentation of the financial statements.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial statements.

Our audit responsibility does not extend to the Original Budget Figures included in the Income Statement, Statement of Cash Flows and the Original Budget disclosures in notes 2(a) and 16 and the Projections disclosed in note 17 to the financial statements, nor the attached Special Schedules, and accordingly, we express no opinion on them.

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
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T +61 2 8266 0000, F +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Auditor's opinion:*

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2 (the Division); and
- (b) the financial statements:
  - (i) have been presented, in all material respects, in accordance with the requirements of this Division
  - (ii) are consistent with the Council's accounting records
  - (iii) present fairly, in all material respects, the Council's financial position as of 30 June 2014 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.

PricewaterhouseCoopers

Peter Buchholz  
Partner

Sydney  
8 September 2014



The Mayor  
Councillor Mr Andrew Jefferies  
The Hills Shire Council  
DX 8455  
CASTLE HILL

Dear Councillor Jefferies

### **Report on the conduct of the audit for year ended 30 June 2014 – Section 417(3)**

We have completed our audit of the financial reports of The Hills Shire Council for the year ended 30 June 2014, in accordance with Section 415 of the Local Government Act, 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial reports are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial reports are presented fairly in accordance with Australian Accounting Standards as well as statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

This report should be read in conjunction with our audit opinion on the general purpose financial statements provided under Section 417(2) of the Local Government Act 1993.

#### ***Other reporting matters***

Flowing from our audit, there are a number of comments we wish to raise concerning the trends in Council's finances. These are set out below.

#### ***Operating Result***

Council's operating surplus improved from \$34 million to \$127 million during the period under review. Major contributors to this improvement were:

- Profit on asset disposals (up \$54m);
- Final Settlement on sale of Showground Road site (\$18m);
- Higher capital grants and contributions (up \$16m).

The result before capital grants and contributions also improved from a deficit of \$17 million to a surplus of \$61 million.

#### ***Cash Position***

Council's overall cash position increased from \$170 million to \$214 million during the period under review. The following table highlights the composition of cash.

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
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	June 2013 \$m	June 2014 \$m
Externally restricted	54	73
Internally restricted	91	118
Unrestricted	25	23
<b>Total</b>	170	214

### ***Working Capital***

Council's net current assets also increased from \$176 million to \$219 million during the period under review.

	June 2013 \$'000	June 2014 \$'000
Net current assets	176	219
Less:		
External restrictions	54	73
Internal restrictions	91	118
	31	28
Add:		
Current Liabilities to be funded from other sources	20	21
Available Working Capital	51	49

The effective unrestricted or available working capital upon which Council could build its 2014/15 budget upon was \$49 million.

### ***Performance Indicators***

The financial reports disclose a number of useful indicators in Note 13 and these are detailed below.

	June 2013 %	June 2014 %
Operating Performance Ratio	3	15
Own Source Operating Revenue Ratio	61	63
Unrestricted Current Ratio	1109	1256
Debt Service Cover Ratio	-	-
Rates Outstanding Ratio	3.12	2.95
Cash Expense Cover Ratio	17	21

The operating performance ratio increased to 15 % and remains well above the industry benchmark of 'above 0%'.

The own source operating revenue ratio increased to 63% and remains above the industry benchmark of 60%.

The unrestricted current ratio increased and remained significantly above the accepted benchmark for the industry of 150%.



The debt service cover ratio reflects the fact that Council continues to be debt free.

The rates outstanding ratio improved to 2.9% of collectibles and remains better than the industry benchmark of 5%.

The cash expense cover ratio indicates that Council could continue to cover its operating costs for 21 months should cash inflows cease. This compares very favourably with the industry benchmark of 3 months.

The above indicators show that Council is in a strong and stable financial position. All indicators stand better than accepted industry benchmarks and have improved against the prior year.

**General**

The books of accounts and records inspected by us have been kept in an accurate and conscientious manner. We thank the General Manager and his staff for the co-operation and courtesy extended to use during the course of our audit.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'P L Buchholz'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'P L Buchholz'.

P L Buchholz  
Partner

Sydney  
8 September 2014

# 2013

SPECIAL PURPOSE  
FINANCIAL STATEMENTS  
THE HILLS SHIRE COUNCIL

# 14



*rejuvenation infrastructure connectivity*

# the hills shire council

## Special Purpose Financial Statements

for the financial year ended 30 June 2014

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#### 1. Statement by Councillors & Management

#### 2. Special Purpose Financial Statements:

- Income Statement - Water Supply Business Activity
- Income Statement - Sewerage Business Activity
- Income Statement - Other Business Activities
- Statement of Financial Position - Water Supply Business Activity
- Statement of Financial Position - Sewerage Business Activity
- Statement of Financial Position - Other Business Activities

#### 3. Notes to the Special Purpose Financial Statements

#### 4. Auditor's Report

#### Background

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

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market 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 & public reporting applies only to declared business activities.

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

(iv) In preparing these financial 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 & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

# Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Statement by Councillors and Management

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

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**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 & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- accords 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 26 August 2014.**



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Councillor Dr Michelle Byrne  
MAYOR



---

Councillor Andrew Jefferies  
COUNCILLOR



---

Dave Walker  
GENERAL MANAGER



---

Chandi Saba  
RESPONSIBLE ACCOUNTING OFFICER

# Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2014

\$ '000	Child Care Category 1		Hills Community Care Category 1	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	4,918	4,681	2,171	2,215
Fees	-	-	-	-
Interest	40	37	87	96
Grants and contributions provided for non capital purposes	218	218	5,518	5,393
Profit from the sale of assets	-	-	58	-
Other income	40	57	7	17
<b>Total income from continuing operations</b>	<b>5,216</b>	<b>4,993</b>	<b>7,841</b>	<b>7,721</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	3,622	3,627	3,045	3,230
Borrowing costs	-	-	-	-
Materials and contracts	911	657	1,402	1,522
Depreciation and impairment	12	20	132	125
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	344	353	3,176	3,339
<b>Total expenses from continuing operations</b>	<b>4,889</b>	<b>4,657</b>	<b>7,755</b>	<b>8,216</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>327</b>	<b>336</b>	<b>86</b>	<b>(495)</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>327</b>	<b>336</b>	<b>86</b>	<b>(495)</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>327</b>	<b>336</b>	<b>86</b>	<b>(495)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(98)	(101)	(26)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>229</b>	<b>235</b>	<b>60</b>	<b>(495)</b>
plus Opening Retained Profits	2,042	1,706	770	1,265
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	98	101	26	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
<b>Closing Retained Profits</b>	<b>2,369</b>	<b>2,042</b>	<b>856</b>	<b>770</b>
Return on Capital %	14.2%	14.5%	5.1%	-27.0%
Subsidy from Council	-	106	-	41

# Statement of Financial Position - Council's Other Business Activities

as at 30 June 2014

\$ '000	Child Care		Hills Community Care	
	Category 1		Category 1	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	-	-	-	-
Investments	829	1,332	-	1,221
Receivables	-	-	-	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>829</b>	<b>1,332</b>	<b>-</b>	<b>1,221</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	2,308	2,320	1,700	1,832
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>2,308</b>	<b>2,320</b>	<b>1,700</b>	<b>1,832</b>
<b>TOTAL ASSETS</b>	<b>3,137</b>	<b>3,652</b>	<b>1,700</b>	<b>3,053</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	-	-	-	-
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	768	706	380	384
<b>Total Current Liabilities</b>	<b>768</b>	<b>706</b>	<b>380</b>	<b>384</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	904	464	1,899
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>904</b>	<b>464</b>	<b>1,899</b>
<b>TOTAL LIABILITIES</b>	<b>768</b>	<b>1,610</b>	<b>844</b>	<b>2,283</b>
<b>NET ASSETS</b>	<b>2,369</b>	<b>2,042</b>	<b>856</b>	<b>770</b>
<b>EQUITY</b>				
Retained earnings	2,369	2,042	856	770
Revaluation reserves	-	-	-	-
Council equity interest	<b>2,369</b>	<b>2,042</b>	<b>856</b>	<b>770</b>
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>2,369</b>	<b>2,042</b>	<b>856</b>	<b>770</b>

# Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Contents of the Notes accompanying the Financial Statements

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Note	Details	Page
1	Summary of Significant Accounting Policies	6
2	Water Supply Business Best Practice Management disclosure requirements	n/a
3	Sewerage Business Best Practice Management disclosure requirements	n/a

# Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

## Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, 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) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

### National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "*Pricing & Costing for Council Businesses A Guide to Competitive Neutrality*" issued by the Office of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

### Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

#### Category 1

(where gross operating turnover is over \$2 million)

##### a. Child Care

Provision of Child Care Service

##### b. HCC

Provision of Aged Care Service

#### Category 2

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

None

### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars.

### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

# Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Note 1. Significant Accounting Policies

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For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

### Notional Rate Applied %

Corporate Income Tax Rate - 30%

Land Tax - The first \$412,000 of combined land values attracts 0%. From \$412,001 to \$2,519,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$2,519,000, a premium marginal rate of 2.0% applies.

Payroll Tax - 5.45% on the value of taxable salaries and wages in excess of \$750,000.

### Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor - that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

### Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

### Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

### (ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the 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 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.

# Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Note 1. Significant Accounting Policies

---

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

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**Written Down Value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.56% at 30/6/14.

The actual rate of return achieved by each Business Activity is disclosed at the foot of each respective Income Statement.

### **(iv) Dividends**

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



## **The Hills Shire Council**

### **Independent auditor's report Report on the special purpose financial report**

#### **Report on the financial report**

We have audited the accompanying financial report, being a special purpose financial report, of **The Hills Shire Council** (the Council), which comprises the Statement of Financial Position by Business Activity for the year ended 30 June 2014, the Income Statements by Business Activity for the year then ended, Notes to the financial report for the business activities identified by Council and the Statement by Councillors and Management for Council for the year ended 30 June 2014.

#### *Councillors' responsibility for the financial report*

The Councillors of the Council are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in note 1 to the financial statements which form part of the financial report, are appropriate to meet the requirements of the Local Government Code of Accounting Practice and Financial Reporting. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to error or fraud.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Councillors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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*Auditor's opinion:*

In our opinion, the financial report presents fairly, in all material respects, the financial position by Business Activities of The Hills Shire Council as of 30 June 2014 and its financial performance by Business Activities for the year then ended in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 to the financial report, and the Local Government Code of Accounting Practice and Financial Reporting.

*Basis of Accounting and Restriction on Distribution and Use*

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Council.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Peter Buchholz'.

Peter Buchholz  
Partner

Sydney  
8 September 2014

# 2013

SPECIAL  
SCHEDULES  
THE HILLS SHIRE COUNCIL

# 14



*rejuvenation infrastructure connectivity*

# the hills shire council

## Special Schedules

for the financial year ended 30 June 2014

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#### Special Schedules

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<b>Special Schedule No. 2(b)</b>	Statement of Internal Loans (Sect 410(3) LGA 1993)	n/a
<b>Special Schedule No. 3</b>	Water Supply Operations - incl. Income Statement	n/a
<b>Special Schedule No. 4</b>	Water Supply - Statement of Financial Position	n/a
<b>Special Schedule No. 5</b>	Sewerage Service Operations - incl. Income Statement	n/a
<b>Special Schedule No. 6</b>	Sewerage Service - Statement of Financial Position	n/a
<b>Notes to Special Schedules No. 3 &amp; 5</b>		
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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

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#### Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the NSW Office of Water (NOW), and
  - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
  - the incorporation of Local Government financial figures in national statistics,
  - the monitoring of loan approvals,
  - the allocation of borrowing rights, and
  - the monitoring of the financial activities of specific services.

# Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>6,967</b>	<b>62,027</b>	<b>2,319</b>	<b>57,379</b>
<b>Administration</b>	-	-	-	-
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	3,404	564	-	(2,840)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	1,420	716	-	(704)
Animal Control	-	-	-	-
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>4,824</b>	<b>1,280</b>	-	<b>(3,544)</b>
<b>Health</b>	-	-	-	-
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	2,894	1,229	-	(1,665)
Solid Waste Management	23,314	23,149	-	(165)
Street Cleaning	-	-	-	-
Drainage	2,358	-	1,339	(1,019)
Stormwater Management	1,610	1,557	-	(53)
<b>Total Environment</b>	<b>30,176</b>	<b>25,935</b>	<b>1,339</b>	<b>(2,902)</b>
<b>Community Services and Education</b>				
Administration & Education	5,712	891	-	(4,821)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	7,754	7,782	-	28
Children's Services	4,889	5,217	-	328
<b>Total Community Services &amp; Education</b>	<b>18,355</b>	<b>13,890</b>	-	<b>(4,465)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	3,065	-	-	(3,065)
Town Planning	12,213	5,447	-	(6,766)
Other Community Amenities	-	-	1,489	1,489
<b>Total Housing and Community Amenities</b>	<b>15,278</b>	<b>5,447</b>	<b>1,489</b>	<b>(8,342)</b>
<b>Water Supplies</b>	-	-	-	-
<b>Sewerage Services</b>	-	-	-	-

# Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	6,428	623	-	(5,805)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	4,847	2,551	1,301	(995)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	-	-	-	-
Parks & Gardens (Lakes)	14,294	883	14,494	1,083
Other Sport and Recreation	-	-	-	-
<b>Total Recreation and Culture</b>	<b>25,569</b>	<b>4,057</b>	<b>15,795</b>	<b>(5,717)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	-	-	-	-
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	25,250	3,523	45,118	23,391
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	-	-	-	-
Other Transport & Communication	2,947	408	-	(2,539)
<b>Total Transport and Communication</b>	<b>28,197</b>	<b>3,931</b>	<b>45,118</b>	<b>20,852</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	740	-	-	(740)
<b>Total Economic Affairs</b>	<b>740</b>	-	-	<b>(740)</b>
<b>Totals – Functions</b>	<b>130,106</b>	<b>116,567</b>	<b>66,060</b>	<b>52,521</b>
<b>General Purpose Revenues</b> <sup>(2)</sup>		<b>74,904</b>		<b>74,904</b>
Share of interests - joint ventures & associates using the equity method	-	-	-	-
<b>NET OPERATING RESULT</b> <sup>(1)</sup>	<b>130,106</b>	<b>191,471</b>	<b>66,060</b>	<b>127,425</b>

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

# Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2014

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Actual <sup>(3)</sup> Maintenance 2013/14	Gross Book Value (GBV) <sup>(4)</sup>	Assets in Condition as a % of GBV <sup>(4), (5)</sup>				
						1	2	3	4	5
<b>Buildings</b>	Council Offices / Administration Centres	120	237	626	41,842	100%	0%	0%	0%	0%
	Council Public Halls	1,448	680	1,493	79,354	0%	100%	0%	0%	0%
	Libraries	-	164	386	16,675	0%	100%	0%	0%	0%
	Swimming Pool	36	47	347	5,058	0%	100%	0%	0%	0%
	Amenities, Sporting, Toilets	2,381	327	915	29,798	0%	0%	100%	0%	0%
	Rural Fire Service	212	66	226	6,736	0%	100%	0%	0%	0%
	Houses	478	49	325	4,556	0%	0%	100%	0%	0%
	Child Care	146	149	829	6,395	0%	100%	0%	0%	0%
	Aged and disabled	125	57	190	9,335	0%	100%	0%	0%	0%
	<b>sub total</b>	<b>4,946</b>	<b>1,776</b>	<b>5,337</b>	<b>199,749</b>	<b>20.9%</b>	<b>61.9%</b>	<b>17.2%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Roads</b>	Sealed Roads Surface	3,301	8,570	18,408	950,221	0%	0%	100%	0%	0%
	Bridges		473	27	49,466	0%	0%	100%	0%	0%
	Kerb and Gutter		654	1,374		0%	100%	0%	0%	0%
	<b>sub total</b>	<b>3,301</b>	<b>9,697</b>	<b>19,809</b>	<b>999,687</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>

# Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2014

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Actual <sup>(3)</sup> Maintenance 2013/14	Gross Book Value (GBV) <sup>(4)</sup>	Assets in Condition as a % of GBV <sup>(4), (5)</sup>					
						1	2	3	4	5	
<b>Stormwater Drainage</b>											
	Drainage Infrastructure	15,510	2,358	1,714	241,129	0%	0%	100%	0%	0%	
	<b>sub total</b>	<b>15,510</b>	<b>2,358</b>	<b>1,714</b>	<b>241,129</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	
	<b>TOTAL - ALL ASSETS</b>	<b>23,757</b>	<b>13,831</b>	<b>26,860</b>	<b>1,440,565</b>	<b>2.9%</b>	<b>8.6%</b>	<b>88.5%</b>	<b>0.0%</b>	<b>0.0%</b>	

**Notes:**

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".  
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
- (2). This estimated cost should not include any planned enhancements (ie. to heighten, intensify or improve the facilities).
- (3). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.  
Actual Maintenance is what has been spent in the current year to maintain the assets.
- (4). Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.  
Gross Book Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **Infrastructure Asset Condition Assessment "Key"**

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

# Special Schedule No. 7 - Report on Infrastructure

## Assets (continued)

for the financial year ended 30 June 2014

\$ '000	Amounts 2014	Indicator 2014	Prior Periods	
			2013	2012
<b>Infrastructure Asset Performance Indicators Consolidated</b>				
<b>1. Building and Infrastructure Renewals Ratio</b>				
Asset Renewals (Building and Infrastructure) <sup>(1)</sup>	<u>26,860</u>	<b>194.20%</b>	135.11%	155.51%
Depreciation, Amortisation & Impairment	<u>13,831</u>			
<b>2. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>23,757</u>	<b>0.03</b>	0.04	0.05
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>891,728</u>			
<b>3. Asset Maintenance Ratio</b>				
Actual Asset Maintenance	<u>26,860</u>	<b>1.94</b>	1.53	1.43
Required Asset Maintenance	<u>13,831</u>			
<b>4. Capital Expenditure Ratio</b>				
Annual Capital Expenditure	<u>95,818</u>	<b>5.05</b>	-0.99	1.04
Annual Depreciation	<u>18,991</u>			

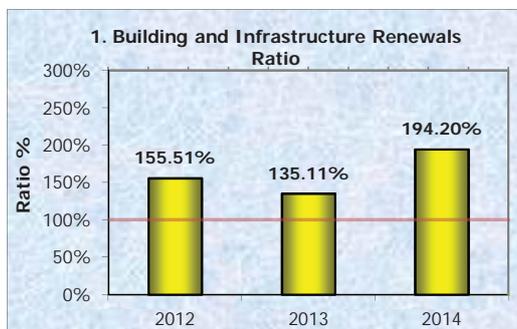
**Notes**

<sup>(1)</sup> Asset Renewals represent the replacement &/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. Asset Renewals include building and infrastructure assets only.

<sup>(2)</sup> Written down value

# Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2014



— Minimum 100.00%

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

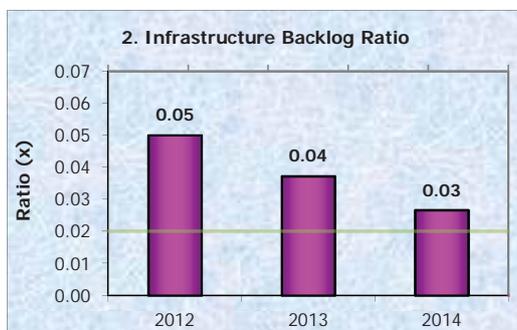
**Purpose of Asset Renewals Ratio**

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

**Commentary on 2013/14 Result**

**2013/14 Ratio 194.20%**

This ratio is showing that the Council is renewing its assets greater than the rate it is depreciating. It is well above the benchmark of 100% as Council is trying to reduce the infrastructure backlog.



— Maximum .02

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

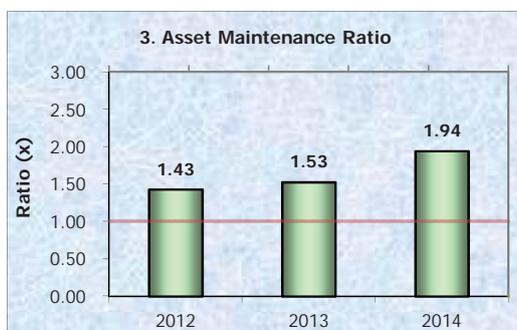
**Purpose of Infrastructure Backlog Ratio**

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

**Commentary on 2013/14 Result**

**2013/14 Ratio 0.03 x**

Council had adopted a funding strategy in FY 11/12 to address the infrastructure backlog of \$52m by using Council Reserve funds. This backlog is now reduced to \$23.8m in June 2014.



— Minimum 1.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

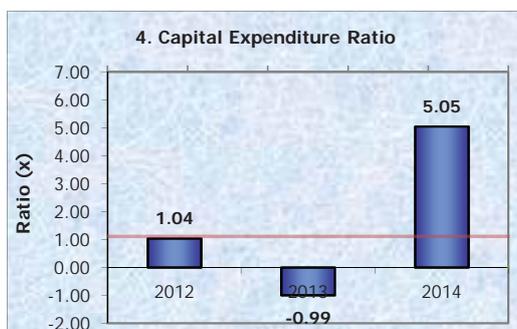
**Purpose of Asset Maintenance Ratio**

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 2013/14 Result**

**2013/14 Ratio 1.94 x**

This ratio is indicating that Council are spending greater than what is required in order to maintain the assets in a satisfactory condition. This is also well above the benchmark as we are addressing the backlog.



— Minimum 1.10

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

**Purpose of Capital Expenditure Ratio**

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

**Commentary on 2013/14 Result**

**2013/14 Ratio 5.05 x**

Capital Expenditure Ratio is well above the benchmark which is consistent as we are experiencing a high rate of urban development.

# Special Schedule No. 8 - Financial Projections

## as at 30 June 2014

	Actual <sup>(1)</sup>	Forecast <sup>(3)</sup>									
\$'000	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	257,531	135,020	139,452	143,707	148,030	153,347	158,270	165,065	170,137	174,912	181,399
Expenses from continuing operations	130,106	112,174	115,437	119,214	122,630	126,783	130,954	135,264	139,991	144,846	149,711
<b>Operating Result from Continuing Operations</b>	<b>127,425</b>	<b>22,846</b>	<b>24,015</b>	<b>24,493</b>	<b>25,400</b>	<b>26,564</b>	<b>27,316</b>	<b>29,801</b>	<b>30,146</b>	<b>30,066</b>	<b>31,688</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	25,268	40,031	42,896	27,788	49,466	62,187	86,227	47,378	35,567	36,690	24,677
Replacement/Refurbishment of Existing Assets	32,737	25,629	19,600	22,790	23,472	26,198	26,657	27,486	27,478	28,219	27,676
<b>Total Capital Budget</b>	<b>58,005</b>	<b>65,660</b>	<b>62,496</b>	<b>50,578</b>	<b>72,938</b>	<b>88,385</b>	<b>112,884</b>	<b>74,864</b>	<b>63,045</b>	<b>64,909</b>	<b>52,353</b>
<b>Funded by:</b>											
- Loans	-	-	-	-	-	-	-	-	-	-	-
- Asset sales	1,200	1,034	939	1,071	1,046	1,009	1,007	1,139	927	990	514
- Reserves	48,904	47,469	42,796	24,892	30,466	30,670	25,638	29,336	26,540	34,082	27,151
- Grants/Contributions	7,902	17,156	18,762	24,614	41,426	56,705	86,239	47,390	35,578	29,838	24,689
- Recurrent revenue	-	-	-	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-	-	-	-
	<b>58,006</b>	<b>65,659</b>	<b>62,497</b>	<b>50,577</b>	<b>72,938</b>	<b>88,384</b>	<b>112,884</b>	<b>77,865</b>	<b>63,045</b>	<b>64,910</b>	<b>52,354</b>

### Notes:

- (1) From 13/14 Income Statement.
- (2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.
- (3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

# Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	63,143	65,847
Plus or minus Adjustments <sup>(2)</sup>	b	539	782
<b>Notional General Income</b>	c	<b>63,682</b>	<b>66,629</b>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
or Rate peg percentage	e	3.40%	2.30%
or Crown land adjustment incl. rate peg percentage	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = c x d	-	-
or plus Rate peg amount	i = c x e	2,165	1,532
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	k = (c+g+h+i+j)	<b>65,847</b>	<b>68,161</b>
plus (or minus) last year's Carry Forward Total	l	2	2
less Valuation Objections claimed in the previous year	m	-	-
<b>sub-total</b>	n = (l + m)	<b>2</b>	<b>2</b>
<b>Total Permissible income</b>	o = k + n	<b>65,849</b>	<b>68,164</b>
less Notional General Income Yield	p	65,847	68,162
<b>Catch-up or (excess) result</b>	q = o - p	<b>2</b>	<b>2</b>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	-	-
less Unused catch-up <sup>(5)</sup>	s	-	(1)
<b>Carry forward to next year</b>	t = q + r - s	<b>2</b>	<b>1</b>

## Notes

- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- <sup>4</sup> 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.
- <sup>5</sup> Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.



## **The Hills Shire Council**

### **Independent auditor's report Report on the Special Schedule No. 9**

#### **Report on the Special Schedule No. 9**

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of The Hills Shire Council ("the Council") for the year ended 30 June 2014.

#### ***Responsibility of Council for Special Schedule No. 9***

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Independence***

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

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***PricewaterhouseCoopers, ABN 52 780 433 757***

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***Audit Opinion***

In our opinion, Special Schedule No. 9 of The Hills Shire Council for the year ended 30 June 2014 is properly drawn up in all material respects in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

***Restriction on distribution***

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose. Our report is intended solely for the council and the Division of Local Government.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Peter Buchholz'.

Peter Buchholz  
Partner

Sydney  
8 September 2014

# glossary

## of terms

**ABS** Australian Bureau of Statistics

**Asset Management** The process by which Council collects and maintains a comprehensive database of asset conditions and uses this information to prioritise works funding and maintain existing assets at desired condition levels.

**Benchmarking** A process of comparing performance with standards achieved in a comparable environment with the aim of improving performance.

**Biodiversity** The variety of all living things including plants, animals and micro-organisms, their genes and the ecosystems of which they are a part.

**Capital Works** Projects undertaken to either renew, upgrade, or construct assets owned by The Hills Shire community.

**CMP** Conservation Management Plan

**CP** Contributions Plan

**Community Land** Land classified as community land must be kept for use by the general community. All community land must be regulated by a Plan of Management which may apply to one or more areas of land.

**Crown Land/ Roads** Land/ Roads that is owned by State Government but managed on its behalf by Council.

**DA** Development Application

**DCP** Development Control Plan

**DLG** Department of Local Government

**EEO** Equal Employment Opportunity

**Financial Year** The financial year we are reporting on in this annual report is the period from 1 July 2013 to 30 June 2014.

**FTE** Full-time equivalent. In relation to staff numbers this refers to a figure that is based on the wages for full-time staff.

**GIPA** Government Information (Public Access) Act 2009 (NSW).

**ICAC** Independent Commission Against Corruption

**LEMC** Local Emergency Management Committee

**LEP** Local Environment Plan. Shows the different development zones indicating where different types of development can occur within the Shire.

**LGA** Local Government Area

**Delivery Plan** A strategic document with a minimum four-year outlook, which outlines the key strategies the organisation will undertake to achieve its desired outcomes. Note: this is a legislative requirement.

**Operational Plan** A document with a one-year outlook that outlines the key activities to be undertaken to achieve the desired outcomes set out in the Community Strategic Plan. Note: this is a legislative requirement.

**Performance** The results of activities and progress in achieving the desired outcomes over a given period of time.

**Rate Pegging** The percentage limit by which a council may increase the total income it will receive from rates. The percentage is set each year by the NSW Minister for Local Government.

**RFS** Rural Fire Service

**Risk Management** A discipline for developing appropriate procedures to reduce the possibility of adverse effects from future events.

**RMS** Roads and Maritime Services

**SoE** State of the Environment Report

**Tcorp** NSW Treasury Corporation

**TfNSW** Transport for NSW

**THSC** The Hills Shire Council

**Urban Activation Precinct** A NSW State Government program, Urban Activation Precincts aim to deliver more homes in places with access to infrastructure, transport, services and jobs by concentrating development around public transport hubs.

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# contact us

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## FEEDBACK INVITED

Thank you for reading The Hills Shire Council's 2013/14 Annual Report. We hope that this document has given you a good understanding of the achievements of Council over the last 12 months. Your feedback is valued and can be posted to the The Hills Shire Council, PO Box 7064, Baulkham Hills BC 2153 or you can telephone Council on 9843 0555.

## FURTHER READING

We encourage you to visit Council's website which contains information about our services, programs, events, major initiatives, major publications and more. The address is [www.thehills.nsw.gov.au](http://www.thehills.nsw.gov.au)

This Annual Report is available on Council's website.

## WHERE TO GET A COPY

In an effort to reduce the impact on the environment, limited copies of this document have been printed. Copies of our Annual Report 2013/14 including financial statements can be obtained through any of the above channels or by:

- Phoning: The Hills Shire Council Contact Centre on +61 2 9843 0555 8am - 4.30pm weekdays
- Visiting The Hills Shire Council Main Administration Building - 3 Columbia Court, Baulkham Hills NSW 2153 hours 8.30am - 4.30pm Monday to Friday (excluding public holidays).
- Visiting any of our libraries (see right)
- Emailing [council@thehills.nsw.gov.au](mailto:council@thehills.nsw.gov.au)
- TTY number: +61 2 8850 5622
- DX Address: DX 9966 Norwest
- E-request 24hr Online Customer Request

## THE HILLS SHIRE LIBRARY SERVICE

### Baulkham Hills Library

Railway Street, Baulkham Hills 2153  
Phone: +61 2 9761 5735

### Carlingford Library

Lloyds Avenue, Carlingford 2118  
Phone: +61 2 9761 5745

### Castle Hill Library

Cnr Castle & Pennant Streets, Castle Hill 2154  
Phone: +61 2 9761 4510

### Dural Library

Pellitt Lane, Dural 2158  
Phone: +61 2 9761 5755

### Vinegar Hill Memorial Library

29 Main Street, Rouse Hill Town Centre, Rouse Hill 2155  
Phone: +61 2 8889 5200

This Annual Report was produced and designed by The Hills Shire Council.

**THE HILLS SHIRE COUNCIL  
ANNUAL REPORT  
2013 - 2014**

Email: [council@thehills.nsw.gov.au](mailto:council@thehills.nsw.gov.au)

Phone: (02) 9843 0555

The Hills Shire Council

[www.thehills.nsw.gov.au](http://www.thehills.nsw.gov.au)