



Australian Government  
Registered Organisations Commission

14 December 2021

Scott Phillips  
Chief Executive  
Local Government NSW  
Sent via email: [scott.phillips@lgnsw.org.au](mailto:scott.phillips@lgnsw.org.au)

Dear Scott Phillips,

**Section 269 application for certificate stating financial affairs of reporting unit are encompassed by financial affairs of associated State body for year ended 30 June 2021 (FR2021/218)**

I refer to the application lodged pursuant to section 269 of the *Fair Work (Registered Organisations) Act 2009 (the RO Act)* in respect of the Local Government NSW for the financial year ended 30 June 2021. The application was lodged with the Registered Organisations Commission on 2 December 2021.

I have granted the application. The certificate is attached.

I note that the financial report of the Local Government & Shires Association of NSW (**the Association**) was prepared in accordance with the *Industrial Relations Act 1996 (NSW) (the prescribed State Act)*. The Association's auditor report, however, refers to the preparation of the financial report under both the prescribed State Act and the RO Act. Please ensure in future years, if a similar application is to be made, that the audit of the Association's financial report is only conducted in accordance with the relevant State legislation under which it is registered.

If you wish to discuss this matter, please contact Kylie Ngo on (03) 9603 0764 or by email at [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'CE'.

**Chris Enright**  
Executive Director  
Registered Organisations Commission



## CERTIFICATE

*Fair Work (Registered Organisations) Act 2009*

s.269(2)(a)—Reporting unit's financial affairs encompassed by associated State body

**Local Government NSW**  
(FR2021/218)

MR ENRIGHT

MELBOURNE, 14 DECEMBER 2021

*Reporting unit's financial affairs encompassed by associated State body*

[1] On 2 December 2021 an application was made under s.269(2)(a) of the *Fair Work (Registered Organisations) Act 2009* (**the Act**) by the Local Government NSW (**the reporting unit**) for a certificate stating that the financial affairs of the reporting unit are encompassed by the financial affairs of Local Government & Shires Association of NSW (**the Association**), an associated State body, in respect of the financial year ending 30 June 2021.

[2] On 2 December 2021, the reporting unit lodged a copy of the audited accounts of the Association with the Registered Organisations Commission.

[3] I am satisfied that the Association:

- is registered under the *Industrial Relations Act 1996 (NSW)*, a prescribed State Act; and
- is, or purports to be, composed of substantially the same members as the reporting unit; and
- has, or purports to have, officers who are substantially the same as designated officers in relation to the reporting unit; and
- is an associated State body.

[4] I am further satisfied that:

- the Association has in accordance with prescribed State legislation, prepared accounts, had those accounts audited, provided a copy of the audited accounts to its members and lodged the accounts with the relevant State authority;
- any members of the reporting unit who are not also members of the Association have been provided with copies of the accounts at substantially the same time as the members of the reporting unit who are members of the Association; and
- a report under s.254 of the Act has been prepared in respect of those activities of the reporting unit and has been provided to the members of the reporting unit with copies of the accounts.

[5] I am satisfied that the financial affairs of the reporting unit in respect of the financial year ending 30 June 2021, are encompassed by the financial affairs of the Association and I certify accordingly under s.269(2)(a) of the Act.



DELEGATE OF THE COMMISSIONER

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The Commissioner  
Registered Organisations Commission  
GPO Box 2983  
MELBOURNE VIC 3001

Dear Commissioner

**Re: Application for exemption pursuant to section 269 of the Fair Work (Registered Organisation) Act 2009**

I am the President of the Local Government & Shires Association of NSW (Federal Branch) and hereby make an Application for a certificate stating that:

- (1) The financial affairs of the Federal Branch are encompassed by the financial affairs of the Local Government & Shires Association of NSW (State Organisation), an organisation of employers registered under the Industrial Relations Act 1996 (NSW), being an associated state body; and
- (2) That the Branch is taken to have satisfied part 3 of the Act.

The grounds and reasons for this application are as follows:

1. The State Organisation is an organisation of employers registered under the Industrial Relations Act 1996 (NSW) and is an associated State body to the Branch.
2. The State organisation is composed entirely of the same members as the Federal Branch.
3. The officers of the State organisation are the same as the officers of the Federal Branch.
4. It is submitted that that the Federal Branch can be taken to have satisfied Part 3 of the Act, because of the following:
  - (i) The State Organisation has in accordance with the State Act, prepared accounts, had those accounts audited, presented its audited accounts to its members and lodged the audited accounts with the Industrial Commission of NSW.
  - (ii) All members of the State Organisation and the Federal Branch have been provided a copy of 2020/21 LGNSW Annual Report which contains the Auditor's report, Balance Sheet, Statement of Income and Expenditure and other relevant information.
  - (iii) A copy of the 2020/21 LGNSW Annual Report which contains the accounts for the period ending 30 June 2021, the Audit Report and information required under s.254 is attached.

The Local Government & Shires Association of NSW submits that based on the grounds and reasons stated herein and the supporting documentation, the Federal Branch has satisfied the requirements of s.269 and consequently seeks relief as sought in this application.

If you have any queries with regard to this application please contact Mr Bruce Morcombe from this office on 9242 4191.

Yours Sincerely



Cr Linda Scott  
President



# ABOUT

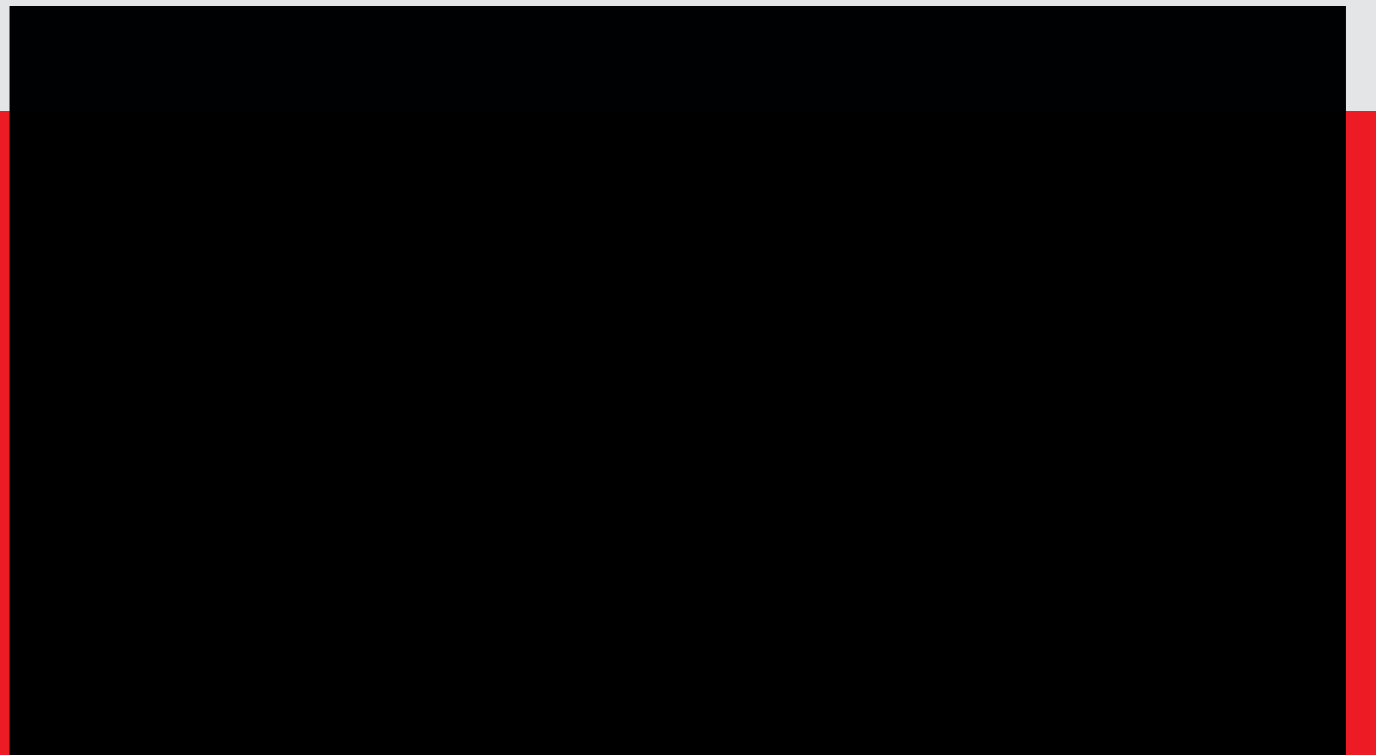
This Annual Report sets out the advocacy, value and support we've delivered to our members during 2020/21.



## About LGNSW

Local Government NSW (LGNSW) is the peak body representing New South Wales local councils and associate members, including local government water utilities, joint organisations and registered organisations of councils.

Our role is to support, promote, advocate for, and represent the local government sector so our members are in the best possible position to serve our NSW communities.



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# PRESIDENT'S REPORT



Linda Scott  
LGNSW President

As I prepare to stand down from my final term as LGNSW President, it has been the honour of a lifetime to serve you in this role, and detail the work we've delivered for you over the last year. When I was elected to the role four years ago, none of us could have foreseen what lay ahead: the worst NSW drought on record; life threatening fires and floods; the COVID 19 pandemic and the way it has and continues to reshape our lives; or the political ups and downs across all levels of government.

I am very proud that local government has come through this period stronger and more united than ever. As I write, thousands of individuals across our state have declared their candidacy in the upcoming local government elections on 4 December. For some of us, it is an opportunity to share a new vision for the future and, if re-elected, re-dedicate ourselves to community service. Others will join that service for the first time, inspired by the work that so many have done before us and the challenges ahead.

Just as each candidate seeks to be an effective local voice for their community, so too will LGNSW continue to be an effective and united voice for the strong, committed councils as we collectively advocate for the public good.

And we have already come so very far. In the 2017/18 financial year LGNSW helped deliver \$75 million in funding support to benefit our councils and communities – but by 2020/21 that figure had grown to more than \$8 billion, including disaster recovery and COVID-related funding.

Throughout the pandemic, councils have been hard at work to protect both community safety and local economies. And while councils rolled your sleeves up and got stuck in, LGNSW worked behind the scenes to ensure your voices were heard and your needs met.

To save thousands of local government jobs, we facilitated the continuation of Local Government (COVID-19) Splinter (Interim) Award 2021, and won the reinstatement of the \$1500 per fortnight Council Job Retention Allowance for eligible staff. We hosted events, forums and conferences to assist more than 3,000 elected councillors and council staff to deftly navigate the rapidly changing environment while preparing for a post-COVID future.

We banged the table (mostly politely) in both Federal and State Parliaments, helping to drive State Budget allocations of \$1.5 billion direct funding to local government, and the early provision of \$410 million in federal Financial Assistance Grants. We fought for and won council eligibility for a range of other support packages, and we worked with Government

to develop the programs that will help deliver a locally led recovery.

Now, with NSW emerging from this dark period, councils and our communities are benefiting from:

- More than \$2 billion for almost 3,000 regional infrastructure projects, creating jobs and injecting cash into local economies
- More than \$1.45 billion in roads and community infrastructure, including \$1.2 billion in road-related funding and \$250 million to improve public spaces including parks, cycleways, and walking trails
- \$550 million granted directly to councils and organisations to fund infrastructure and foster economic growth – including the creation of 8,000 jobs - through Restart NSW
- \$64 million through the four-year, Future Ready Regions strategy
- The \$30 million Regional Tourism Activation Fund for regional NSW, and a \$51.5 million support package for accommodation, live music, tourism and business events.

Our successful advocacy to double council library funding continues to deliver to every public library in the state. LGNSW's advocacy has also helped convince the NSW Government to address longstanding social issues that grow inequality, with \$850 million to be spent on social and affordable housing across the state. There is increased investment in our children and young people: almost \$110 million for child and adolescent mental health teams covering every NSW local health district, and \$150 million to extend the free preschool program for NSW families to two years.

We have successfully argued for initial steps in rate reform, winning increased flexibility through more efficient and equitable rating categories; and the alignment of rates with population growth to support the infrastructure and services requirements of growth communities. We helped secure \$57 million to ensure COVID-safe elections, without damaging local democracy through the mandatory imposition of universal postal voting.

LGNSW delivered training and professional development to more than 1,000 councillors and those considering running for council, and to 15,000 council staff via face-to-face sessions, interactive workgroups and e-learning. As a result of LGNSW advocacy, mayors and councillors will for the first time have access to superannuation, just like the rest of the Australian workforce. We developed a new Remote Skills Service and supported council recruitment to more than 5,000 jobs via the LGNSW Careers at Council website. And, in spite of severe shocks to the bottom line, we kept the Budget balanced, introduced a comprehensive set of governance controls and policies to ensure LGNSW met our legal and regulatory obligations, and transformed the office to a place that welcomes staff and all of our members to visit.

Councils are a vital part of the democratic society we live in, and LGNSW is proud to provide advocacy and other support to our councils and communities. I am personally very proud of what your Association and

our members have achieved together, not just in this financial year but in all the years prior. My heartfelt thanks go out to so very many committed individuals, especially our LGNSW Board and LGNSW staff, for their continuous guidance, wisdom and support. We set out to ensure LGNSW was a happy and healthy place to work, and we owe everyone who has contributed to that, and our CEO Scott Phillips, a great debt of thanks for making that happen. Thank you to every Mayor, Councillor, General Manager and council staff member who took the time to engage with LGNSW, and provide us with ideas and opportunities to create a better future for local governments. Thank you to the Government Ministers, and all Members of Parliament, who listened and worked with us to deliver for the public good. And finally, I'd like to express my deepest gratitude to my husband Daniel and children, Thomas and Jonathan, who supported me to work as hard as I could every day in this role.

I am beyond proud to commend to you all LGNSW's 2020/21 Annual Report.

**A STRONG, UNITED VOICE  
MEANS MORE INVESTMENT  
IN OUR COMMUNITIES**

2017-18  
**\$75M**

2018-19  
**\$2B**

2019-20  
**\$5.5B**  
incl bushfire recovery  
and water infrastructure  
funding

2020-21  
**\$8.2B**  
incl COVID-related  
funding





# CHIEF EXECUTIVE'S REPORT

2020/21 has been an enormously challenging year, following hard on the heels of an equally difficult 2019/20. Councils across NSW have continued to demonstrate tremendous resilience despite the unending impacts of the COVID-19 pandemic, whilst still recovering from natural disasters including drought, fire, flood – and for regional NSW - a mouse plague.

LGNSW has worked hard to support member councils to drive a locally led economic and social recovery from these collective challenges. With a focus on jobs and housing affordability, LGNSW has led advocacy efforts with other levels of government to ensure the much-needed economic stimulus is made available to all councils.

Despite the difficult financial environment faced by businesses and organisations across Australia, I take great pleasure in reporting LGNSW's return to a balanced budget. It is thanks to the committed efforts of staff and guidance from our Board that the organisation has been able to emerge from this challenging period with its financial stability intact, and our service to members not only maintained but increased.

A range of new and developing products, which include

employment-based services outlined in this report such as Careers at Council and the Remote Skills Program, demonstrate LGNSW's commitment to continuous improvement in the value we offer.

Our growing ability to meet not only the existing but emerging needs of councils, and to influence both the shape and nature of legislation impacting our sector, augurs well for the future.

I strongly urge members to take advantage of our specialised learning and professional development programs, now more accessible than ever through both an online and in-person environment. And as we continue to emerge from the restrictions imposed by the COVID pandemic, I invite you all to join us at one of our upcoming events, where you can reconnect with fellow councillors or council staff.

I commend the LGNSW team for their unwavering dedication to our members and to local government as a whole. I would also like to thank the General Managers of all NSW councils, who so generously supported me through my first full year as Chief Executive of LGNSW.

As we approach both an LGNSW Board election and the much-delayed local government

elections, I must also thank all outgoing LGNSW Board Directors and Councillors across the state. You have made an immeasurable contribution not only to the local government sector, but to communities throughout NSW.

Finally, I would like to extend my sincere thanks to our outgoing President Linda Scott, who will conclude her four-year tenure at our Annual Conference on 29 November. The breadth and depth of Linda's knowledge and understanding of the sector, combined with her keen intellect, insight and boundless energy has helped drive us – as an Association and as a sector – to new heights. I know you all join me in wishing her well in her continuing role as President of the Australian Local Government Association.

**Scott Phillips**  
Chief Executive



# HIGHLIGHTS



1

## Enable financial sustainability

- \$1.5 billion funding for local government announced in the State Budget, following intensive advocacy for the financial backing to lead local communities in an economic recovery and create new jobs
- \$410 million in Financial Assistance Grants from the Australian Government



2

## Fund local infrastructure

- \$550 million granted directly to councils and organisations to fund infrastructure and foster economic growth through Restart NSW funding in 2021-22, creating about 8,000 jobs
- More than \$1.45 billion in roads and community infrastructure, including \$1.2 billion in road-related funding and \$250 million for public spaces



3

## Support local government in community and economic recovery

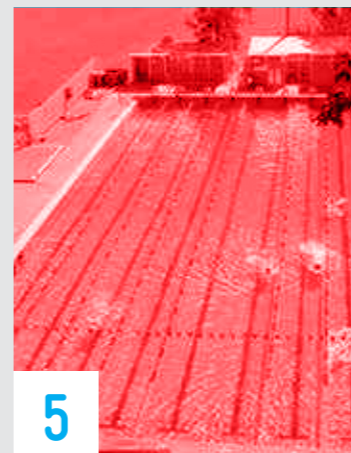
- Reinstatement of the \$1500 per fortnight Council Job Retention Allowance (CJRA) for eligible staff
- 12-month extension for community recovery officers in councils following LGNSW advocacy for a long-term commitment to the recovery needs of communities across NSW



4

## Invest in better waste, recycling and circular economy solutions

- Acceptance of LGNSW's Save Our Recycling demands with a commitment of more than \$365 million as part of the NSW Waste and Sustainable Materials Strategy and NSW Plastics Plan
- An additional \$35 million to match Commonwealth and industry funding to turn waste turned into re-usable product under Remanufacture NSW



5

## Protect community input into planning decisions and return planning powers to councils

- Better building standards with new powers against non-compliant developers and serious defects in residential buildings
- Funding for regional councils to digitise planning processes that ensures ratepayers don't end up bearing the costs



6

## Reform emergency funding and management

- \$32.8 million from the NSW Government to cover councils' 2020/21 contribution of the Emergency Services Levy
- A Disaster Response Taskforce to help councils respond to natural disasters and manage the recovery process, including access to disaster funding needed to fix vital infrastructure in a timely manner

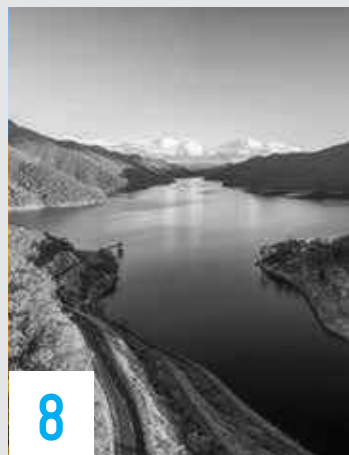


7

## Support strong and inclusive communities

- \$852 million in capital expenditure by the State Government to support the delivery of social and affordable housing and capital upgrades across the State
- \$150 million to extend the free preschool program for NSW families for the two years before school

# HIGHLIGHTS



8

## Deliver secure, sustainable, town water supplies

- A Federal Government Drought Response, Resilience and Preparedness Plan including \$212.2 million over four years
- Ensured councils would not have to shoulder the cost of a proposed levy for hundreds of dams under their control



9

## Improve rural and regional health services

- \$123m in the Federal Budget for the rural health workforce and training, including \$65.8m to increase the Rural Bulk Billing Incentive for doctors working in rural towns and remote areas
- \$109.5 million for 25 child and adolescent mental health response teams to cover every local health district across NSW



10

## Address skills shortages

- Supported council recruitment to more than 5,000 jobs via the LGNSW Careers at Council website, complemented by the development of a new Remote Skills Service
- Delivered training and professional development to 15,000 council staff via face-to-face sessions, interactive workgroups and e-learning



11

## Introduce fair pay and superannuation for mayors and councillors

- Superannuation for mayors and councillors, bringing them into line with others in the workforce
- Secured a modest 2% increase to sitting fees for mayors and councillors in recognition of the thousands of hours spent carrying out council duties during an elected term



12

## Workforce Solutions

- Workforce support through the pandemic, including the continuation of Local Government (COVID-19) Splinter (Interim) Award 2021, and regular webinars to keep councils abreast of COVID-19 related employment issues
- Successful opposition to proposed changes to the NSW Wage Fixation Principles that could have harmed employer interests in the sector



13

## Fair, transparent elections

- \$57 million to ensure COVID-safe elections without damaging local democracy through the mandatory imposition of universal postal voting
- Further recognition of the rising cost to councils of local government elections, through inclusion of some cost recovery in calculation of the rate peg



14

## Support to navigate a changing world

- Events, forums and conferences to assist more than 3,000 elected councillors and council staff to deftly navigate the rapidly changing environment while preparing for a new post-COVID future
- Free legal support for councils valued at up to \$1 million



# SUCCESSFUL ADVOCACY FOR COUNCILS AND COMMUNITIES

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LGNSW's greatest strength lies in its strong and united membership: a voice for the public good that cannot be ignored. Our advocacy helps deliver funding and shape legislation at a State and Federal level to achieve the best possible outcomes for councils and the communities we serve.

In 2020/21, LGNSW helped drive an unprecedented level of Federal and State funding to councils, and successfully advocated on the range of issues that members told us mattered most to their communities.

# SUCCESSFUL ADVOCACY FOR COUNCILS AND COMMUNITIES

## Significant advocacy achievements during the 2020/21 financial year included:



### ROADS AND COMMUNITY INFRASTRUCTURE

- More than \$2 billion for almost 3,000 regional infrastructure projects, creating jobs and injecting cash into local economies
- \$1.2 billion in road funding, including more than \$400 million additional funding under the extended Local Roads and Community Infrastructure Program
- \$550 million granted directly to councils and organisations to fund infrastructure and foster economic growth through Restart NSW
- \$250 million under the Public Spaces Legacy Program to improve parks, piazzas, cycleways, foreshores and walking trails; \$15 million to breathe new life into local high streets, plus \$7 million in grants to ensure people of all ages, abilities and cultures are able to make the most of their community play areas
- A record \$51.7 million in State Government funding to maintain and upgrade Crown reserves

### STRENGTHENING OUR COMMUNITIES

- \$109.5 million for child and adolescent mental health support along with \$150 million to extend the free preschool program for NSW families for the two years before school
- \$852 million in capital expenditure by the State Government to support the delivery of social and affordable housing and capital upgrades across the State
- A further \$14.03 million additional funding to council-run libraries, part of \$60 million committed over four years following the Renew Our Libraries campaign by LGNSW and the NSW Public Libraries Association
- Campaigns to encourage more women and Aboriginal and Torres Strait Islanders to stand for council
- Appointment of a 24-Hour Economy Commissioner

### RECOVERING FROM DISASTER

- New National Recovery and Resilience Agency, with \$1.2 billion over five years to support local communities following major disasters
- \$268 million in response to the Bushfire Inquiry, bringing the total to \$460 million with Commonwealth funding
- \$212.2 million federal funding as part of a four-year Drought Response, Resilience and Preparedness Plan
- \$64 million through the four-year, Future Ready Regions strategy
- \$30 million Regional Tourism Activation Fund for regional NSW and a \$51.5 million support package for accommodation, live music, tourism and business events
- One year of rate relief for bushfire affected residents

### PROTECTING OUR ENVIRONMENT

- \$149 million to implement the NSW Government's Sustainable Materials Strategy 2041
- An extra \$380 million over four years to help expedite investment into the State's five renewable energy zones and smooth the way for an increase in solar, wind and storage projects
- \$11 million in Federal funding to incentivise recycling behaviours, \$59.8 million to enhance existing organic waste and processing infrastructure and \$7.2m for a community and education program on organic waste
- NSW's five-year Coastal and Estuary Management Program to assist councils with developing, implementing and securing funding for Coastal Management Plans
- \$500 million to support the transition to electric vehicles and reduce carbon emissions and air pollution

### BETTER BUILDING AND PLANNING

- New building legislation with additional powers against non-compliant developers and serious defects in residential buildings, along with a proposal for a registration scheme for professional engineers
- \$139 million in interest-free loans to replace flammable cladding on high-risk buildings in NSW, and a specialised Cladding Support Unit as a single point of contact for councils
- A six-month transition period for the e-Planning system, and a guarantee the system will be maintained at no cost to councils

### REFORMING AN OUTDATED RATE SYSTEM

- Increased flexibility through new rating categories to allow for more efficient and equitable allocation of rates
- The alignment of council rates with population growth to ensure councils have sufficient funding to provide the infrastructure and services their growing communities need and deserve
- A significant extension to the allowable rate harmonisation period for our amalgamated councils, preventing bill shock for ratepayers
- Special rates for jointly funded infrastructure without IPART approval



# SPECIALISED WORKPLACE AND LEGAL SERVICES

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LGNSW is a registered employer organisation in NSW and federal industrial jurisdictions, and the only state local government association with this status. LGNSW represents the local government sector in more employment matters than any other organisation in NSW.

# SPECIALISED WORKPLACE AND LEGAL SERVICES



## HELPING COUNCILS ADDRESS IR AND EMPLOYMENT ISSUES

The LGNSW team of industrial lawyers and the employment related advisory service help councils comply with their obligations under industrial awards, contracts and employment laws and settle industrial disputes and grievances.

LGNSW also represents local government in matters before the Industrial Relations

Commission of NSW, the Fair Work Commission, the Local Court and the Supreme Court. The team obtained outcomes in 135 disputes and other matters before the commissions and courts, the vast majority of which were settled to council satisfaction in conciliation.

## PROTECTING JOBS DURING THE PANDEMIC

The specialist LGNSW Workplace Relations team provided industrial advice and guidance on challenging

employment matters during the pandemic. The Local Government (COVID-19) Splinter (Interim) Award 2021, to which 127 councils and county councils opted in, enabled the sector to retain as many employees as possible.

LGNSW also successfully opposed changes to the NSW Wage Fixation Principles that could have harmed local government interests.

LGNSW, in partnership with the Office of Local Government, also hosted regular webinars



for members to discuss the constantly changing requirements of the public health orders and COVID-19 related employment issues throughout the lockdowns and re-opening.

## LEGAL ADVICE

LGNSW's in-house legal service offers a deep understanding of local government and associated legislative and regulatory requirements, saving members time and exorbitant legal fees. Advice is provided on a range of legislative, code of conduct, procedural and commercial issues.

In 2020/2021, LGNSW



supported councils with both informal and formal legal services, including 199 formal legal advices to Mayors and General Managers. This free, members-only service not only saves councils from expensive legal fees but helps safeguard them from potential future legal disputation, delivering value to members of between

\$500,000 and \$1 million each year.

Other legal services provided during the financial year included successful negotiations with Transport for NSW to support compliance and road safety issues, and a councillor mentoring service, which supports elected members with confidential guidance and advice from highly respected former councillors on a range of issues. This service is free, flexible and designed to meet the needs and availability of all parties.



# FACILITATING LEARNING & DEVELOPMENT, NETWORKS & CONNECTIONS

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The LGNSW Member Central team provides tailored courses, conferences, summits and events to enable members to keep up-to-date, build knowledge and skills, debate the issues, network and exchange ideas.



# FACILITATING LEARNING & DEVELOPMENT, NETWORKS & CONNECTIONS

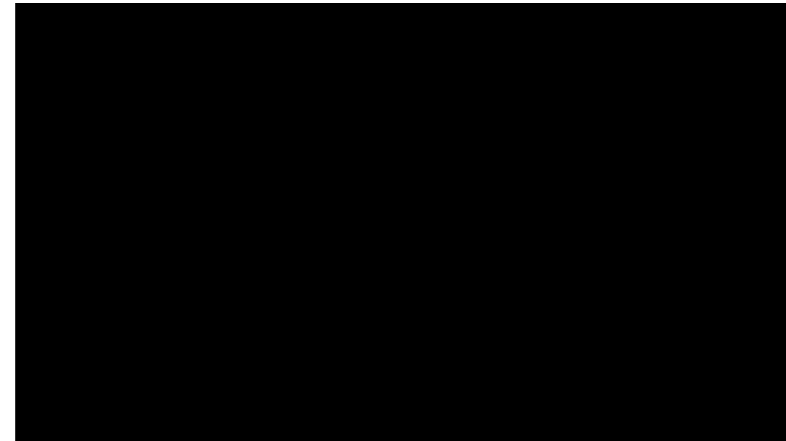
## LEARNING AND DEVELOPMENT

Highly experienced facilitators delivered a range of tailored face-to-face professional development and online learning solutions supporting council staff, councillors and mayors to further develop the skills and knowledge required to meet the increasingly complex needs of the communities we serve.

More than 1,000 councillors and those considering running for council took advantage of LGNSW learning and development services in 2020/21, seeking professional development in areas such as finance budgeting and reporting, the prevention of bullying and harassment, the Code of Conduct and meeting procedures, and leadership skills.

Some 15,000 council staff also undertook training and professional development during the period, including more than 11,300 who completed e-Learning professional development modules designed to help them deliver the best possible level of service to their communities.

EVENTS AND CONFERENCES ASSISTED MORE THAN 3,000 COUNCILLORS AND STAFF TO DEFTLY NAVIGATE THE RAPIDLY CHANGING ENVIRONMENT.



## EVENTS AND CONFERENCES

LGNSW continued to deliver a full calendar of events and conferences this year, switching between in-person and online events and forums as required by COVID-19 public health orders to keep attendees informed and safe.

More than 850 councillors and 2150 council staff attended LGNSW Events and Conferences in the 2020/21 financial year, assisting them to deftly navigate the many challenges of a rapidly changing environment while preparing for a new post-COVID future.

### The 2020 LGNSW Annual Conference

Scheduled for Cessnock but forced online by the pandemic, the LGNSW 2020 Annual Conference focused on Growing Community Resilience, with a Meet the Politicians Panel examining how councils and the NSW Government could best partner to drive a locally led recovery.

### International Women's Day Lunch

This signature LGNSW event designed to celebrate and encourage greater participation by women in government took a no-holds-barred approach to the need for ongoing cultural change in all workplaces, as the nation's headlines called for long-overdue improvements for women's workplace safety.

### The Locally Led Breakfast forum

LGNSW members came together with key State decisionmakers in April 2021 to discuss the path to recovery, including the creation and retention of jobs, restoration of local economies and building back better in the wake of drought, bushfires, floods and the COVID pandemic.

### The Destination & Visitor Economy Conference

This sold-out event co-hosted by Port Macquarie-Hastings Council drilled down into the vital role played by the visitor economy, and how destination-focused tourism helps deliver the local economic development critical for all NSW councils.

### Personal and Executive Assistants Conference

Some 76 personal and executive assistants from metropolitan, regional, rural and far west councils gathered in Sydney to learn and share trends, ideas and practical skills necessary to meet the multiple demands of their daily work.

### Webinars and Online Events

LGNSW delivered a range of webinars and online events during 2020/21, ensuring pandemic lockdowns did not interrupt local government progress in key areas. Featured events included the Net Zero Emissions Insight Series, a Planning Forum, a specialised LGNSW Employment Law Seminar, and the 2020 LGNSW Human Resources Conference for council leaders, industry experts and HR professionals.

# AWARDS



Local government consistently leads the way in delivering grassroots innovation to benefit communities. In 2020/21, more than 40 of the state's councils were recognised by LGNSW for outstanding work in the areas of communication, arts and culture, planning, the environment and water management. Award winners included:

### A. R. BLUETT MEMORIAL AWARD

Queanbeyan-Palerang Regional Council (Metropolitan/Regional winner) and Bellingen Shire Council (Rural winner).

### RH DOUGHERTY AWARDS

Tenterfield Shire Council, Tamworth Regional Council, Central Coast Council, Parkes Shire Council, Wagga Wagga City Council, Northern Beaches Council, Clarence Valley Council, and Ku-ring-gai Council.

- Outstanding Individual Contributions: Christiane Birkett (Gunnedah Shire Council) and Julie Steele (Northern Beaches Council).

### LEO KELLY OAM ARTS AND CULTURE AWARDS

Wagga Wagga City Council, Coffs Harbour City Council, Gunnedah Shire Council, Bathurst Regional Council and Sutherland Shire Council.

### LGNSW PLANNING AWARDS

Cessnock City Council and City of Parramatta Council.

- Outstanding Individual Contribution: Des Shroder (Clarence Valley Council).


### EXCELLENCE IN THE ENVIRONMENT

Byron Shire Council, Campbelltown City Council, Central Coast Council, Coffs Harbour City Council, Dubbo Regional Council, Forbes Shire Council, Lane Cove Council, Liverpool City Council, Port Stephens Council, Queanbeyan-Palerang Council, Shoalhaven City Council, Snowy Valleys Council, Waverley Council.

- Climate change adaption: Penrith City Council.
- Water security and management: Bathurst Regional Council, Blue Mountains Council, Goldenfield Water County Council, Murray River Council.
- Louise Petchell Memorial Award for Individual Sustainability: Loani Tierney (Mosman Council).

### PAT DIXON SCHOLARSHIPS

Kerryann Stanley (Dubbo Regional Council) and Rosslyn Thompson (Muswellbrook Shire Council).



# GROWING THE WORKFORCE AND STRENGTHENING CAREERS

LGNSW recruitment and professional development services for council staff and elected officials continue to help build a strong, future-ready, local government workforce.

# GROWING THE WORKFORCE AND STRENGTHENING CAREERS

## MAKING MANAGEMENT EASIER

LGNSW's Local Government Management Solutions (LGMS) team is the recruitment service of choice for NSW councils. No other recruitment or senior staff performance review service offers such a dedicated focus and understanding of the needs of councils, with every dollar spent with LGMS reinvested in advocacy, representation and support for local government.

LGMS has also developed a new Remote Skills Service, designed to address the skills gap by connecting councils all over NSW with skilled specialist contractors working remotely to temporarily fill vacancies, cover staff absences and undertake project work. This innovative approach is well placed to deliver real benefits to councils and their communities, particularly in the wake of workplace and workflow redesign following the COVID-19 pandemic.

In 2020/21, LGMS supported 78 councils by providing recruitment services, performance reviews, and other HR related services, while LGNSW's new digital benchmarking platform enabled councils to make meaningful comparative performance assessments in an increasingly complex environment.

10

10 councils benefited by utilising LGMS for HR Services, including service level and IP&R reviews during the year.

31

Recruitment of 31 General Managers, senior staff and specialist roles.

40

Performance reviews of 40 senior staff from 36 councils, ensuring contractual obligations are upheld.

75

75 councils received valuable comparative data on recruitment and retention, leave, work health and safety, learning and development, and remuneration after purchasing LGNSW annual Human Resources benchmarking and remuneration reports.



## GROWING GREAT CAREERS AT COUNCIL

Developed by LGNSW in partnership with State and Territory Local Government Associations, Careers at Council is the one stop web destination for candidates considering a career in local government. Careers at Council is a strategic initiative to inform and attract quality candidates to local government, featuring an extensive range of job vacancies, all supported by targeted advertising campaigns.

By the end of 2020/21, Careers at Council had a total of 161 council subscribers across Australia, including 119 new subscribers. During the financial year it attracted 196,354 discrete users, and was visited by more than 20,000 prospective employees each month. More than 5,170 jobs were advertised, generating 72,511 job clicks or 14 clicks per job.

All jobs advertised on Careers at Council also appear on both LinkedIn and Indeed portals at no additional cost. Careers at Council is now recognised by the Commonwealth and NSW Governments as the industry platform for local government career information and jobs.





# LGP: CREATING AND DRIVING VALUE FOR COMMUNITIES

Established by the predecessor to LGNSW, LGP is a wholly owned company of LGNSW that supports councils to tender more effectively, and maximise the prices for public money through bulk purchasing arrangements.

# LGP: CREATING AND DRIVING VALUE FOR COMMUNITIES

## Procurement Solutions for the Sector

### FINANCIAL RESULTS

While COVID-19 impacted the revenue of so many businesses globally, during the 2020/21 financial year LGP returned a gross surplus (before allocation of rebates) of \$2.63 million, a decline of 3.5% on the previous year, and provided LGNSW with revenue of \$1.31 million, ensuring local government and associate member rates were kept as low as possible.

### CONTRACTS NEGOTIATED FOR THE SECTOR

In 2020/21 the local government sector spent \$709 million through LGP contracts, delivering value through negotiated pricing, with access to leading and local suppliers reducing procurement risk. LGP had 36 contracts in operation, encompassing more than 900 LGP Approved Contractors.

### LOCAL GOVERNMENT PROCUREMENT SKILLS

In early 2021 LGP acquired a Registered Training Organisation (RTO). The RTO, now trading as LG Training Academy (LGTA) (code 45450), has been established to grow the delivery of nationally accredited courses

specifically for NSW local government. Over time and based on industry needs, more professional development will continue to be added to the suite of qualifications.

LGP has delivered specialised procurement and contract management training, including e-Learning programs, to almost 800 people. More than 50 non-accredited and customised on-site training courses were delivered in Sydney, regionally and online. In addition, four accredited qualifications were delivered to around 50 people.

### SERVICES & RESOURCES

To support councils impacted by the major disasters of bushfire and drought that occurred in late 2019 and early 2020 the LGP Disaster Recovery Program was established. This two-year program to support disaster-affected councils provided 20 individuals more than \$21,000 in funding to undertake accredited procurement qualifications. In addition to this, the Sustainable Choice membership fee was waived.

In addition to fee-for-service work, LGP provided free advice to councils on legislation compliance, procurement,

governance, and probity. This was complemented by a suite of procurement business tools, including procurement management resources with guidelines and benchmarking materials and the LGP Forum, an online discussion site for NSW councils to engage and discuss various topics.

### ESG FOR THE PUBLIC GOOD

In 2020/21 the consulting team delivered 14 procurement projects, including probity audits and services, procurement reviews, independent chairperson engagements and facilitation of Requests for Proposal, Information or Quote (RFx). A modern slavery risk assessment was completed across all LGP contracts.

More than 1,000 approved contractors were assessed for risks in their supply chains, making sure all LGP contracts are aware of unethical sourcing practices, how they can be detected and prevented. Our online request-for-quote platform, VendorPanel, now incorporates specific ratings to help councils avoid supply chains which carry a risk of modern slavery practices.

LGP SAVED THE SECTOR

**\$69 MILLION**

AND DELIVERED SPECIALISED PROCUREMENT TRAINING TO ALMOST 800 LOCAL GOVERNMENT STAFF. IN ADDITION, LGP ALLOCATED \$1.1 MILLION IN REBATES FOR REGIONAL ORGANISATIONS OF COUNCILS, JOINT ORGANISATIONS AND COUNCILS.

### NETWORK EVENTS

LGP delivered seven free procurement and engineering network events attended by more than 140 local government staff, providing opportunities to hear from guest speakers, collaborate with their peers and discuss current issues. A further 16 engagement events including sustainability webinars, tender briefings and contract implementations were attended by more than 700 participants.

### CONFERENCE AND AWARDS

The 14th LGP Annual Conference was conducted for the first time as a virtual event in October 2020. The program and format were adapted to deliver the conference over two half-days and the theme was 'Procurement Transforming Communities – Build | Grow | Innovate'. This event engaged over 30 speakers who shared their messages to more than 70 delegates.

The LGP annual awards were presented at the conference. The procurement professional and sustainable procurement awards recognise excellence and achievement in local government procurement and sustainability. The LGP Approved Contractor award recognises excellence in supporting the local government sector. A new Foundation LGP Approved Contractor of the Year Award was launched and recognises outstanding contribution and innovation supporting the local government sector.



# CORPORATE & COMPLIANCE INFORMATION

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LGNSW employees are dedicated people, skilled in their areas of technical expertise and committed to their work. As at 30 June 2021, LGNSW employed 65 Staff (50 full time, 15 part time).

# LGNSW BOARD



**PRESIDENT**  
Cr Linda Scott  
City of Sydney



**TREASURER**  
Cr Jerome Laxale  
City of Ryde

**VICE PRESIDENT**  
Regional/Rural



Cr Stephen Lawrence  
Dubbo Regional Council

**DIRECTOR**  
Regional/Rural



Cr Ruth Fagan  
Cowra Council

**DIRECTOR**  
Regional/Rural



Cr Dominic King  
Bellingen Shire

**VICE PRESIDENT**  
Metropolitan/Urban



Cr Angelo Tsirekas  
City of Canada Bay

**DIRECTOR**  
Metropolitan/Urban



Cr Khal Asfour  
Canterbury-Bankstown

**DIRECTOR**  
Metropolitan/Urban



Cr Lesley Furneaux-Cook  
Burwood

**DIRECTOR**  
Regional/Rural



Cr Phyllis Miller OAM  
Forbes Shire

**DIRECTOR**  
Regional/Rural



Cr Keith Rhoades AFSM  
Coffs Harbour City

**DIRECTOR**  
Regional/Rural



Cr Marianne Saliba  
Shellharbour City

**DIRECTOR**  
Metropolitan/Urban



Cr George Griess  
Campbelltown City

**DIRECTOR**  
Metropolitan/Urban



Cr Julie Griffiths  
Blacktown City

**DIRECTOR**  
Metropolitan/Urban



Cr Mazhir Hadid  
Liverpool City

**DIRECTOR**  
Regional/Rural  
resigned in June 2021



Cr Ben Shields  
Dubbo Regional

**DIRECTOR**  
Regional/Rural



Cr Darriea Turley AM  
Broken Hill City

**DIRECTOR**  
Regional/Rural  
Appointed to the Board in June 2021



Cr Cameron Walters  
Wollongong City

**DIRECTOR**  
Metropolitan/Urban



Cr Dai Le  
Fairfield City

**DIRECTOR**  
Metropolitan/Urban



Cr Karen McKeown OAM  
Penrith City

# CORPORATE & COMPLIANCE INFORMATION

## LGNSW BOARD

LGNSW is registered as an industrial organisation of employers under the Industrial Relations Act 1996 (NSW) and separately under the Fair Work (Registered Organisations) Act 2009 (Cth). The LGNSW rules, which are overseen by the Industrial Relations Commission of New South Wales (NSW) and the Registered Organisations Commission (Cth), provide for the democratic control of LGNSW by the members and detail the organisation's governance

arrangements. In line with rule 17 of the LGNSW rules, a Conference of all ordinary and associate members is the supreme policy making body of LGNSW, and the LGNSW Board is responsible for the governance of LGNSW between Conferences, subject to the resolutions of any Conferences. There were 18 Board members at 30 June 2021.

In accordance with the Rules, the Board constituted a Senior Executive Group comprised of four Board Officeholders - President Cr Linda Scott,

Metropolitan Vice President Cr Angelo Tsirekas, Regional/Rural Vice President Stephen Lawrence, and Treasurer Cr Jerome Laxale, and four Board Directors - Cr Phyllis Miller OAM and Cr Darriea Turley (Regional/Rural), and Cr Karl Asfour and Cr Karen McKeown OAM (Metropolitan).

The Board met six times during 2020/21, and the Senior Executive Group a further six times. Board working committees also met to provide guidance on key focus areas.

BOARD MEETING ATTENDANCE 2020/21	2020					2021
	Aug	Oct	Dec	Feb	Apr	Jun
Linda Scott	✓	✓	✓	✓	✓	✓
Jerome Laxale	✓	✓	✓	✓	✓	✓
Angelo Tsirekas	✓	✓	✓	✓	✓	✓
Stephen Lawrence	✓	✓	✓	✓	✓	✓
Ben Shields*	✓	✓	✓	✓	x	N/A
Cameron Walters*	N/A	N/A	N/A	N/A	N/A	✓
Dai Le	✓	✓	✓	✓	✓	✓
Darriea Turley	✓	✓	✓	✓	✓	✓
Dominic King	✓	✓	✓	✓	✓	✓
George Greiss	✓	✓	✓	✓	✓	✓
Julie Griffiths	✓	✓	✓	✓	✓	✓
Karen McKeown	✓	✓	✓	✓	✓	✓
Keith Rhoades	✓	✓	✓	✓	✓	✓
Khal Asfour	✓	✓	✓	✓	✓	✓
Lesley Furneaux-Cook	✓	x	✓	✓	✓	x
Marianne Saliba	✓	✓	✓	x	✓	✓
Mazhar Hadid	✓	✓	✓	✓	✓	✓
Phyllis Miller	✓	✓	✓	✓	✓	✓
Ruth Fagan	✓	✓	✓	x	✓	✓

\*Cr Shields resigned as a Board Director on 3 June 2021, and in line with LGNSW Rules the Board filled the casual vacancy by appointing the next highest-polling candidate from the Rural/Regional category at the most recent Board election, Cr Cameron Walters. N/A indicates the relevant councillor was not elected to the Board at that time.

## BOARD WORKING COMMITTEES

The LGNSW Board oversaw the work of three working committees, each which met a minimum of five times during the financial year. The Policy Review Working Committee met a total of eight times during the financial year, with the additional three meetings convened to review motions submitted ahead of the Annual Conference. Membership of the Committees in 2020/21 was:

### Campaigns & Advocacy Working Committee

**Chair:** Cr Dominic King

**Deputy Chair:** Cr Julie Griffiths

**Members:** Cr Ruth Fagan, Cr Mazhar Hadid, Cr Dai Le, Cr Keith Rhoades AFSM, Cr Linda Scott.

### Member Value Working Committee

**Chairs:** Cr Ben Shields

**Deputy Chair:** Cr Karen McKeown

**Members:** Cr Khal Asfour, Cr Jerome Laxale, Cr Marianne Saliba, Cr Linda Scott, Cr Angelo Tsirekas.

### Policy Review Working Committee

**Chair:** Cr Phyllis Miller OAM

**Deputy Chair:** Cr Lesley Furneaux-Cook

**Members:** Cr George Greiss, Cr Stephen Lawrence, Cr Linda Scott, Cr Darriea Turley AM.

Additional Committees advising the Board included:

## The Audit and Risk Committee

Monitors and provides oversight of the adequacy and effectiveness of LGNSW's risk management, internal control, internal and external audit, financial management and compliance functions under the Charter adopted by the Board in 2019. The Committee met six times in 2020/21. Committee Members were Carol Holley (Independent Chair), Jan McClelland AM (Independent member), Cr Lesley Furneaux-Cook (LGNSW Board member), Cr Linda Scott (LGNSW President) and Cr Darriea Turley AM (LGNSW Board member). Independent members are sourced through an open and transparent merit-based recruitment process.

## Industrial Advisory Committee

With responsibility for assisting and making recommendations to the Board in relation to industrial issues, this Committee met three times during the 2020/21 Financial Year. The Committee was chaired by Cr Linda Scott while members included Cr Julie Griffiths, Cr Jerome Laxale, Cr Phyllis Miller OAM, and Cr Darriea Turley AM. Committee membership also included four General Managers, selected following a transparent application process and appointed by the LGNSW Board: Lindy Dietz (Campbelltown City Council); Jason Linnane (Singleton Council); Matthew Stewart (Canterbury-Bankstown City Council); and Michael McMahon (Dubbo Regional Council), who resigned on 1 April 2021 and was replaced by Derek Francis (Bogan Shire Council) for one meeting.

## Research and Innovation Committee

With responsibility for providing high-level guidance regarding council and university engagement, assessing projects and then selecting successful applicants, this Committee met three times during 2020/21. The Committee was chaired by Cr Linda Scott while members included Cr Khal Asfour, Cr George Greiss, Cr Dominic King, Dr Tim Robinson (Tim Robinson Professional Services), Dr Andrew Black (University of Sydney), and David Sherley (Bathurst Regional Council). Kiersten Fishburn (Liverpool City Council) was replaced by Dominic Johnson (Mosman Council) as metropolitan council representative in December 2020, following a call for Expressions of Interest from suitably experienced applicants.

Assistance to the Board was also provided by our distinguished Trustees from:

### A.R. Bluett Memorial Trust:

Les McMahon (Chair), Paul Braybrooks OAM and Genia McCaffery (replacing Allan Ezzy AM APM and Cr Mike Montgomery AM, who retired from the Trust in December 2019 and December 2020 respectively).

### Cr Pat Dixon Memorial

**Scholarship:** Mr Warren Roberts (Chair), Cr Dave Carter, Cr Dominic Wy Kanak and Cr Linda Scott.

LGNSW extends its sincere gratitude to all the Trustees and committee members for their time and the care with which they undertook their roles during the 2020/21 financial year.



# GOVERNANCE

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# GOVERNANCE



## ACTIVE SUPER & STATECOVER

The LGNSW Board nominates four LGNSW Councillor Directors to the Board of StateCover and also a LGNSW Chief Executive Director. LGNSW also nominates three directors to the Board of LGSS Pty Ltd (the trustee for Local Government Super now trading as Active Super). The Board undertakes an open, transparent and merit-based process to ensure the local government sector has strong representation on these significant boards. While the LGNSW Board makes the nomination, the final decision is made by the company.

LGNSW nominees are subject to rigorous assessment by Active Super and StateCover to ensure the nominees are fit and proper persons to be appointed and appropriately skilled.

REPRESENTATION AT 30 JUNE 2021	StateCover		
	Cr Sue McGinn OAM	Date appointed	Term Expires
		19 April 2021	Annual General Meeting November 2023
	Cr Glenn Inglis	Date appointed	Term Expires
		19 April 2021	Annual General Meeting November 2023
	Cr Jerome Laxale	Date appointed	Term Expires
	Re-appointed 20 November 2019	10 September 2018	Annual General Meeting November 2022
	Cr Samuel Ngai	Date appointed	Term Expires
		20 November 2019	Annual General Meeting November 2022
	Cr Khal Asfour	Date appointed	Term Expires
(LGNSW Chief Executive Director)	1 April 2021	2 April 2024	
Active Super			
Cr Declan Clausen	Date appointed	Term Expires	
	March 2021	25 March 2025.	
Cr Domenico Figliomeni	Date appointed	Term Expires	
	5 December 2017	4 December 2021	
Cr Karen McKeown	Date appointed	Term Expires	
	10 April 2018	9 April 2022	

## LEGISLATION & RULES

LGNSW is registered federally under the Fair Work (Registered Organisations) Act 2009 (Cth) and in NSW under the Industrial Relations Act 1996. Each Act requires compliance with a set of rules that govern how the Association operates. The rules cover object and powers, memberships, control and governance, the annual conference, the Board, finance and auditing. During the course of this financial year, the Board has finalised the establishment of a comprehensive set of delegations, policies and other governance controls for LGNSW.

## SIGNIFICANT CHANGES IN FINANCIAL AFFAIRS

There were no significant changes in the Association's financial affairs during 2020/21.

## RIGHTS OF MEMBERS TO RESIGN

Under section 174 of the Fair Work (Registered Organisations) Act 2009 and Rule 8 of the LGNSW Rules, a member of an organisation may resign from membership by written notice addressed and delivered to the Chief Executive.

## REPRESENTATION ON EXTERNAL BOARDS & COMMITTEES

LGNSW and the local government sector are represented on a wide range of external boards and committees, in addition to StateCover and Local Government Super. When vacancies arise LGNSW undertakes an open, transparent and merit-based expression of interest process to identify councillors interested in representing the sector on external boards and significant committees.



# OFFICER AND RELATED PARTY DISCLOSURE STATEMENT

## IN ACCORDANCE WITH SECTION 293J FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

I, Linda Scott, being the President of the Local Government and Shires Association of NSW, declare the following Officer and Related Party Disclosure Statement.

**Organisation Name:** Local Government and Shires Association of NSW  
**Branch Name:** N/A  
**Financial year start date:** 1 July 2020  
**Financial year end date:** 30 June 2021

Only one of the officers listed above received non-cash benefits from the Local Government and Shires Association of NSW in the form of life and income protection insurance which is provided to all salaried members of the organisation.

### PAYMENTS TO RELATED PARTIES AND DECLARED PERSONS OR BODIES

The Local Government and Shires Association of NSW made payments of \$612,882 to the Australian Local Government Association representing membership contributions for the 2020/21 financial year. No other payments were made to related parties or declared persons or bodies that are required to be disclosed.

Signed by the officer: Linda Scott Dated: 28 October 2021

### TOP FIVE OFFICERS – RELEVANT REMUNERATION AND NON-CASH BENEFITS

When all officers in the Local Government and Shires Association of NSW are ranked by relevant remuneration for the financial year, the following officers are ranked no lower than fifth:

Name	Office	Actual Amount of Relevant Remuneration (including superannuation)	Value of Relevant non-cash benefits	Form of relevant non-cash benefits
1. Cr Linda Scott	President	LGNSW	\$ 178,305.66	\$ 3,412.73 Life and income protection insurance
		External Boards	\$ 59,837.87	
		<b>Total</b>	<b>\$ 238,143.53</b>	
2. Cr Karen McKeown	Director	LGNSW	\$ 10,998.18	NIL N/A
		External Boards	\$ 107,436.00	
		<b>Total</b>	<b>\$ 118,434.18</b>	
3. Cr Jerome Laxale	Treasurer	LGNSW	\$ 14,053.23	NIL N/A
		External Boards	\$ 66,338.04	
		<b>Total</b>	<b>\$ 80,391.27</b>	
4. Cr Lesley Furneaux-Cook	Director	LGNSW	\$ 10,998.18	NIL N/A
		External Boards	\$ 28,485.79	
		<b>Total</b>	<b>\$ 39,483.97</b>	
5. Cr Khal Asfour	Director	LGNSW	\$ 9,165.15	NIL N/A
		External Boards	\$ 13,156.98	
		<b>Total</b>	<b>\$ 22,322.13</b>	

### OTHER OFFICERS – RELEVANT REMUNERATION AND NON-CASH BENEFITS

Name	Office	Actual Amount of Relevant Remuneration	Value of Relevant non-cash benefits	Form of relevant non-cash benefits
Cr Phyllis Miller	Director	LGNSW	\$18,330.30	NIL N/A
		External Boards	\$770.00	
		<b>Total</b>	<b>\$19,100.30</b>	
Cr Keith Rhoades	Director	LGNSW	\$13,442.22	NIL N/A
Cr Darriea Turley	Director	LGNSW	\$12,220.20	NIL N/A
Cr George Greiss	Director	LGNSW	\$9,776.16	NIL N/A
Cr Dai Le	Director	LGNSW	\$7,943.13	NIL N/A
Cr Dominic King	Director	LGNSW	\$7,332.12	NIL N/A
Cr Ben Shields	Director	LGNSW	\$6,721.11	NIL N/A
Cr Mazhar Hadid	Director	LGNSW	\$6,721.11	NIL N/A
Cr Angelo Tsirekas	Director	LGNSW	\$6,721.11	NIL N/A
Cr Julie Griffiths	Director	LGNSW	\$6,721.11	NIL N/A
Cr Marianne Saliba	Director	LGNSW	\$6,721.11	NIL N/A
Cr Ruth Fagan	Director	LGNSW	\$6,721.11	NIL N/A
Cr Stephen Lawrence	Director	LGNSW	\$6,110.10	NIL N/A

# GRANTS AND DONATIONS

In 2020/21, LGNSW managed grants to councils designed to help deliver greater resilience to climate change under Round 3 of the Increasing Resilience to Climate Change program, and to enhance the urban tree canopy and green cover, funded by the NSW Department of Planning, Industry and Environment. The rollout of the latter \$10.2 million Greening Our Cities program was enhanced when LGNSW secured a commitment to a further \$9.9 million in grant funding. Campbelltown City, Lake Macquarie City and Bathurst Regional Councils were the recipients of the LGNSW Research and Innovation Fund for projects that deliver net zero emissions outcomes, incorporating contributions of more than \$52,000 from the NSW Department of Planning, Industry and Environment.

LGNSW also made final payments and acquitted council grants under the Council Roadside Reserves program and the Flying-fox Grants Program, funded by the NSW Environmental Trust.

## COUNCIL ROADSIDE RESERVES: To conserve and improve roadside environments. Funding provided by NSW Environmental Trust

Bourke Shire Council	\$19,200.00
Edward River Council	\$9,600.00
Narrandera Shire Council	\$5,161.00
	<b>\$33,961.00</b>

## FLYING FOX GRANT PROGRAM: To help councils manage flying-foxes and work with local communities. Funding provided by NSW Environmental Trust

Albury City Council	\$4,000.00
Cowra Shire Council	\$4,081.00
Hunters Hill Council	\$3,777.00
Kempsey Shire Council	\$1,279.09
Ku-ring-gai Council	\$9,001.92
Port Macquarie-Hastings Council	\$5,423.00
Shoalhaven City Council	\$2,162.11
	<b>\$29,724.12</b>

## INCREASING RESILIENCE TO CLIMATE CHANGE: Providing council support to adapt to climate change. Funding provided by NSW Department of Planning, Industry and Environment

Canberra Region Joint Organisation	\$63,600.00
Cumberland Council	\$21,311.00
Hunter Joint Organisation of Councils	\$96,000.00
Illawarra Shoalhaven Joint Organisation	\$67,440.00
Ku-ring-gai Council	\$9,000.00
Mid North Coast Joint Organisation	\$58,400.00
Murray River Council	\$76,000.00
Nambucca Valley Council	\$24,000.00
Orange City Council	\$33,760.00
Wagga Wagga City Council	\$57,600.00
Wollondilly Shire Council	\$80,000.00
	<b>\$587,111.00</b>

## GREENING OUR CITY: funding for councils to increase tree canopy and green cover across the Greater Sydney Region. Funding provided by NSW Department of Planning, Industry and Environment

Bayside Council	\$20,000.00
Blacktown City Council	\$526,336.00
Burwood Council	\$64,890.00
Camden Council	\$193,088.00
Campbelltown City Council	\$53,500.00
City of Canada Bay Council	\$80,000.00
City of Canterbury Bankstown Council	\$191,600.00
City of Parramatta Council	\$200,000.00
City of Ryde	\$40,000.00
City of Sydney	\$180,136.00
Cumberland City Council	\$92,508.00
Fairfield City Council	\$24,000.00
Georges River Council	\$223,400.00
Hawkesbury City Council	\$285,000.00
The Hills Shire Council	\$14,090.00
Hunters Hill Council	\$14,400.00
Inner West Council	\$54,800.00
Ku-ring-gai Council	\$92,840.00
Lane Cove Council	\$29,240.00
Liverpool City Council	\$130,000.00
Mosman Council	\$5,000.00
Northern Beaches Council	\$48,400.00
North Sydney Council	\$5,740.00
Penrith City Council	\$400,080.00
Randwick City Council	\$90,080.00
Strathfield Council	\$77,170.00
Sutherland Shire Council	\$36,200.00
Waverley Council	\$128,000.00
Wollondilly Shire Council	\$11,131.00
Western Sydney Regional Organisation of Councils	\$110,000.00
	<b>\$3,421,629.00</b>

# MEMBER COUNCILS

As of 30 June 2021, 125 of the general-purpose councils in NSW were members of the organisation. The total number of members, including associate members, was 139.

## ORDINARY MEMBERS

1. Albury City Council	23. Carrathool Shire Council	44. Federation Council
2. Armidale Regional Council	24. Central Coast Council	45. Forbes Shire Council
3. Ballina Shire Council	25. Central Darling Shire Council	46. Georges River Council
4. Balranald Shire Council	26. Cessnock City Council	47. Gilgandra Shire Council
5. Bathurst Regional Council	27. City of Canada Bay Council	48. Glen Innes Severn Council
6. Bayside Council	28. City of Canterbury-Bankstown Council	49. Greater Hume Shire Council
7. Bega Valley Shire Council	29. City of Parramatta Council	50. Griffith City Council
8. Bellingen Shire Council	30. City of Ryde	51. Gunnedah Shire Council
9. Berrigan Shire Council	31. City of Sydney	52. Gwydir Shire Council
10. Blacktown City Council	32. Clarence Valley Council	53. Hawkesbury City Council
11. Bland Shire Council	33. Cobar Shire Council	54. Hay Shire Council
12. Blayney Shire Council	34. Coffs Harbour City Council	55. Hilltops Council
13. Blue Mountains City Council	35. Coolamon Shire Council	56. Hornsby Shire Council
14. Bogan Shire Council	36. Coonamble Shire Council	57. Hunters Hill Council
15. Bourke Shire Council	37. Cootamundra-Gundagai Regional Council	58. Inner West Council
16. Brewarrina Shire Council	38. Cowra Council	59. Inverell Shire Council
17. Broken Hill City Council	39. Cumberland City Council	60. Junee Shire Council
18. Burwood Council	40. Dubbo Regional Council	61. Kempsey Shire Council
19. Byron Shire Council	41. Dungog Shire Council	62. Kiama Municipal Council
20. Cabonne Council	42. Edward River Council	63. Ku-ring-gai Council
21. Camden Council	43. Fairfield City Council	64. Kyogle Council
22. Campbelltown City Council		65. Lachlan Shire Council

66. Lake Macquarie City Council	87. Northern Beaches Council	107. The Hills Shire Council
67. Lane Cove Council	88. Oberon Council	108. Tweed Shire Council
68. Leeton Shire Council	89. Orange City Council	109. Upper Hunter Shire Council
69. Lismore City Council	90. Parkes Shire Council	110. Upper Lachlan Shire Council
70. Lithgow City Council	91. Penrith City Council	111. Uralla Shire Council
71. Liverpool City Council	92. Port Macquarie-Hastings Council	112. Wagga Wagga City Council
72. Liverpool Plains Shire Council	93. Port Stephens Council	113. Walcha Council
73. Lockhart Shire Council	94. Queanbeyan-Palerang Regional Council	114. Walgett Shire Council
74. Maitland City Council	95. Randwick City Council	115. Warren Shire Council
75. MidCoast Council	96. Richmond Valley Council	116. Warrumbungle Shire Council
76. Moree Plains Shire Council	97. Shellharbour City Council	117. Waverley Council
77. Mosman Council	98. Shoalhaven City Council	118. Weddin Shire Council
78. Murray River Council	99. Singleton Council	119. Wentworth Shire Council
79. Murrumbidgee Council	100. Snowy Monaro Regional Council	120. Willoughby City Council
80. Muswellbrook Shire Council	101. Snowy Valleys Council	121. Wingecarribee Shire Council
81. Nambucca Valley Council	102. Strathfield Council	122. Wollondilly Shire Council
82. Narrabri Shire Council	103. Sutherland Shire Council	123. Wollongong City Council
83. Narrandera Shire Council	104. Tamworth Regional Council	124. Woollahra Municipal Council
84. Narromine Shire Council	105. Temora Shire Council	125. Yass Valley Council
85. Newcastle City Council	106. Tenterfield Shire Council	
86. North Sydney Council		

## ASSOCIATE MEMBERS

1. Castlereagh-Macquarie County Council	Enterprises Pty Ltd	11. Rous County Council
2. Central Tablelands Water	7. New England Weeds Authority	12. Southern Sydney Regional Organisation of Councils (SSROC)
3. Far West Joint Organisation	8. Norfolk Island Regional Council	13. Upper Macquarie County Council
4. Goldenfields Water County Council	9. Northern Sydney Regional Organisation of Councils (NSROC)	14. Western Sydney Regional Organisation of Councils (WSROC)
5. Hawkesbury River County Council	10. Riverina Water County Council	
6. Kimbriki Environmental		



**FINANCIAL**  
**STATEMENTS**  
**30 JUNE 2021**

# Independent Auditor's Report to the Members of Local Government and Shires Association of New South Wales

## Opinion

We have audited the financial report of Local Government and Shires Association of New South Wales (the entity and its subsidiaries (the Association), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Boards' declaration.

In our opinion, the accompanying financial report of the Association is in accordance with the Industrial Relations Act 1996 and Fair Work (Registered Organisations) Act 2009, including:

- (a) Presenting fairly the Association's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the relevant Acts.

## Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The Board is responsible for the other information. The other information comprises the information contained in the Association's Annual Report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

*Liability limited by a scheme approved under Professional Standards Legislation.*

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.*

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Board for the Financial Report

The Board of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduce Disclosure Requirements, the Industrial Relations Act 1996 and Fair Work (Registered Organisation) Act 2009 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board are responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Boards' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

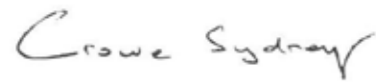
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the Association financial report. The auditor is responsible for the direction, supervision and performance of the audit. The auditor remains solely responsible for the audit opinion.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

## Report on Other Legal and Regulatory Requirements

I declare that I am an auditor registered under the Fair Work (Registered Organisations) Act 2009.

In accordance with the requirements of section 257(7) of the Fair Work (Registered Organisations) Act 2009, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the Fair Work (registered Organisations) Act 2009.



**Crowe Sydney**



**Ash Pather**  
Partner

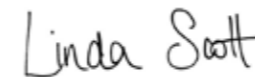
22 September 2021  
Sydney

## Local Government New South Wales Board's declaration 30 June 2021

In the Board's opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards as issued by the Australian Accounting Standards Board as described in note 2 to the financial statements, and the Industrial Relations Act 1996;
- the attached financial statements and notes give a true and fair view of the Local Government NSW's and the Association's financial position as at 30 June 2021 and of their performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Local Government NSW will be able to pay its debts as and when they become due and payable.
- During the 2020/21 financial year and since the year ended 30 June 2021:
  - a) meetings of the committee of management were held in accordance with the rules of LGNSW;
  - b) the financial affairs of LGNSW have been managed in accordance with the rules of LGNSW; and
  - c) the financial records of LGNSW have been kept and maintained in accordance with the Industrial Relations Act 1996.

This statement is made and signed for and on behalf of the Local Government of New South Wales by:



Cr Linda Scott  
President

22 September 2021



Jerome Laxale  
Treasurer



Local Government New South Wales  
Statements of profit or loss and other comprehensive income  
For the year ended 30 June 2021

	Note	LGNSW Consolidated		LGNSW	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Revenue</b>					
Membership subscription		5,337,381	5,253,926	5,337,381	5,253,926
Council services		2,784,662	2,707,795	1,968,875	1,724,376
Commission received	4	11,222,900	10,716,273	1,990,161	1,877,111
Conferences and seminars		677,175	2,171,502	639,113	1,892,002
Investment income	4	1,207,501	(334,691)	1,206,741	(336,922)
Trust distributions		-	-	1,582,580	1,926,568
Other revenue		811,079	422,424	527,757	248,657
		<u>22,040,698</u>	<u>20,937,229</u>	<u>13,252,608</u>	<u>12,585,718</u>
Grant income	5	6,531,151	3,687,745	6,481,151	3,687,745
<b>Expenses</b>					
Employee benefits expense	6	(13,476,075)	(14,328,131)	(8,147,157)	(9,614,017)
Affiliation fees	7	(612,882)	(610,879)	(612,882)	(610,879)
Administrative expenses	8	(4,260,035)	(6,219,741)	(2,461,921)	(3,839,211)
Grant expenses	5	(5,505,050)	(3,375,744)	(5,505,050)	(3,375,744)
Council services		(1,397,704)	(1,873,736)	(342,655)	(776,692)
Depreciation and amortisation expense	9	(1,097,362)	(641,834)	(648,265)	(561,952)
Legal costs	10	(61,267)	(265,387)	(16,658)	(211,448)
Audit and accounting fees		(88,699)	(34,993)	(62,299)	(10,767)
Gain/(loss) on sale of assets	11	(22,338)	(11,664)	1,006	(11,664)
Write off of assets during refurbishment	11	-	(742,074)	-	(742,074)
Finance costs		(121,635)	(14,943)	(9,076)	(14,943)
		<u>1,928,802</u>	<u>(3,494,152)</u>	<u>1,928,802</u>	<u>(3,495,928)</u>
<b>Profit/(Loss) before income tax expense</b>					
Income tax expense		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Profit/(Loss) after income tax expense for the year attributable to the owners of Local Government New South Wales</b>	33	<u>1,928,802</u>	<u>(3,494,152)</u>	<u>1,928,802</u>	<u>(3,495,928)</u>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gain on the revaluation of land and buildings		6,925,553	-	6,925,553	-
		<u>6,925,553</u>	<u>-</u>	<u>6,925,553</u>	<u>-</u>
Other comprehensive income for the year, net of tax		6,925,553	-	6,925,553	-
		<u>6,925,553</u>	<u>-</u>	<u>6,925,553</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to the owners of Local Government New South Wales</b>		<u><u>8,854,355</u></u>	<u><u>(3,494,152)</u></u>	<u><u>8,854,355</u></u>	<u><u>(3,495,928)</u></u>

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Local Government New South Wales  
Statements of financial position  
As at 30 June 2021

	Note	LGNSW Consolidated		LGNSW	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	12	24,515,186	11,793,469	21,098,014	8,074,911
Trade and other receivables	13	5,416,079	4,107,187	4,903,760	4,174,774
Financial assets held at fair value through profit or loss	14	4,541,584	2,860,458	4,541,584	2,860,458
Financial assets held at amortised cost	15	322,665	322,650	322,665	322,650
Prepayments	16	640,124	512,814	480,908	413,325
Total current assets		<u>35,435,638</u>	<u>19,596,578</u>	<u>31,346,931</u>	<u>15,846,118</u>
<b>Non-current assets</b>					
Related party loan	17	-	-	1,253,979	990,217
Investments	18	3,000,000	3,000,000	3,000,000	3,000,000
Financial assets held at amortised cost	19	13,066,935	13,887,266	13,066,935	13,887,266
Land and buildings	20	16,446,569	9,773,242	16,446,569	9,773,242
Property, plant and equipment	21	899,016	1,088,708	777,134	1,015,451
Right-of-use assets	22	2,875,637	223,788	102,748	223,788
Intangible assets	23	133,688	6,601	9,849	-
Investment in associates	24	-	-	36	36
Total non-current assets		<u>36,421,845</u>	<u>27,979,605</u>	<u>34,657,250</u>	<u>28,890,000</u>
<b>Total assets</b>		<u>71,857,483</u>	<u>47,576,183</u>	<u>66,004,181</u>	<u>44,736,118</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	25	4,070,433	3,564,552	2,407,452	1,521,769
Lease liabilities	26	465,567	108,898	113,095	108,898
Short term provisions	27	2,192,169	1,927,541	1,564,161	1,447,601
Other liabilities	28	22,177,237	10,200,970	21,635,792	10,060,270
Total current liabilities		<u>28,905,406</u>	<u>15,801,961</u>	<u>25,720,500</u>	<u>13,138,538</u>
<b>Non-current liabilities</b>					
Lease liabilities	29	2,514,087	124,270	-	124,270
Long term provisions	30	263,066	329,383	109,415	153,399
Total non-current liabilities		<u>2,777,153</u>	<u>453,653</u>	<u>109,415</u>	<u>277,669</u>
<b>Total liabilities</b>		<u>31,682,559</u>	<u>16,255,614</u>	<u>25,829,915</u>	<u>13,416,207</u>
<b>Net assets</b>		<u>40,174,924</u>	<u>31,320,569</u>	<u>40,174,266</u>	<u>31,319,911</u>
<b>Equity</b>					
Settled sum	31	20	20	-	-
General funds	32	9,142,842	2,217,289	9,142,842	2,217,289
Retained earnings	33	31,032,062	29,103,260	31,031,424	29,102,622
<b>Total equity</b>		<u>40,174,924</u>	<u>31,320,569</u>	<u>40,174,266</u>	<u>31,319,911</u>

The above statements of financial position should be read in conjunction with the accompanying notes

Local Government New South Wales  
Statements of changes in equity  
For the year ended 30 June 2021

	General funds \$	Settled sum \$	Retained earnings \$	Total equity \$
<b>LGNSW Consolidated</b>				
Balance at 1 July 2019	2,217,289	20	32,597,412	34,814,721
Loss after income tax expense for the year	-	-	(3,494,152)	(3,494,152)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,494,152)	(3,494,152)
Balance at 30 June 2020	<u>2,217,289</u>	<u>20</u>	<u>29,103,260</u>	<u>31,320,569</u>
	General funds \$	Settled sum \$	Retained earnings \$	Total equity \$
<b>LGNSW Consolidated</b>				
Balance at 1 July 2020	2,217,289	20	29,103,260	31,320,569
Profit after income tax expense for the year	-	-	1,928,802	1,928,802
Other comprehensive income for the year, net of tax	6,925,553	-	-	6,925,553
Total comprehensive income for the year	<u>6,925,553</u>	<u>-</u>	<u>1,928,802</u>	<u>8,854,355</u>
Balance at 30 June 2021	<u>9,142,842</u>	<u>20</u>	<u>31,032,062</u>	<u>40,174,924</u>
	General funds \$	Retained earnings \$	Total equity \$	
<b>LGNSW</b>				
Balance at 1 July 2019	2,217,289	32,598,550	34,815,839	
Loss after income tax expense for the year	-	(3,495,928)	(3,495,928)	
Other comprehensive income for the year, net of tax	-	-	-	
Total comprehensive income for the year	-	(3,495,928)	(3,495,928)	
Balance at 30 June 2020	<u>2,217,289</u>	<u>29,102,622</u>	<u>31,319,911</u>	
	General funds \$	Retained earnings \$	Total equity \$	
<b>LGNSW</b>				
Balance at 1 July 2020	2,217,289	29,102,622	31,319,911	
Profit after income tax expense for the year	-	1,928,802	1,928,802	
Other comprehensive income for the year, net of tax	6,925,553	-	6,925,553	
Total comprehensive income for the year	<u>6,925,553</u>	<u>1,928,802</u>	<u>8,854,355</u>	
Balance at 30 June 2021	<u>9,142,842</u>	<u>31,031,424</u>	<u>40,174,266</u>	

The above statements of changes in equity should be read in conjunction with the accompanying notes

Local Government New South Wales  
Statements of cash flows  
For the year ended 30 June 2021

	Note	LGNSW Consolidated 2021 \$	2020 \$	LGNSW 2021 \$	2020 \$
<b>Cash flows from operating activities</b>					
Receipts from customers		26,674,588	27,196,352	16,333,664	16,579,657
Payments to suppliers and employees		(24,814,182)	(26,790,912)	(16,252,207)	(18,473,025)
Investment income		375,138	82,415	374,378	80,184
Net cash from/(used in) operating activities	41	<u>2,235,544</u>	<u>487,855</u>	<u>455,835</u>	<u>(1,813,184)</u>
<b>Cash flows from investing activities</b>					
Payment for purchase of business		(90,000)	-	-	-
Net movements in investments		(28,446)	5,738,301	(28,446)	5,738,301
Purchase of property, plant and equipment	21	(167,525)	(722,678)	(34,958)	(702,871)
Payment for intangibles	23	(56,800)	-	(11,800)	-
Land and building improvements		-	(2,820,391)	-	(2,820,391)
Net cash from/(used in) investing activities		<u>(342,771)</u>	<u>2,195,232</u>	<u>(75,204)</u>	<u>2,215,039</u>
<b>Cash flows from financing activities</b>					
Net distributions received from related parties	42	-	-	1,604,664	1,883,380
Net movement in government grant funding received		11,356,202	(980,186)	11,171,457	(980,186)
Repayment of lease liabilities		(527,258)	(127,627)	(133,649)	(127,627)
Net cash from/(used in) financing activities		<u>10,828,944</u>	<u>(1,107,813)</u>	<u>12,642,472</u>	<u>775,567</u>
Net increase in cash and cash equivalents		12,721,717	1,575,274	13,023,103	1,177,422
Cash and cash equivalents at the beginning of the financial year		11,793,469	10,218,195	8,074,911	6,897,489
Cash and cash equivalents at the end of the financial year	12	<u>24,515,186</u>	<u>11,793,469</u>	<u>21,098,014</u>	<u>8,074,911</u>

The above statements of cash flows should be read in conjunction with the accompanying notes

**Note 1. Statement by the Board**

The financial statements cover both Local Government New South Wales as an individual entity and the Association consisting of Local Government New South Wales and the entities it controlled at the end of, or during, the year, together referred to as "the Association". The financial statements are presented in Australian dollars, which is the Association's functional and presentation currency.

The financial statements were authorised for issue on \_\_\_\_\_ 2021.

**Note 2. Significant accounting policies**

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

**Basis of preparation of the financial statements**

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board ('AASB'), the Associations Incorporations Act 2009, and the Industrial Relations Act 1996. For the purpose of preparing the general purpose financial statements, Local Government New South Wales is a not-for-profit entity.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**Comparative amounts**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**Note 2. Significant accounting policies (continued)**

**Principals of Consolidation**

Consolidated Entities

The following is the list of consolidated entities. All consolidated entities have a 30 June financial year end.

**Association**

By agreement dated 5 September 1994, and amended by agreement dated 26 July 2002, the Local Government Association of New South Wales ("LGA") and the Shires Association of New South Wales ("SA") (collectively referred to as "LGNSW") established an unincorporated joint venture (the "Secretariat") to be a joint operating fund. As from 1 March 2013 a new constitution came into effect, amalgamating the Local Government Association of NSW "LGA NSW" and the Shires Association of NSW "SA NSW" into a single organisation, namely the Local Government and Shires Association of New South Wales (the "Association"), known as Local Government NSW.

**Local Government Procurement Partnership**

Local Government Procurement Partnership is a partnership established on 18 November 2005. The partners of Local Government Procurement Partnership are LGP (LGA NSW) Pty Ltd and LGP (SA NSW) Pty Ltd, both companies are incorporated and domiciled in Australia. The principal activity of the partnership during the financial year was providing tendering and purchasing services.

**Local Government Procurement Pty Ltd**

Local Government Procurement Partnership Pty Ltd is a proprietary company incorporated and domiciled in Australia. The company was incorporated on 18 November 2005. The company manages the principal activities of Local Government Procurement Partnership.

**LGP (LGA NSW) Pty Ltd**

LGP (LGA NSW) Pty Ltd is a proprietary company incorporated and domiciled in Australia. The company was incorporated on 18 November 2005. The company acts solely as trustee of a LGP (LGA NSW) Trust.

**LGP (SA NSW) Pty Ltd**

LGP (SA NSW) Pty Ltd is a proprietary company incorporated and domiciled in Australia. The company was incorporated on 18 November 2005. The company acts solely as trustee of a LGP (SA NSW) Trust.

**LGP (LGA NSW) Trust**

LGP (LGA NSW) Trust was formed on 8 December 2005. The beneficiary of the Trust is the Association as defined above.

**LGP (SA NSW) Trust**

LGP (SA NSW) Trust was formed on 8 December 2005. The beneficiary of the Trust is the Association as defined above.

**Australian Academy of Transformative Education Pty Ltd**

On 26 March 2021, the Local Government Procurement Partnership acquired 100% of the share capital of The Australian Academy of Transformative Education Pty Ltd. The company is a registered training organisation, and activity is expected to commence in the following financial year.

All intercompany balances and transactions including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the Association.

**Note 2. Significant accounting policies (continued)**

**Revenue recognition**

The Association recognises revenue as follows:

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

*Grant income and other contributions*

Grants and other contributions are received on the condition that specified services are delivered, or conditions are fulfilled. These funds are initially recognised as a liability when received, and subsequently recognised as income as services are performed or conditions are fulfilled. Funds from non-reciprocal grants and other contributions that are not subject to conditions are recognised as income when the Association receives the funds.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Procurement commission*

Commission income represents amounts raised against suppliers and contractors, based on commission rates as agreed to between the parties upon entering procurement contracts and the level of financial activity between suppliers and contractors and the partnership's customers, as reported to the partnership during the financial year.

*Rendering of services*

Revenue from the rendering of services is recognised upon the delivery of the service to customers.

All revenue is stated net of the amount of goods and services tax (GST).

**Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Association in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

**Note 2. Significant accounting policies (continued)**

Provision is made for separation and redundancy benefit payments. The Association recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

**Cash and cash equivalents**

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.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Association has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Collectability of debts is reviewed at end of the reporting period. Allowances are made at 10% of 90 days due or the actual amount when collectability of the debt is no longer probable.

**Financial assets and liabilities**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

*Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

*Investments*

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Association has the objective to hold the asset to collect contractual cash flows. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

**Note 2. Significant accounting policies (continued)**

*Impairment of financial assets*

The Association assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise grant; it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

*Derecognition of financial assets*

The Association derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

*Other financial liabilities*

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

*Derecognition of financial liabilities*

The Association derecognises financial liabilities when, and only when, the reporting unit obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Contingent liabilities and contingent assets**

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

**Land, buildings, plant and equipment**

*Asset recognition threshold*

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

*Revaluations - land and buildings*

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

**Note 2. Significant accounting policies (continued)**

*Depreciation*

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Buildings	2.5%
Furniture, Fixtures and Fittings	10%
Motor Vehicles	18.75%
Office Equipment	20%
Computer Equipment	33%

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

*Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

**Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Association has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Intangible assets**

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

*Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

**Note 2. Significant accounting policies (continued)**

*Website & Software Development*

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Significant costs associated with the development of the revenue generating aspects of the website are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

*Derecognition*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

**Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Taxation**

The Association is exempt from income tax under section 50.15 of the Income Tax Assessment Act 1997 however still has obligations for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- for receivables and payables; or
- where the amount of GST incurred is not recoverable from the Australian Taxation Office.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

**Note 2. Significant accounting policies (continued)**

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Association determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

**Settled sum**

Ordinary units are classified as equity.

Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction, net of tax, from the proceeds.

**Investment - StateCover Mutual Limited**

LGNSW has facilitated the establishment and management of pooled Workers Compensation Insurance for its members, by way of a limited public company.

As part of this, LGNSW has provided \$3.0 million (in return for shares) to ensure that prudent financial reserve ratios required by APRA could be met. A fee is paid to LGNSW for this facilitation, governance and other services. The shares do not entitle the LGNSW to any share of profits, distributions or capital growth. The shares are held at cost.

Members of the scheme are fully responsible under the terms of insurance (and the company's constitution) to ensure that the company's prudential solvency requirements are met by way of Capital Shortfall calls and thereby maintain the level of LGNSW's share capital.

**Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

*Fair value measurement hierarchy*

The Association is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

*Estimation of useful lives of assets*

The Association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Goodwill and other indefinite life intangible assets*

The Association tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The Association assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Employee benefits provision*

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

*Accrued income*

The Association recognises accrued income amounts in respect of estimated commissions earned from contracts placed with suppliers on behalf of member councils. The calculation of this accrual requires assumptions of historical trends and expected services rendered prior to the reporting date.

**Note 4. Investment income and commissions received**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Investment income</b>				
Interest from deposits held with financial institutions	295,410	478,954	294,650	476,723
Dividend income from equity portfolio	77,785	224,015	77,785	224,015
Equity portfolio - unrealised gains/(losses)	336,264	(21,962)	336,264	(21,692)
Held to maturity - unrealised gains/(losses)	496,100	(197,707)	496,100	(197,707)
Gain/(loss) on sale of financial instruments	1,942	(818,261)	1,942	(818,261)
<b>Total investment income generated</b>	<b>1,207,501</b>	<b>(334,961)</b>	<b>1,206,741</b>	<b>(336,922)</b>

**Note 4. Investment income and commissions received (continued)**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
<b>Commissions received</b>				
Commission - JLT	534,078	524,796	534,078	524,796
Commission - Statecover	1,276,083	1,172,315	1,276,083	1,172,315
Commission - procurement	9,232,739	8,839,162	-	-
Management fees	180,000	180,000	180,000	180,000
<b>Total commissions received</b>	<b>11,222,900</b>	<b>10,716,273</b>	<b>1,990,161</b>	<b>1,877,111</b>

**Note 5. Grant income**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Grants received	5,505,051	3,375,745	5,505,051	3,375,745
JobKeeper received	926,100	312,000	926,100	312,000
Cash flow boost received	100,000	-	50,000	-
	<b>6,531,151</b>	<b>3,687,745</b>	<b>6,481,151</b>	<b>3,687,745</b>

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Grants paid that were \$1,000 or more	(4,098,600)	(2,157,006)	(4,098,600)	(2,157,006)
Grant administration expenses	(1,406,450)	(1,218,738)	(1,406,450)	(1,218,738)
	<b>(5,505,050)</b>	<b>(3,375,744)</b>	<b>(5,505,050)</b>	<b>(3,375,744)</b>

The Association does not fund grants and donations in its own capacity, but only acts in the capacity of an administrator of the respective grant programs. Administration includes providing managerial facilitation services and ensuring that grant funds and related donations are applied to meet the grants' objectives.

**Note 6. Employee benefits expense**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Holders of office</b>				
Wages and salaries	(163,462)	(163,862)	(163,462)	(163,862)
Superannuation	(15,529)	(17,203)	(15,529)	(17,203)
	<b>(178,991)</b>	<b>(181,065)</b>	<b>(178,991)</b>	<b>(181,065)</b>
<b>Employees other than office holders</b>				
Wages and salaries	(10,729,600)	(10,570,498)	(6,530,166)	(7,013,761)
Superannuation	(1,110,062)	(1,095,537)	(705,750)	(729,396)
Leave and other entitlements	(195,381)	(364,906)	(69,646)	(249,041)
Other employee expenses	(1,262,041)	(2,116,125)	(662,604)	(1,440,754)
	<b>(13,297,084)</b>	<b>(14,147,066)</b>	<b>(7,968,166)</b>	<b>(9,432,952)</b>
	<b>(13,476,075)</b>	<b>(14,328,131)</b>	<b>(8,147,157)</b>	<b>(9,614,017)</b>

**Note 7. Affiliation fees**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Australian Local Government Association	(612,882)	(610,879)	(612,882)	(610,879)

This reflects the NSW contribution to the Australian Local Government Association, a federation of state and territory local government associations, which provides national advocacy representation for councils across the country.

**Note 8. Administration expenses**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Fees/allowances - meeting and conferences	(161,886)	(160,072)	(161,886)	(160,072)
Conference and meeting expenses	(414,816)	(1,645,026)	(297,370)	(1,362,333)
Contractors/consultants fees	(961,653)	(1,174,564)	(264,483)	(461,549)
Governance expenses	(28,470)	(101,166)	(28,470)	(101,166)
Property expenses	(398,639)	(363,329)	(344,835)	(355,587)
Office expenses	(202,271)	(226,489)	(120,314)	(145,847)
Information communications technology expenses	(759,560)	(886,783)	(482,618)	(661,362)
Other administration expenses	(1,258,149)	(1,329,344)	(761,945)	(591,295)
	<u>(4,185,444)</u>	<u>(5,886,773)</u>	<u>(2,461,921)</u>	<u>(3,839,211)</u>
Lease expenses:				
Low value and short term lease payments	(74,591)	(332,968)	-	-
Total administration expenses	<u>(4,260,035)</u>	<u>(6,219,741)</u>	<u>(2,461,921)</u>	<u>(3,839,211)</u>

All other leases have been accounted for in accordance with AASB 16. Refer to Note 22 for details.

**Note 9. Depreciation and amortisation**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
<i>Depreciation</i>				
Buildings	(252,226)	(191,199)	(252,226)	(191,199)
Property, plant and equipment	(327,391)	(319,174)	(270,776)	(248,689)
Right of use assets	(498,032)	(122,064)	(123,312)	(122,064)
	<u>(1,077,649)</u>	<u>(632,437)</u>	<u>(646,314)</u>	<u>(561,952)</u>
<i>Amortisation</i>				
Website	(19,713)	(9,397)	(1,951)	-
	<u>(1,097,362)</u>	<u>(641,834)</u>	<u>(648,265)</u>	<u>(561,952)</u>

**Note 10. Legal costs**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
General legal matters	(61,267)	(265,387)	(16,658)	(211,448)

**Note 11. Net gain/(loss) on sale or disposal of assets**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Plant and equipment	(22,338)	(11,664)	1,006	(11,664)

**Note 12. Current assets - cash and cash equivalents**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash on hand	2,056	2,056	1,000	1,000
Cash at bank - Association funds	9,747,380	8,449,937	6,760,160	4,819,181
Cash at bank - Grant funds	14,336,854	3,254,730	14,336,854	3,254,730
Cash on deposit	428,896	86,746	-	-
	<u>24,515,186</u>	<u>11,793,469</u>	<u>21,098,014</u>	<u>8,074,911</u>

**Note 13. Current assets - trade and other receivables**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Trade receivables	5,152,336	3,926,979	3,319,046	2,315,174
Less: Allowance for expected credit losses	(2,231)	(137,033)	(78)	(1,152)
	<u>5,150,105</u>	<u>3,789,946</u>	<u>3,318,968</u>	<u>2,314,022</u>
Receivable from LGP (LGA NSW) Trust*	-	-	659,409	802,332
Receivable from LGP (SA NSW) Trust*	-	-	659,409	802,332
Interest and other receivables	-	210	-	210
GST receivable	265,974	317,031	265,974	255,878
	<u>5,416,079</u>	<u>4,107,187</u>	<u>4,903,760</u>	<u>4,174,774</u>

The Association does not have significant concentration of credit risk with respect to any single counterparty and manages its exposure as outlined in Note 36.

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
*Distributions receivable from Local Government Procurement Partnership	-	-	-	-
Receivable from LGP (LGA NSW) Trust	-	-	791,290	963,284
Receivable from LGP (SA NSW) Trust	-	-	791,290	963,284
Loan retained by Local Government Procurement Partnership for working capital	-	-	(263,762)	(321,904)
	<u>-</u>	<u>-</u>	<u>1,318,818</u>	<u>1,604,664</u>



**Note 13. Current assets - trade and other receivables (continued)**

The amounts represented above represent the allocation of the partnership's net profit, as distributed in line with the underlying agreement of the partnership with LGNSW.

As from the 2017/18 financial year onwards, the LGP Board endorsed a surplus distribution plan whereby the annual LGP surplus is allocated with 40% to councils and related entities as rebates, based on spend, with the remainder being allocated to the LGNSW. As part of the arrangements, an equivalent loan of 10% of the annual LGP surplus is made available by LGNSW back to the LGP partnership for working capital purposes.

**Note 14. Current assets - financial assets held at fair value through profit or loss**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Equity portfolio	4,541,584	2,860,458	4,541,584	2,860,458

**Note 15. Current assets - financial assets held at amortised cost**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Call account	322,665	322,650	322,665	322,650

**Note 16. Current assets - prepayments**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Prepayments	604,708	476,493	445,492	377,004
Premium on investments	35,416	36,321	35,416	36,321
	640,124	512,814	480,908	413,325

**Note 17. Non-current assets - related party loan**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Loans to related parties - Local Government Procurement Partnership	-	-	1,253,979	990,217

This represents the level of working capital that Local Government Procurement Partnership requires to operate on a day to day basis.

As from the 2017/18 financial year onwards, the LGP Board endorsed a surplus distribution plan whereby the annual LGP surplus is allocated with 40% to councils and related entities as rebates, based on spend, with the remainder being allocated to the LGNSW. As part of the arrangements, an equivalent loan of 10% of the annual LGP surplus is made available by LGNSW back to the LGP partnership for working capital purposes.

**Note 18. Non-current assets - investments**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Shares in StateCover Mutual Limited, held at cost	3,000,000	3,000,000	3,000,000	3,000,000

Refer to note 2 for further information on the nature of the investment in StateCover Mutual Limited.

**Note 19. Non-current assets - financial assets held at amortised cost**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Term deposit - Commonwealth Bank of Australia	250,000	259,316	250,000	259,316
Fixed interest - National Australia Bank	4,938,031	3,928,372	4,938,031	3,928,372
Fixed interest - Bank of Queensland	1,006,700	-	1,006,700	-
Fixed interest - Bendigo Bank	4,076,917	3,939,275	4,076,917	3,939,275
Fixed interest - Westpac Bank	1,737,027	4,748,094	1,737,027	4,748,094
Fixed interest - Macquarie Bank	1,058,260	1,012,209	1,058,260	1,012,209
	13,066,935	13,887,266	13,066,935	13,887,266

**Note 20. Non-current assets - land and buildings**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Land and buildings - at fair value	16,500,000	11,189,098	16,500,000	11,189,098
Less: Accumulated depreciation	(53,431)	(1,415,856)	(53,431)	(1,415,856)
	16,446,569	9,773,242	16,446,569	9,773,242

*Reconciliation*

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	9,773,242	7,739,288	9,773,242	7,739,288
Additions	-	2,820,391	-	2,820,391
Revaluation of land and buildings	6,925,553	-	6,925,553	-
Write off of existing building improvements during upgrade	-	(595,238)	-	(595,238)
Depreciation expense	(252,226)	(191,199)	(252,226)	(191,199)
Closing fair value	16,446,569	9,773,242	16,446,569	9,773,242

**Note 21. Non-current assets - property, plant and equipment**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Leasehold improvements - at cost	-	107,714	-	-
Less: Accumulated depreciation	-	(80,861)	-	-
	-	26,853	-	-
Fixtures and fittings - at cost	501,274	501,274	489,244	489,244
Less: Accumulated depreciation	(76,559)	(26,765)	(70,033)	(21,109)
	424,715	474,509	419,211	468,135
Motor vehicles - at cost	60,311	118,706	33,784	33,784
Less: Accumulated depreciation	(40,393)	(92,454)	(13,866)	(7,532)
	19,918	26,252	19,918	26,252
Office equipment - at cost	1,246,407	1,107,122	823,924	813,224
Less: Accumulated depreciation	(792,524)	(546,528)	(486,419)	(292,660)
	453,883	560,594	337,505	520,564
Paintings and artworks	500	500	500	500
	899,016	1,088,708	777,134	1,015,451

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold Improvements	Fixtures and Fittings*	Motor Vehicles	Office Equipment	Total
	\$	\$	\$	\$	\$
<b>LGNSW Consolidated</b>					
Balance at 1 July 2019	33,809	238,751	38,856	534,715	846,131
Additions	14,495	417,138	-	291,045	722,678
Disposals	-	-	-	(14,091)	(14,091)
Write off of assets	-	(145,705)	-	(1,131)	(146,836)
Depreciation expense	(21,451)	(35,175)	(12,604)	(249,944)	(319,174)
Balance at 30 June 2020	26,853	475,009	26,252	560,594	1,088,708
Additions	-	-	-	167,525	167,525
Disposals	-	-	-	(6,482)	(6,482)
Write off of assets	(23,344)	-	-	-	(23,344)
Depreciation expense	(3,509)	(49,794)	(6,334)	(267,754)	(327,391)
Balance at 30 June 2021	-	425,215	19,918	453,883	899,016

\* For the purposes of reconciliation, Fixtures and Fittings includes the Paintings and Artworks balance.

**Note 21. Non-current assets - property, plant and equipment (continued)**

LGNSW	Fixtures and Fittings*	Motor Vehicles	Office Equipment	Total
	\$	\$	\$	\$
Balance at 1 July 2019	231,440	32,586	458,170	722,196
Additions	417,138	-	285,733	702,871
Disposals	-	-	(14,091)	(14,091)
Write off of assets	(145,705)	-	(1,131)	(146,836)
Depreciation expense	(34,238)	(6,334)	(208,117)	(248,689)
Balance at 30 June 2020	468,635	26,252	520,564	1,015,451
Additions	-	-	34,958	34,958
Disposals	-	-	(2,499)	(2,499)
Depreciation expense	(48,924)	(6,334)	(215,518)	(270,776)
Balance at 30 June 2021	419,711	19,918	337,505	777,134

\* For the purposes of reconciliation, Fixtures and Fittings includes the Paintings and Artworks balance.

**Note 22. Non-current assets - right-of-use assets**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Land and buildings - right-of-use	3,517,533	366,196	369,924	366,196
Less: Accumulated depreciation	(641,896)	(142,408)	(267,176)	(142,408)
	2,875,637	223,788	102,748	223,788

The Association has entered into two office leases, one held by LGNSW for Suite 2 on Level 9 of 28 Margaret Street, Sydney and one held by a related party for Suite 11.01 on Level 11 of 55 Clarence St, Sydney. The key details of the leases are as follows:

28 Margaret Street, Sydney

- Lessee is Local Government NSW;
- Lease term is for 3 years and expires in April 2022;
- Rent is subject to annual review;
- No option is available for exercise.

55 Clarence Street, Sydney

- Lessee is Local Government Procurement Partnership;
- Lease term is for 7 years;
- Rent is subject to annual review;
- No option is available for exercise.

**Note 23. Non-current assets - intangible assets**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Goodwill - at cost	90,000	-	-	-
Website and software development - at cost	518,923	462,123	264,759	252,959
Less: Accumulated amortisation	(475,235)	(455,522)	(254,910)	(252,959)
	43,688	6,601	9,849	-
	<u>133,688</u>	<u>6,601</u>	<u>9,849</u>	<u>-</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

LGNSW Consolidated	Website & Software Development	Goodwill	Total
	\$	\$	\$
Balance at 1 July 2019	15,998	-	15,998
Amortisation expense	(9,397)	-	(9,397)
Balance at 30 June 2020	6,601	-	6,601
Additions	56,800	90,000	146,800
Amortisation expense	(19,713)	-	(19,713)
Balance at 30 June 2021	<u>43,688</u>	<u>90,000</u>	<u>133,688</u>
		Website & Software Development	
		\$	
Balance at 1 July 2019		-	-
Balance at 30 June 2020		-	-
Additions		11,800	11,800
Amortisation expense		(1,951)	(1,951)
Balance at 30 June 2021		<u>9,849</u>	<u>9,849</u>

**Note 24. Non-current assets - investment in associates**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Investment in related party trusts and companies	-	-	36	36

**Note 25. Current liabilities - trade and other payables**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Trade payables	307,867	369,604	257,665	170,211
Accrued rebates	1,055,049	1,284,379	-	-
Sundry payables and accrued expenses	549,574	805,873	283,325	500,017
Accrued legal costs	-	-	-	-
GST payable	2,157,943	1,104,696	1,866,462	851,541
	<u>4,070,433</u>	<u>3,564,552</u>	<u>2,407,452</u>	<u>1,521,769</u>

**Note 26. Current liabilities - lease liabilities**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Lease liability	465,567	108,898	113,095	108,898

Refer to note 22 for further information on leases. Refer to note 34 for further information on financial instruments.

**Note 27. Current liabilities - short term provisions**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Annual leave - employees other than office holders	908,901	784,435	563,391	533,835
Long service leave - employees other than office holders	1,283,268	1,143,106	1,000,770	913,766
	<u>2,192,169</u>	<u>1,927,541</u>	<u>1,564,161</u>	<u>1,447,601</u>

**Note 28. Current liabilities - other liabilities**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Scholarship funds held	525,575	538,379	525,575	538,379
Unspent government grants	14,634,011	3,265,002	14,449,266	3,265,002
Other deferred income	7,017,651	6,397,589	6,660,951	6,256,889
	<u>22,177,237</u>	<u>10,200,970</u>	<u>21,635,792</u>	<u>10,060,270</u>

**Note 29. Non-current liabilities - lease liabilities**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Lease liability	2,514,087	124,270	-	124,270

Refer to note 22 for further information on leases. Refer to note 34 for further information on financial instruments.

**Note 30. Non-current liabilities - long term provisions**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Long service leave - Employees other than office holders	263,066	329,383	109,415	153,399

**Note 31. Equity - Settled sum**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	Units	Units	\$	\$
Settled sum	20	20	20	20

**Note 32. Equity - general funds**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Revaluation surplus reserve	9,142,842	2,217,289	9,142,842	2,217,289

*Revaluation surplus reserve*

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

**Note 33. Equity - retained earnings**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Retained earnings at the beginning of the financial year	29,103,260	32,597,412	29,102,622	32,598,550
Profit/(Loss) after income tax expense for the year	1,928,802	(3,494,152)	1,928,802	(3,495,928)
Retained earnings at the end of the financial year	31,032,062	29,103,260	31,031,424	29,102,622

**Note 34. Financial instruments**

**Financial risk management policies**

Managing the financial risk exposures of Local Government NSW ("LGNSW") is the responsibility of the Board. The Board monitors LGNSW's financial risk management policies and exposures and approves financial transactions within the scope of its authority.

It also reviews the effectiveness of internal controls relating to counterparty credit risk, liquidity risk and interest rate risk.

The Board's overall risk management strategy seeks to assist LGNSW in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

**Market risk**

*Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments which primarily expose LGNSW to interest rate risk are term deposits and cash and cash equivalents.

**Note 34. Financial instruments (continued)**

LGNSW Consolidated	2021		2020	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents	1.00%	24,515,186	1.00%	11,793,469
Receivables	-	5,416,079	-	4,107,187
Investments (subject to interest rate risk)	2.18%	13,112,215	2.25%	13,932,531
Net exposure to cash flow interest rate risk		43,043,480		29,833,187

An official increase/decrease in interest rates of one hundred basis points would have a deemed favourable/(adverse) effect on profit before tax of \$376,274/(\$376,274) (2020: \$257,260/(\$257,260)) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

**Credit risk**

The Association has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Association based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to LGNSW.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Depending on the division within LGNSW, credit terms are generally 30 days from the invoice date. Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise assessed as being financially sound.

**Credit risk exposures:**

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting year excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 15.

Credit risk related to balances with banks and other financial institutions is managed by the Board in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA and consist exclusively of term deposits products.

**Note 34. Financial instruments (continued)**

**Liquidity risk**

Liquidity risk arises from the possibility that LGNSW might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

LGNSW maintains a very strong cash investment position at all times and does not consider liquidity risk to be significant.

Financial assets pledged as collateral:

No financial assets have been pledged as security for debt and their realisation into cash restricted subject to terms and conditions.

The following tables detail the Association's expected maturity profile of its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>LGNSW Consolidated - 2021</b>						
<b>Financial liabilities</b>						
<i>Non-interest bearing</i>						
Trade payables	-	4,070,433	-	-	-	4,070,433
Unspent government grants / scholarship funds	-	14,634,011	-	-	525,575	15,159,586
Deferred income	-	7,017,651	-	-	-	7,017,651
Lease liabilities	-	465,567	390,048	1,441,327	682,712	2,979,654
Total non-derivatives		26,187,662	390,048	1,441,327	1,208,287	29,227,324

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>LGNSW Consolidated - 2020</b>						
<b>Financial liabilities</b>						
<i>Non-interest bearing</i>						
Trade payables	-	3,564,552	-	-	-	3,564,552
Unspent government grants / scholarship funds	-	2,594,873	1,208,508	-	-	3,803,381
Deferred income	-	6,397,589	-	-	-	6,397,589
Lease liabilities	-	108,898	124,270	-	-	233,168
Total non-derivatives		12,665,912	1,332,778	-	-	13,998,690

**Note 34. Financial instruments (continued)**

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>LGNSW - 2021</b>						
<b>Financial liabilities</b>						
<i>Non-interest bearing</i>						
Trade payables	-	2,407,452	-	-	-	2,407,452
Unspent government grants / scholarship funds	-	14,449,266	-	-	525,575	14,974,841
Other deferred income	-	6,660,951	-	-	-	6,660,951
Lease liabilities	-	113,095	-	-	-	113,095
Total non-derivatives		23,630,764	-	-	525,575	24,156,339

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>LGNSW - 2020</b>						
<b>Financial liabilities</b>						
<i>Non-interest bearing</i>						
Trade payables	-	1,521,769	-	-	-	1,521,769
Unspent government grants / scholarship funds	-	2,594,873	1,208,508	-	-	3,803,381
Other deferred income	-	6,256,889	-	-	-	6,256,889
Lease liabilities	-	108,898	124,270	-	-	233,168
Total non-derivatives		10,482,429	1,332,778	-	-	11,815,207

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed above.

**Fair values**

Fair value estimation

The fair values of financial assets and financial liabilities can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

**Note 34. Financial instruments (continued)**

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the Association and Local Government NSW are as follows:

	2021		2020	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
<b>LGNSW Consolidated</b>				
<i>Assets</i>				
Cash and cash equivalents	24,515,186	24,515,186	11,793,469	11,793,469
Trade and other receivables	5,416,079	5,416,079	4,107,187	4,107,187
Term deposits	45,280	45,280	45,265	45,265
Fixed interest investments	13,066,935	13,066,935	13,887,266	13,887,266
Equities	4,541,584	4,541,584	2,860,458	2,860,458
Shares in StateCover Mutual Limited (**)	3,000,000	3,000,000	3,000,000	3,000,000
Shares in Australian Academy of Transformative Education Pty Limited (**)	90,000	90,000	-	-
	<u>50,675,064</u>	<u>50,675,064</u>	<u>35,693,645</u>	<u>35,693,645</u>
<i>Liabilities</i>				
Trade and other payables	(4,070,433)	(4,070,433)	(3,564,552)	(3,564,552)
Unspent government grants / scholarship funds	(15,159,586)	(15,159,586)	(3,803,381)	(3,803,381)
Other deferred income	(7,017,651)	(7,017,651)	(6,397,589)	(6,397,589)
Lease liabilities	(2,979,654)	(2,979,654)	(233,168)	(233,168)
	<u>(29,227,324)</u>	<u>(29,227,324)</u>	<u>(13,998,690)</u>	<u>(13,998,690)</u>
	2021		2020	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
<b>LGNSW</b>				
<i>Assets</i>				
Cash and cash equivalents	21,098,014	21,098,014	8,074,911	8,074,911
Trade and other receivables (*)	3,584,942	3,584,942	2,312,512	2,312,512
Term deposits	45,280	45,280	45,265	45,265
Fixed interest investments	13,066,935	13,066,935	13,979,316	13,979,316
Equities	4,541,584	4,541,584	2,768,411	2,768,411
Shares in StateCover Mutual Limited (**)	3,000,000	3,000,000	3,000,000	3,000,000
Investment in associates (**)	36	36	36	36
	<u>45,336,791</u>	<u>45,336,791</u>	<u>30,180,451</u>	<u>30,180,451</u>
<i>Liabilities</i>				
Trade and other payables	(2,407,452)	(2,407,452)	(1,521,769)	(1,521,769)
Unspent government grants / scholarship funds	(14,974,841)	(14,974,841)	(3,803,381)	(3,803,381)
Other deferred income	(6,660,951)	(6,660,951)	(6,256,889)	(6,256,889)
Lease liabilities	(113,095)	(113,095)	(233,168)	(233,168)
	<u>(24,156,339)</u>	<u>(24,156,339)</u>	<u>(11,815,207)</u>	<u>(11,815,207)</u>

\* Exclusive of related party receivables (Note 17)

\*\* Investments represent equity instruments held at historical cost due to the rights and entitlements attached to those instruments.

**Note 34. Financial instruments (continued)**

**Fair value hierarchy**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>LGNSW Consolidated - 2021</b>				
Term deposits	-	45,280	-	45,280
Fixed interest investments	-	13,066,935	-	13,066,935
Equities	4,541,584	-	-	4,541,584
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
Shares in Australian Academy of Transformative Education Pty Limited	-	90,000	-	90,000
	<u>4,541,584</u>	<u>16,202,215</u>	<u>-</u>	<u>20,743,799</u>
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>LGNSW Consolidated - 2020</b>				
Term deposits	-	45,265	-	45,265
Fixed interest investments	-	13,887,266	-	13,887,266
Equities	2,860,458	-	-	2,860,458
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
	<u>2,860,458</u>	<u>16,932,531</u>	<u>-</u>	<u>19,792,989</u>
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>LGNSW - 2021</b>				
Term deposits	-	45,280	-	45,280
Fixed interest investments	-	13,066,935	-	13,066,935
Equities	4,541,584	-	-	4,541,584
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
Investment in associates	-	-	36	36
	<u>4,541,584</u>	<u>16,112,215</u>	<u>36</u>	<u>20,653,835</u>
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>LGNSW - 2020</b>				
Term deposits	-	45,265	-	45,265
Fixed interest investments	-	13,887,266	-	13,887,266
Equities	2,860,458	-	-	2,860,458
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
Investment in associates	-	-	36	36
	<u>2,860,458</u>	<u>16,932,531</u>	<u>36</u>	<u>19,793,025</u>

**Note 35. Related party disclosures**

	LGNSW Consolidated 2021 \$	2020 \$	LGNSW 2021 \$	2020 \$
<b>Revenue received from LGP (LGA NSW) Trust includes the following:</b>				
Trust distributions	-	-	791,290	963,284

**Note 35. Related party disclosures (continued)**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Revenue received from LGP (SA NSW) Trust includes the following:</b>				
Trust distributions	-	-	791,290	963,284

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
<b>Amounts receivable from LGP (LGA NSW) Trust includes the following:</b>				
Trust distribution receivable	-	-	659,409	802,232

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Amounts receivable from LGP (SA NSW) Trust includes the following:</b>				
Trust distribution receivable	-	-	659,409	802,232

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Amounts receivable from Local Government Procurement Partnership includes the following:</b>				
Loan to Local Government Procurement Partnership (non-current)	-	-	1,253,979	990,217

Outstanding balances for income and distributions at year-end are unsecured, interest-free, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year end 30 June 2021, the Association has not recorded any impairment of receivables relating to amounts owed by related parties (2020: \$nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

**Note 36. Key management personnel disclosures**

Key management personnel, as defined by the Association, includes only the president of the Board as the head of the Association - Councillor Linda Scott.

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Short-term employee benefits</b>				
Salary (including annual leave taken)	163,462	162,599	163,462	162,599

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Post-employment benefits</b>				
Superannuation	15,529	15,447	15,529	15,447

**Note 36. Key management personnel disclosures (continued)**

*Transactions between key management personnel and their close family members*  
There were no transactions between key management personnel and their close family members for the years ended 30 June 2021 and 30 June 2020.

**Note 37. Remuneration of auditors**

During the financial year, the following fees were paid or payable for services provided by Crowe Australasia (2020: William Buck), the auditor of Local Government NSW:

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
<i>Audit services</i>				
Audit of the financial statements	37,500	40,500	22,600	22,500
<i>Other services</i>				
Tax and other consulting services	-	25,000	-	25,000
	<u>37,500</u>	<u>65,500</u>	<u>22,600</u>	<u>47,500</u>

**Note 38. Contingent assets**

The Association was not aware of any contingent assets as at 30 June 2021.

**Note 39. Contingent liabilities**

The Association has provided bank guarantees for the purpose of rental contracts amounting to \$419,029 (2020: \$274,525) by the Commonwealth Bank.

The Association was not aware of any other contingent liabilities as at 30 June 2021.

**Note 40. Capital and lease commitments**

All lease commitments have been accounted for on balance sheet in accordance with AASB 16. Refer to Notes 22, 26 and 29 for further information.

**Note 41. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Profit/(Loss) after income tax expense for the year	1,928,802	(3,494,152)	1,928,802	(3,495,928)
Adjustments for:				
Depreciation and amortisation	1,097,362	641,834	648,265	561,952
Net (gain)/loss on disposal of property, plant and equipment	22,338	11,664	(1,006)	11,664
Capital (gain)/loss on floating rate note investments	(832,364)	219,399	(832,364)	219,399
Net (gain)/loss on sale of investments	-	197,707	-	197,707
Trust distributions	-	-	(1,582,580)	(1,926,568)
Land and building improvements written off during upgrade	-	595,238	-	595,238
Plant and equipment written off	-	146,836	-	146,836
Interest expense on operating leases	121,635	14,943	9,076	14,943
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	(1,309,818)	1,559,029	(1,014,834)	1,195,682
(Increase)/decrease in prepayments	(127,310)	180,005	(67,583)	166,096
Increase/(decrease) in trade payables and accruals	516,526	(413,051)	891,421	(240,584)
Increase/(decrease) in deferred income	620,062	677,658	404,062	700,158
Increase/(decrease) in provisions	198,311	150,745	72,576	40,221
Net cash from/(used in) operating activities	<u>2,235,544</u>	<u>487,855</u>	<u>455,835</u>	<u>(1,813,184)</u>

**Note 42. Cash flow information**

	LGNSW Consolidated		LGNSW	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash inflows				
Local Government Procurement Partnership	<u>-</u>	<u>-</u>	<u>1,604,664</u>	<u>1,883,380</u>

## Independent Auditor's Report to the Partners of Local Government Procurement Partnership

### Opinion

We have audited the financial report of Local Government Procurement Partnership (the Partnership), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Partnership as at 30 June 2021 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards to the extent described in Note 2 to the financial report.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Partnership in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Partnership's financial reporting responsibilities under the Partnership deed. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

*Liability limited by a scheme approved under Professional Standards Legislation.*

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.*

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## Other Information

Those charged with governance are responsible for the other information. The other information comprises the information contained in the Partnership's Annual Report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the financial reporting requirements under the Partnership deed and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Partnership or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Report

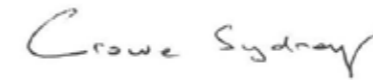
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Partnership's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.



**Crowe Sydney**



**Ash Pather**  
Partner

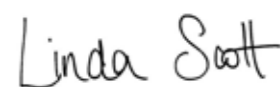
22 September 2021  
Sydney

**Local Government Procurement Partnership  
Partners' declaration  
30 June 2021**

In the partners' opinion:

- the partnership is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 2 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the New South Wales legislation the Associations Incorporation Act 2009 and associated regulations;
- the attached financial statements and notes comply with the Accounting Standards as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the partnership's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the partnership will be able to pay its debts as and when they become due and payable.

This declaration is made on behalf of the partners by:



Partner

22 September 2021

**Local Government Procurement Partnership  
Statement of profit or loss and other comprehensive income  
For the year ended 30 June 2021**

	Note	2021 \$	2020 \$
Revenue	4	10,421,417	10,275,379
<b>Expenses</b>			
Employee benefits expense		(5,369,026)	(4,767,853)
Rebates to councils		(1,055,049)	(1,097,044)
Finance costs		(112,559)	-
Administration expenses		(1,152,009)	(1,592,214)
Consultancy costs		(634,224)	(669,272)
Conference expense		(43,529)	(142,546)
Gain/(loss) on sale of assets		(23,344)	-
Depreciation, amortisation and impairment	5	(449,097)	(79,882)
<b>Profit before income tax expense</b>		1,582,580	1,926,568
Income tax expense		-	-
<b>Profit after income tax expense for the year attributable to the partners of Local Government Procurement Partnership</b>		1,582,580	1,926,568
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the partners of Local Government Procurement Partnership</b>		<u>1,582,580</u>	<u>1,926,568</u>
<b>Distribution to partners:</b>			
LGP (LGA NSW) Trust - 50% Partner		791,290	963,284
LGP (SA NSW) Trust - 50% Partner		791,290	963,284
		<u>1,582,580</u>	<u>1,926,568</u>
<b>Retained partners' funds at the end of the financial year of Local Government Procurement Partnership</b>		-	-

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

Local Government Procurement Partnership  
Statement of financial position  
As at 30 June 2021

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	3,415,554	3,716,940
Trade and other receivables	7	1,832,061	1,537,077
Prepayments	8	159,216	99,489
Total current assets		5,406,831	5,353,506
<b>Non-current assets</b>			
Financial assets	9	90,000	-
Property, plant and equipment	10	121,883	73,257
Right-of-use assets	11	2,772,889	-
Intangibles	12	33,839	6,601
Total non-current assets		3,018,611	79,858
<b>Total assets</b>		8,425,442	5,433,364
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	2,981,800	3,646,523
Lease liabilities	14	352,472	-
Provisions	15	628,008	479,940
Other liabilities	16	541,445	140,700
Total current liabilities		4,503,725	4,267,163
<b>Non-current liabilities</b>			
Related party loan	17	1,253,979	990,217
Lease liabilities	18	2,514,087	-
Provisions	19	153,651	175,984
Total non-current liabilities		3,921,717	1,166,201
<b>Total liabilities</b>		8,425,442	5,433,364
<b>Net assets</b>		-	-
<b>Partners' funds</b>		-	-
<b>Total partners' funds</b>		-	-

The above statement of financial position should be read in conjunction with the accompanying notes

Local Government Procurement Partnership  
Statement of changes in equity  
For the year ended 30 June 2021

	Partners' funds \$	Total partners' funds \$
Balance at 1 July 2019	-	-
Profit after income tax expense for the year	1,926,568	1,926,568
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	1,926,568	1,926,568
Profit distribution to LGP (LGA NSW) Trust	(963,284)	(963,284)
Profit distribution to LGP (SA NSW) Trust	(963,284)	(963,284)
Balance at 30 June 2020	-	-
Balance at 1 July 2020	-	-
Profit after income tax expense for the year	1,582,580	1,582,580
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	1,582,580	1,582,580
Profit distribution to LGP (LGA NSW) Trust	(791,290)	(791,290)
Profit distribution to LGP (SA NSW) Trust	(791,290)	(791,290)
Balance at 30 June 2021	-	-

The above statement of changes in equity should be read in conjunction with the accompanying notes

**Local Government Procurement Partnership  
Statement of cash flows  
For the year ended 30 June 2021**

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		10,526,417	10,642,847
Payments to suppliers and employees		<u>(8,562,722)</u>	<u>(8,345,039)</u>
Interest received		1,963,695	2,297,808
		760	2,231
Net cash from operating activities	20	<u>1,964,455</u>	<u>2,300,039</u>
<b>Cash flows from investing activities</b>			
Payments for investments		(90,000)	-
Payments for property, plant and equipment	10	(132,568)	(19,807)
Payments for intangibles	12	<u>(45,000)</u>	<u>-</u>
Net cash used in investing activities		<u>(267,568)</u>	<u>(19,807)</u>
<b>Cash flows from financing activities</b>			
Distributions to partners		(1,604,664)	(1,883,380)
Repayment of lease liabilities		<u>(393,609)</u>	<u>-</u>
Net cash used in financing activities		<u>(1,998,273)</u>	<u>(1,883,380)</u>
Net increase/(decrease) in cash and cash equivalents		(301,386)	396,852
Cash and cash equivalents at the beginning of the financial year		<u>3,716,940</u>	<u>3,320,088</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>3,415,554</u></u>	<u><u>3,716,940</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Local Government Procurement Partnership  
Notes to the financial statements  
30 June 2021**

**Note 1. General information**

Local Government Procurement Partnership is a partnership, incorporated and domiciled in Australia.

The financial statements were authorised for issue on \_\_\_\_\_ 2021.

**Note 2. Significant accounting policies**

**Basis of preparation**

In the partners' opinion, the partnership is not a reporting entity because there are no users dependent on general purpose financial statements. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the partnership deed.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below which the partners have determined are appropriate to meet their needs. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**Revenue recognition**

*Procurement commission*

Commission income represents amounts raised against suppliers and contractors, based on commission rates as agreed to between the parties upon entering procurement contracts and the level of financial activity between suppliers and contractors and the partnership's customers, as reported to the partnership during the financial year.

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the partnership is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the partnership: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

*Rendering of services*

Revenue from the rendering of services is recognised upon the delivery of the service to customers.

All revenue is stated net of the amount of goods and services tax (GST).

**Income tax**

As the partnership is a tax exempt institution in terms of subsection 50-10 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

**Note 2. Significant accounting policies (continued)**

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and 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.

**Contingent liabilities and contingent assets**

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

**Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Furniture, Fixtures and Fittings	10%
Motor Vehicles	18.75%
Office Equipment	20%
Computer Equipment	33.33%

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

**Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the partnership expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The partnership has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Intangible assets**

*Website*

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Significant costs associated with the development of the revenue generating aspects of the website are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

**Derecognition**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

**Note 2. Significant accounting policies (continued)**

**Impairment of non-financial assets**

At each reporting date, the partnership reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the partnership's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Employee benefits**

Provision is made for the partnership's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one period have been measured at the amounts expected to be paid when the liability is settled, plus related on costs.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

**Comparative figures**

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of a change in accounting policy.

**Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

*Estimation of useful lives of assets*

The partnership determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The partnership assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the partnership and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Employee benefits provision*

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

*Lease make good provision*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

*Accrued income*

The partnership recognises accrued income amounts in respect of estimated commissions earned from contracts placed with suppliers on behalf of member councils. The calculation of this accrual requires assumptions of historical trends and expected services rendered prior to the reporting date.

**Note 4. Revenue**

	2021 \$	2020 \$
Procurement	9,232,736	8,839,162
Council services	816,536	983,419
Conferences and seminars	38,062	279,500
Interest revenue	760	2,231
Other revenue	283,323	171,067
Grant income (JobKeeper)	50,000	-
	<u>10,421,417</u>	<u>10,275,379</u>
	<b>2021 \$</b>	<b>2020 \$</b>
Interest revenue		
Interest received from:		
Financial institutions	<u>760</u>	<u>2,231</u>

**Note 5. Profit from ordinary activities**

Profit from ordinary activities includes the following specific expenses:

	2021 \$	2020 \$
<b>Expenses</b>		
Depreciation of property, plant and equipment	(56,615)	(70,485)
Depreciation of right of use assets	(374,720)	-
Amortisation of intangible assets	(17,762)	(9,397)
	<u>(449,097)</u>	<u>(79,882)</u>
	<b>2021 \$</b>	<b>2020 \$</b>
<b>Remuneration of auditor</b>		
Auditing or reviewing the financial report	<u>(13,000)</u>	<u>(13,000)</u>

**Note 6. Current assets - cash and cash equivalents**

	2021 \$	2020 \$
Cash on hand	1,000	1,000
Cash at bank	2,985,658	3,629,194
Cash on deposit	428,896	86,746
	<u>3,415,554</u>	<u>3,716,940</u>

**Note 7. Current assets - trade and other receivables**

	2021 \$	2020 \$
Trade receivables	1,834,215	1,611,805
Less: Allowance for expected credit losses	(2,154)	(135,881)
GST receivable	-	61,153
	<u>1,832,061</u>	<u>1,537,077</u>

**Note 8. Current assets - prepayments**

	2021 \$	2020 \$
Prepayments	<u>159,216</u>	<u>99,489</u>

**Note 9. Non-current assets - financial assets**

	2021 \$	2020 \$
Shares in Registered Training Organisation	<u>90,000</u>	<u>-</u>

During the year, the partnership acquired 100% of the share capital of Australian Academy of Transformative Education Pty Ltd for \$90,000.

**Note 10. Non-current assets - property, plant and equipment**

	2021 \$	2020 \$
Leasehold improvements - at cost	-	107,714
Less: Accumulated depreciation	-	(80,861)
	<u>-</u>	<u>26,853</u>
Fixtures and fittings - at cost	12,030	12,030
Less: Accumulated depreciation	(6,526)	(5,656)
	<u>5,504</u>	<u>6,374</u>
Motor vehicles - at cost	26,527	84,922
Less: Accumulated depreciation	(26,527)	(84,922)
	<u>-</u>	<u>-</u>
Office equipment - at cost	422,483	293,898
Less: Accumulated depreciation	(306,104)	(253,868)
	<u>116,379</u>	<u>40,030</u>
	<u>121,883</u>	<u>73,257</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold Improvements \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Office Equipment \$	Total \$
Balance at 1 July 2019	33,809	7,311	6,269	76,546	123,935
Additions	14,495	-	-	5,312	19,807
Depreciation expense	(21,451)	(937)	(6,269)	(41,828)	(70,485)
Balance at 30 June 2020	26,853	6,374	-	40,030	73,257
Additions	-	-	-	132,568	132,568
Disposals	(23,344)	-	-	(3,983)	(27,327)
Depreciation expense	(3,509)	(870)	-	(52,236)	(56,615)
Balance at 30 June 2021	<u>-</u>	<u>5,504</u>	<u>-</u>	<u>116,379</u>	<u>121,883</u>

**Note 11. Non-current assets - right-of-use assets**

	2021 \$	2020 \$
Land and buildings - right-of-use	3,147,609	-
Less: Accumulated depreciation	(374,720)	-
	<u>2,772,889</u>	<u>-</u>

**Note 11. Non-current assets - right-of-use assets (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and Buildings \$
Balance at 1 July 2019	-
Balance at 30 June 2020	-
Additions	3,147,609
Depreciation expense	(374,720)
Balance at 30 June 2021	<u>2,772,889</u>

**Note 12. Non-current assets - intangibles**

	2021 \$	2020 \$
Website - at cost	254,164	209,164
Less: Accumulated amortisation	(220,325)	(202,563)
	<u>33,839</u>	<u>6,601</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Website \$
Balance at 1 July 2019	15,998
Amortisation expense	(9,397)
Balance at 30 June 2020	6,601
Additions	45,000
Amortisation expense	(17,762)
Balance at 30 June 2021	<u>33,839</u>

**Note 13. Current liabilities - trade and other payables**

	2021 \$	2020 \$
Trade payables	50,203	199,393
Accrued rebates	1,055,049	1,284,379
Sundry payables and accrued expenses	266,249	304,932
GST payable	291,481	253,155
Net payable to LGP (LGA NSW) Trust*	659,409	802,332
Net payable to LGP (SA NSW) Trust*	659,409	802,332
	<u>2,981,800</u>	<u>3,646,523</u>

**Note 13. Current liabilities - trade and other payables (continued)**

	2021 \$	2020 \$
<b>*Distributions payable to Local Government NSW</b>		
Payable to LGP (LGA NSW) Trust	791,290	963,284
Payable to LGP (SA NSW) Trust	791,290	963,284
Advance provision for partnership working capital loan	<u>(263,762)</u>	<u>(321,904)</u>
Aggregate net payable to the trusts	<u>1,318,818</u>	<u>1,604,664</u>

The amounts above represent the allocation of the partnership's net profit, as distributed in line with the underlying agreement of the partnership with LGNSW.

As from the 2017/18 financial year onwards, the LGP Board endorsed a surplus distribution plan whereby the annual LGP surplus is allocated with 40% to councils and related entities as rebates, based on spend, with the remainder being allocated to the LGNSW. As part of the arrangements, an equivalent loan of 10% of the annual LGP surplus is made available by LGNSW back to the LGP for working capital purposes.

**Note 14. Current liabilities - lease liabilities**

	2021 \$	2020 \$
Lease liability	<u>352,472</u>	<u>-</u>

**Note 15. Current liabilities - provisions**

	2021 \$	2020 \$
Annual leave	345,510	250,600
Long service leave	<u>282,498</u>	<u>229,340</u>
	<u>628,008</u>	<u>479,940</u>

**Note 16. Current liabilities - other liabilities**

	2021 \$	2020 \$
Deferred income	<u>541,445</u>	<u>140,700</u>

**Note 17. Non-current liabilities - related party loan**

	2021 \$	2020 \$
Payable to Local Government NSW	<u>1,253,979</u>	<u>990,217</u>

This represents the level of working capital that Local Government Procurement Partnership requires to operate on a day to day basis.

As from the 2017/18 financial year onwards, the LGP Board endorsed a surplus distribution plan whereby the annual LGP surplus is allocated with 40% to councils and related entities as rebates, based on spend, with the remainder being allocated to the LGNSW. As part of the arrangements, an equivalent loan of 10% of the annual LGP surplus is made available by LGNSW back to the LGP for working capital purposes.

**Note 18. Non-current liabilities - lease liabilities**

	2021 \$	2020 \$
Lease liability	<u>2,514,087</u>	<u>-</u>

**Note 19. Non-current liabilities - provisions**

	2021 \$	2020 \$
Long service leave	<u>153,651</u>	<u>175,984</u>

**Note 20. Reconciliation of profit after income tax to net cash from operating activities**

	2021 \$	2020 \$
Profit after income tax expense for the year	1,582,580	1,926,568
Adjustments for:		
Depreciation and amortisation	449,097	79,882
(Gain)/loss on disposal of property, plant and equipment	23,344	-
Interest expense on leases	112,559	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(294,985)	308,545
Decrease/(increase) in other assets	(59,727)	13,909
(Decrease)/increase in trade and other payables	(374,893)	(116,889)
(Decrease)/increase in deferred revenue	400,745	(22,500)
Increase in provisions	125,735	110,524
Net cash from operating activities	<u>1,964,455</u>	<u>2,300,039</u>

**Note 21. Information on partners**

The partners of the Local Government Procurement Partnership are:

1. LGP (LGA NSW) Pty Ltd ATF LGP (LGA NSW) Trust; and
2. LGP (SA NSW) Pty Ltd ATF LGP (SA NSW) Trust.

LGP (LGA NSW) Pty Ltd and LGP (SA NSW) Pty Ltd are companies incorporated and domiciled in Australia.



**Note 22. Related party transactions**

**(a) Identification of related parties**

LGP (LGA NSW) Pty Ltd  
LGP (LGA NSW) Trust  
LGP (SA NSW) Pty Ltd  
LGP (SA NSW) Trust  
Local Government NSW  
Local Government Procurement Pty Ltd

**(b) Transactions and loan balances**

The partnership has a net balance payable of \$659,409 (2020: \$802,332) to LGP (LGA NSW) Trust and \$659,409 (2020: \$802,332) to LGP (SA NSW) Trust as a result of the distribution of its profits.

The partnership has a non-current, non-interest bearing loan with LGNSW of \$1,253,979 (2020: \$990,217) representing working capital funding extended to facilitate the partnership's growth objectives.

Please refer to Note 12 and Note 15 for further details.

**Note 23. Contingent assets**

The partnership was not aware of any contingent assets as at 30 June 2021 (30 June 2020: nil).

**Note 24. Contingent liabilities**

The partnership has provided bank guarantees for the purpose of rental contracts amounting to \$341,644 (2020: \$197,140) by the Commonwealth Bank.

The partnership was not aware of any other contingent liabilities as at 30 June 2021 (30 June 2020: nil).



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**Local Government Procurement Pty Ltd**

ACN 117 201 046

**Compilation Report to the members**

**Scope**

On the basis of information provided by the directors of Local Government Procurement Pty Ltd we have compiled in accordance with APES 315 'Compilation of Financial Information' the special purpose financial report of the Company for the year ended 30 June 2021, as set out on pages 3 to 9.

The specific purpose for which the special purpose financial report has been prepared is set out in Note 1. The extent to which Accounting Standards and other mandatory professional reporting requirements have or have not been adopted in the preparation of the special purpose financial report is set out in Note 1.

The directors are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of the Company.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed on the Company on a standalone basis. However an audit has been conducted for the consolidated financial report of the parent entity, Local Government and Shires Association of New South Wales, where this entity has been audited under group materiality.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the trust may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared for the benefit of the directors and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

**Crowe Sydney**

**Ash Pather**  
Partner

20 September 2021  
Sydney

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*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

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**Local Government Procurement Pty Ltd  
Directors' report  
30 June 2021**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2021.

**Directors**

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

John Douglas Truman  
Peter Douglas Dennis  
Penelope Jane Holloway  
Elizabeth Mary Henderson  
Robert Murjanto Lagaida

**Principal activities**

The principal activities of the company during the financial year were managing the activities of Local Government Procurement Partnership.

No significant change in the nature of these activities occurred during the financial year.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Review of operations**

The profit for the company after providing for income tax amounted to \$nil (30 June 2020: \$nil).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial year.

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Signed on behalf of the Board of Directors



Director

20 September 2021

**Local Government Procurement Pty Ltd  
Directors' declaration  
30 June 2021**

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Local Government Procurement Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors.



Director

20 September 2021

Local Government Procurement Pty Ltd  
 Statement of profit or loss and other comprehensive income  
 For the year ended 30 June 2021

	2021 \$	2020 \$
Profit before income tax expense	-	-
Income tax expense	-	-
<b>Profit after income tax expense for the year attributable to the owners of Local Government Procurement Pty Ltd</b>	-	-
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive income for the year attributable to the owners of Local Government Procurement Pty Ltd</b>	-	-

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

Local Government Procurement Pty Ltd  
 Statement of financial position  
 As at 30 June 2021

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	12	12
Total current assets		12	12
<b>Total assets</b>		12	12
<b>Liabilities</b>			
<b>Total liabilities</b>		-	-
<b>Net assets</b>		12	12
<b>Equity</b>			
Issued capital	3	12	12
<b>Total equity</b>		12	12

*The above statement of financial position should be read in conjunction with the accompanying notes*

Local Government Procurement Pty Ltd  
Statement of changes in equity  
For the year ended 30 June 2021

	Ordinary Shares \$	Total equity \$
Balance at 1 July 2019	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2020	<u>12</u>	<u>12</u>
	Ordinary Shares \$	Total equity \$
Balance at 1 July 2020	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2021	<u>12</u>	<u>12</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Local Government Procurement Pty Ltd  
Statement of cash flows  
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Net cash from operating activities		-	-
Net cash from investing activities		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		12	12
Cash and cash equivalents at the end of the financial year	2	<u>12</u>	<u>12</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

**Note 1. Significant accounting policies**

**Basis of preparation**

Local Government Procurement Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The directors of the company have prepared the financial statements of the company on the basis that the company is not a reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs of the directors.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of the directors. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

**Cash and cash equivalents**

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.

**Note 2. Current assets - cash and cash equivalents**

	2021 \$	2020 \$
Cash on hand	12	12

**Note 3. Equity - issued capital**

	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	12	12	12	12

**Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 4. Company details**

The registered office of the company is:

Local Government Procurement Pty Ltd  
Level 11, 55 Clarence Street  
Sydney NSW 2000

**Note 5. Contingent assets**

The company was not aware of any contingent assets as at 30 June 2021.

**Note 6. Contingent liabilities**

The company was not aware of any contingent liabilities as at 30 June 2021.

## Independent Auditor's Report to the Members of LGP (SA) NSW Trust

### Opinion

We have audited the financial report of LGP (SA) NSW Trust (the Trust) which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Trust as at 30 June 2021 and of its financial performance and its cash flows for the year then ended in accordance with the Trust Deed.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Basis of Accounting

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 Trust's financial reporting responsibilities under the Trust Deed. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the financial reporting responsibilities under the Trust Deed and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

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In preparing the financial report, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

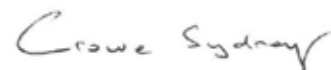
### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.



**Crowe Sydney**



**Ash Pather**  
Partner

22 September 2021  
Sydney

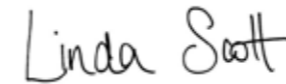
### LGP (SA NSW) Trust Trustee's declaration 30 June 2021

The directors of the trustee company declare that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in note 1 to the financial statements.

The directors of the trustee company declare that:

- The financial statements and notes, as set out on pages 4 to 9, present fairly the trust's financial position as at 30 June 2021 and its performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements; and
- In the directors' opinion, there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors of the trustee company.



Director

22 September 2021

**LGP (SA NSW) Trust**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2021**

	Note	2021 \$	2020 \$
<b>Income</b>			
Distribution income received from Local Government Procurement Partnership		791,290	963,284
Other income	2	-	1,350
<b>Profit before income tax expense</b>		791,290	964,634
Income tax expense		-	-
<b>Profit after income tax expense for the year attributable to the members of LGP (SA NSW) Trust</b>		791,290	964,634
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the members of LGP (SA NSW) Trust</b>		<u>791,290</u>	<u>964,634</u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**LGP (SA NSW) Trust**  
**Statement of financial position**  
**As at 30 June 2021**

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	791	791
Related party receivables	4	791,290	963,284
Total current assets		<u>792,081</u>	<u>964,075</u>
<b>Total assets</b>		<u>792,081</u>	<u>964,075</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Related party payables	5	791,290	963,284
Total current liabilities		<u>791,290</u>	<u>963,284</u>
<b>Total liabilities</b>		<u>791,290</u>	<u>963,284</u>
<b>Net assets</b>		<u>791</u>	<u>791</u>
<b>Equity</b>			
Issued capital		10	10
Retained profits		781	781
<b>Total equity</b>		<u>791</u>	<u>791</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**LGP (SA NSW) Trust**  
**Statement of changes in equity**  
**For the year ended 30 June 2021**

	Settled Sum \$	Retained Earnings \$	Total equity \$
Balance at 1 July 2019	10	(569)	(559)
Profit after income tax expense for the year	-	964,634	964,634
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	964,634	964,634
<i>Transactions with beneficiaries in their capacity as beneficiaries :</i>			
Distribution payable to Local Government New South Wales	-	(963,284)	(963,284)
Balance at 30 June 2020	<u>10</u>	<u>781</u>	<u>791</u>
	Settled Sum \$	Retained Earnings \$	Total equity \$
Balance at 1 July 2020	10	781	791
Profit after income tax expense for the year	-	791,290	791,290
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	791,290	791,290
<i>Transactions with beneficiaries in their capacity as beneficiaries :</i>			
Distribution payable to Local Government New South Wales	-	(791,290)	(791,290)
Balance at 30 June 2021	<u>10</u>	<u>781</u>	<u>791</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**LGP (SA NSW) Trust**  
**Statement of cash flows**  
**For the year ended 30 June 2021**

	Note	2021 \$	2020 \$
Net cash from operating activities	9	-	-
Net cash from investing activities		-	-
<b>Cash flows from financing activities</b>			
Net proceeds from intercompany loans		-	500
Net cash from financing activities		-	500
Net increase in cash and cash equivalents		-	500
Cash and cash equivalents at the beginning of the financial year		791	291
Cash and cash equivalents at the end of the financial year	3	<u>791</u>	<u>791</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*



**Note 1. Significant accounting policies**

**Basis of preparation**

The directors of the trustee company have prepared the financial statements of the trust on the basis that the trust is not a reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the trust deed and the directors of the trust.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous year unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

**Distributions**

The trust's distribution policy is to distribute 100% of its profits to its sole beneficiary, Local Government New South Wales.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when it is expected to be realised within 12 months after the reporting period, and a liability is classified as current when it is due to be settled within 12 months after the reporting period.

**Cash and cash equivalents**

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.

**Note 2. Other income**

	2021 \$	2020 \$
Debt forgiveness income	-	1,350

**Note 3. Current assets - cash and cash equivalents**

	2021 \$	2020 \$
Cash on hand	10	10
Cash at bank	781	781
	<u>791</u>	<u>791</u>

**Note 4. Current assets - related party receivables**

	2021 \$	2020 \$
Receivables from Local Government Procurement Partnership	791,290	963,284

**Note 5. Current liabilities - related party payables**

	2021 \$	2020 \$
Payables to Local Government New South Wales	791,290	963,284

**Note 6. Trust Details**

The registered office of the trust is:

Local Government NSW  
Level 8, 28 Margaret Street  
Sydney NSW 2000

**Note 7. Contingent assets**

The directors of the trustee company were not aware of any contingent assets in relation to the trust as at 30 June 2021.

**Note 8. Contingent liabilities**

The directors of the trustee company were not aware of any contingent liabilities in relation to the trust as at 30 June 2021.

**Note 9. Reconciliation of profit after income tax to net cash from operating activities**

	2021 \$	2020 \$
Profit after income tax expense for the year	791,290	964,634
Adjustments for:		
Profit distribution from Local Government Procurement Partnership	(791,290)	(963,284)
Debt forgiveness income	-	(1,350)
Change in operating assets and liabilities:		
Net movement in related party receivables	171,994	167,599
Net movement in related party payables	(171,994)	(167,599)
Net cash from operating activities	<u>-</u>	<u>-</u>

## Independent Auditor's Report to the Members of LGP (LGA) NSW Trust

### Opinion

We have audited the financial report of LGP (LGA) NSW Trust (the Trust) which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Trust as at 30 June 2021 and of its financial performance and its cash flows for the year then ended in accordance with the Trust Deed.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Basis of Accounting

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 Trust's financial reporting responsibilities under the Trust Deed. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the financial reporting responsibilities under the Trust Deed and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

*Liability limited by a scheme approved under Professional Standards Legislation.*

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.*

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In preparing the financial report, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

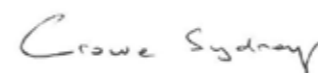
### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.



**Crowe Sydney**



**Ash Pather**  
Partner

22 September 2021  
Sydney

**LGP (LGA NSW) Trust**  
**Trustee's declaration**  
**30 June 2021**

The directors of the trustee company declare that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in note 1 to the financial statements.

- the financial statements and notes, as set out on pages 4 to 9, present fairly the trust's financial position as at 30 June 2021 and its performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements; and
- in the directors' opinion, there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors of the trustee company.

*Linda Scott*

Director

22 September 2021

**LGP (LGA NSW) Trust**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2021**

	Note	2021 \$	2020 \$
<b>Income</b>			
Distribution income received from Local Government Procurement Partnership		791,290	963,284
Other income	2	-	1,350
<b>Profit before income tax expense</b>		791,290	964,634
Income tax expense		-	-
<b>Profit after income tax expense for the year attributable to the beneficiaries of LGP (LGA NSW) Trust</b>		791,290	964,634
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the beneficiaries of LGP (LGA NSW) Trust</b>		<u>791,290</u>	<u>964,634</u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**LGP (LGA NSW) Trust**  
**Statement of financial position**  
**As at 30 June 2021**

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	791	791
Related party receivables	4	791,290	963,284
Total current assets		<u>792,081</u>	<u>964,075</u>
<b>Total assets</b>		<u>792,081</u>	<u>964,075</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Related party payables	5	791,290	963,284
Total current liabilities		<u>791,290</u>	<u>963,284</u>
<b>Total liabilities</b>		<u>791,290</u>	<u>963,284</u>
<b>Net assets</b>		<u>791</u>	<u>791</u>
<b>Equity</b>			
Issued capital		10	10
Retained profits		781	781
<b>Total equity</b>		<u>791</u>	<u>791</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**LGP (LGA NSW) Trust**  
**Statement of changes in equity**  
**For the year ended 30 June 2021**

	Settled Sum \$	Retained Earnings \$	Total equity \$
Balance at 1 July 2019	10	(569)	(559)
Profit after income tax expense for the year	-	964,634	964,634
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	964,634	964,634
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	(963,284)	(963,284)
Balance at 30 June 2020	10	781	791

	Settled Sum \$	Retained Earnings \$	Total equity \$
Balance at 1 July 2020	10	781	791
Profit after income tax expense for the year	-	791,290	791,290
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	791,290	791,290
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	(791,290)	(791,290)
Balance at 30 June 2021	10	781	791

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**LGP (LGA NSW) Trust**  
**Statement of changes in equity**  
**For the year ended 30 June 2021**

	Settled Sum \$	Retained Earnings \$	Total equity \$
Balance at 1 July 2019	10	(569)	(559)
Profit after income tax expense for the year	-	964,634	964,634
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	964,634	964,634
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	(963,284)	(963,284)
Balance at 30 June 2020	10	781	791

	Settled Sum \$	Retained Earnings \$	Total equity \$
Balance at 1 July 2020	10	781	791
Profit after income tax expense for the year	-	791,290	791,290
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	791,290	791,290
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	(791,290)	(791,290)
Balance at 30 June 2021	10	781	791

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**LGP (LGA NSW) Trust**  
**Notes to the financial statements**  
**30 June 2021**

**Note 1. Significant accounting policies**

**Basis of preparation**

The directors of the trustee company have prepared the financial statements of the trust on the basis that the trust is not a reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the trust deed and the directors of the trust.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous year unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

**Distributions**

The trust's distribution policy is to distribute 100% of its profits to its sole beneficiary, Local Government New South Wales.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when it is expected to be realised within 12 months after the reporting period, and a liability is classified as current when it is due to be settled within 12 months after the reporting period.

**Cash and cash equivalents**

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.

**Note 2. Other income**

	2021 \$	2020 \$
Debt forgiveness income	-	1,350

**Note 3. Current assets - cash and cash equivalents**

	2021 \$	2020 \$
Cash on hand	10	10
Cash at bank	781	781
	<u>791</u>	<u>791</u>

**Note 4. Current assets - related party receivables**

	2021 \$	2020 \$
Receivables from Local Government Procurement Partnership	791,290	963,284

**Note 5. Current liabilities - related party payables**

	2021 \$	2020 \$
Payables to Local Government New South Wales	791,290	963,284

**Note 6. Trust Details**

The registered office of the trust is:

Local Government NSW  
Level 8, 28 Margaret Street  
Sydney NSW 2000

**Note 7. Contingent assets**

The directors of the trustee company were not aware of any contingent assets in relation to the trust as at 30 June 2021.

**Note 8. Contingent liabilities**

The directors of the trustee company were not aware of any contingent liabilities in relation to the trust as at 30 June 2021.

**Note 9. Reconciliation of profit after income tax to net cash from operating activities**

	2021 \$	2020 \$
Profit after income tax expense for the year	791,290	964,634
Adjustments for:		
Profit distribution from Local Government Procurement Partnership	(791,290)	(963,284)
Debt forgiveness income	-	(1,350)
Change in operating assets and liabilities:		
Net movement in related party receivables	171,994	167,599
Net movement in related party receivables	<u>(171,994)</u>	<u>(167,599)</u>
Net cash from operating activities	<u>-</u>	<u>-</u>

## LGP (LGA NSW) Pty Ltd

ACN 117 201 055

### Compilation Report to the members

#### Scope

On the basis of information provided by the directors of LGP (LGA NSW) Pty Ltd we have compiled in accordance with APES 315 'Compilation of Financial Information' the special purpose financial report of the Company for the year ended 30 June 2021, as set out on pages 3 to 11.

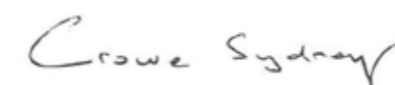
The specific purpose for which the special purpose financial report has been prepared is set out in Note 1. The extent to which Accounting Standards and other mandatory professional reporting requirements have or have not been adopted in the preparation of the special purpose financial report is set out in Note 1.

The directors are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of the Company.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed on the Company on a standalone basis. However an audit has been conducted for the consolidated financial report of the parent entity, Local Government and Shires Association of New South Wales, where this entity has been audited under group materiality.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the trust may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared for the benefit of the directors and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.



**Crowe Sydney**



**Ash Pather**  
Partner

22 September 2021  
Sydney

*Liability limited by a scheme approved under Professional Standards Legislation.*

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.*

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**LGP (LGA NSW) Pty Ltd  
Directors' report  
30 June 2021**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2021.

**Directors**

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Linda Margaret Scott  
Angelo Tsirekas

**Principal activities**

The principal activity of the company during the financial year was acting as trustee for the LGP (LGA NSW) Trust.

No significant change in the nature of this activity occurred during the year.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Review of operations**

The profit for the company after providing for income tax amounted to \$nil (30 June 2020: \$nil).

No dividends were paid or declared during the year.

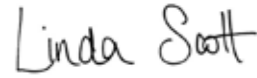
**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial year.

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Signed on behalf of the Board of Directors.



Director

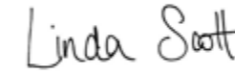
22 September 2021

**LGP (LGA NSW) Pty Ltd  
Directors' declaration  
30 June 2021**

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of LGP (LGA NSW) Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors:



Director

22 September 2021

LGP (LGA NSW) Pty Ltd  
Statement of profit or loss and other comprehensive income  
For the year ended 30 June 2021

	2021 \$	2020 \$
<b>Profit before income tax expense</b>	-	-
Income tax expense	-	-
<b>Profit after income tax expense for the year attributable to the owners of LGP (LGA NSW) Pty Ltd</b>	-	-
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive income for the year attributable to the owners of LGP (LGA NSW) Pty Ltd</b>	<u>-</u>	<u>-</u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

LGP (LGA NSW) Pty Ltd  
Statement of financial position  
As at 30 June 2021

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	12	12
Total current assets		<u>12</u>	<u>12</u>
<b>Total assets</b>		<u>12</u>	<u>12</u>
<b>Liabilities</b>			
<b>Total liabilities</b>		-	-
<b>Net assets</b>		<u>12</u>	<u>12</u>
<b>Equity</b>			
Issued capital	3	12	12
<b>Total equity</b>		<u>12</u>	<u>12</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

LGP (LGA NSW) Pty Ltd  
Statement of changes in equity  
For the year ended 30 June 2021

	Ordinary Shares \$	Total equity \$
Balance at 1 July 2019	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2020	<u>12</u>	<u>12</u>
	Ordinary Shares \$	Total equity \$
Balance at 1 July 2020	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2021	<u>12</u>	<u>12</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

LGP (LGA NSW) Pty Ltd  
Statement of cash flows  
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Net cash from operating activities	8	-	-
Net cash from investing activities		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		12	12
Cash and cash equivalents at the end of the financial year	2	<u>12</u>	<u>12</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*



**Note 1. Significant accounting policies**

**Basis of preparation**

LGP (LGA NSW) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements. These financial statements have been prepared in order to meet the needs of the directors.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of directors. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

**Cash and cash equivalents**

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.

**Note 2. Current assets - cash and cash equivalents**

	2021 \$	2020 \$
Cash on hand	<u>12</u>	<u>12</u>

**Note 3. Equity - issued capital**

	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 4. Trust liabilities and right of indemnity**

The company acts solely as trustee of a trust and liabilities have been incurred on behalf of that trust in the company's capacity as corporate trustee.

Liabilities incurred on behalf of the trust are not recognised in the financial report if it is not probable that the company will have to meet any of those trust liabilities from its own resources. If the company becomes obligated to meet trust liabilities, the trustee has a right to be indemnified from trust assets. If it is probable that there will be a deficiency in trust assets, a liability is recognised by the company to the extent of that deficiency. Details of the trust liabilities, the offsetting right of indemnity and any deficiency in the right of indemnity are disclosed by way of note to the financial statements.

Liabilities of the LGP (LGA NSW) Trust not recorded in the financial statements of the company were:

**Note 4. Trust liabilities and right of indemnity (continued)**

	2021 \$	2020 \$
<b>Current liabilities</b>		
Local Government New South Wales	<u>791,290</u>	<u>963,284</u>

The assets of the trust, which lie behind the right of indemnity, are not directly available to meet any liabilities of the company acting in its own right. The assets of the trust were endorsed by a guarantee of financial support from Local Government New South Wales (the "Association") and were sufficient to discharge all liabilities of the trust at 30 June 2021 and 30 June 2020 respectively.

	2021 \$	2020 \$
<b>Current assets</b>		
Cash on hand	10	10
Cash at bank	<u>781</u>	<u>781</u>
	<u>791</u>	<u>791</u>

	2021 \$	2020 \$
<b>Current assets - related party receivables</b>		
Receivables from Local Government Procurement Partnership	<u>791,290</u>	<u>963,284</u>

**Note 5. Contingent assets**

The company was not aware of any contingent assets as at 30 June 2021.

**Note 6. Contingent liabilities**

A contingent liability exists relative to any future claims which may be made against the company arising from trusteeship dealings.

The company was not aware of any other contingent liabilities as at 30 June 2021.

**Note 7. Company details**

The registered office of the company is:

Local Government NSW  
Level 8, 28 Margaret Street  
Sydney NSW 2000

**Note 8. Reconciliation of profit after income tax to net cash from operating activities**

	2021 \$	2020 \$
Profit after income tax expense for the year	-	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	171,994	166,749
Decrease in trade and other payables	(171,994)	(166,749)
Net cash from operating activities	<u>-</u>	<u>-</u>

**LGP (LGA NSW) Pty Ltd**  
**Notes to the financial statements**  
**30 June 2021**

**Note 9. Compilation report**

The company's financial statements are not subject to an audit, the accounts have been prepared on a compilation basis.



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## LGP (SA NSW) Pty Ltd

ACN 117 201 064

## Compilation Report to the members

### Scope

On the basis of information provided by the directors of LGP (SA NSW) Pty Ltd we have compiled in accordance with APES 315 'Compilation of Financial Information' the special purpose financial report of the Company for the year ended 30 June 2021, as set out on pages 2 to 11.

The specific purpose for which the special purpose financial report has been prepared is set out in Note 1. The extent to which Accounting Standards and other mandatory professional reporting requirements have or have not been adopted in the preparation of the special purpose financial report is set out in Note 1.

The directors are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of the Company.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed on the Company on a standalone basis. However an audit has been conducted for the consolidated financial report of the parent entity, Local Government and Shires Association of New South Wales, where this entity has been audited under group materiality.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the trust may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared for the benefit of the directors and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

**Crowe Sydney**

**Ash Pather**  
Partner

22 September 2021  
Sydney

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*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

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**LGP (SA NSW) Pty Ltd  
Directors' report  
30 June 2021**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2021.

**Directors**

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Linda Margaret Scott  
Stephen Lawrence

**Principal activities**

The principal activity of the company during the financial year was acting as trustee for the LGP (SA NSW) Trust.

No significant change in the nature of this activity occurred during the year.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Review of operations**

The profit for the company after providing for income tax amounted to \$nil (30 June 2020: \$nil).

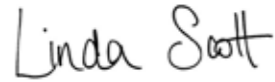
**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial year.

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Signed on behalf of the Board of Directors.



Director

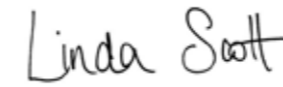
22 September 2021

**LGP (SA NSW) Pty Ltd  
Directors' declaration  
30 June 2021**

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the directors of LGP (SA NSW) Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors.



Director

22 September 2021

LGP (SA NSW) Pty Ltd  
Statement of profit or loss and other comprehensive income  
For the year ended 30 June 2021

	2021 \$	2020 \$
<b>Profit before income tax expense</b>	-	-
Income tax expense	-	-
<b>Profit after income tax expense for the year attributable to the directors of LGP (SA NSW) Pty Ltd</b>	-	-
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive income for the year attributable to the directors of LGP (SA NSW) Pty Ltd</b>	<u>-</u>	<u>-</u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

LGP (SA NSW) Pty Ltd  
Statement of financial position  
As at 30 June 2021

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	12	12
Total current assets		<u>12</u>	<u>12</u>
<b>Total assets</b>		<u>12</u>	<u>12</u>
<b>Liabilities</b>			
<b>Total liabilities</b>		-	-
<b>Net assets</b>		<u>12</u>	<u>12</u>
<b>Equity</b>			
Issued capital	3	12	12
<b>Total equity</b>		<u>12</u>	<u>12</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

LGP (SA NSW) Pty Ltd  
Statement of changes in equity  
For the year ended 30 June 2021

	Ordinary Shares \$	Total equity \$
Balance at 1 July 2019	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2020	<u>12</u>	<u>12</u>
<b>Ordinary Shares \$ Total equity \$</b>		
Balance at 1 July 2020	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2021	<u>12</u>	<u>12</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

LGP (SA NSW) Pty Ltd  
Statement of cash flows  
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Net cash from operating activities	8	-	-
Net cash from investing activities		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		12	12
Cash and cash equivalents at the end of the financial year	2	<u>12</u>	<u>12</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Note 1. Significant accounting policies**

**Basis of preparation**

LGP (SA NSW) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The directors of the company have prepared the financial statements of the company on the basis that the company is a non reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs of the directors.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of directors. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

**Cash and cash equivalents**

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.

**Note 2. Current assets - cash and cash equivalents**

	2021 \$	2020 \$
Cash on hand	<u>12</u>	<u>12</u>

**Note 3. Equity - issued capital**

	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 4. Trust liabilities and right of indemnity**

The company acts solely as trustee of a trust and liabilities have been incurred on behalf of that trust in the company's capacity as corporate trustee.

Liabilities incurred on behalf of the trust are not recognised in the financial report if it is not probable that the company will have to meet any of those trust liabilities from its own resources. If the company becomes obligated to meet trust liabilities, the trustee has a right to be indemnified from trust assets. If it is probable that there will be a deficiency in trust assets, a liability is recognised by the company to the extent of that deficiency. Details of the trust liabilities, the offsetting right of indemnity and any deficiency in the right of indemnity are disclosed by way of note to the financial statements.

Liabilities of the LGP (SA NSW) Trust not recorded in the financial statements of the company were:

**Note 4. Trust liabilities and right of indemnity (continued)**

	2021 \$	2020 \$
<b>Current liabilities</b>		
Local Government New South Wales	<u>791,290</u>	<u>963,284</u>

The assets of the trust, which lie behind the right of indemnity, are not directly available to meet any liabilities of the company acting in its own right. The assets of the trust were endorsed by a guarantee of financial support from Local Government New South Wales (the "Association") and were sufficient to discharge all liabilities of the trust at 30 June 2021 and 30 June 2020 respectively.

Assets of the LGP (SA NSW) Trust not recorded in the financial statements of the Company were:

	2021 \$	2020 \$
<b>Current assets</b>		
Cash on hand	10	10
Cash at bank	<u>781</u>	<u>781</u>
	<u>791</u>	<u>791</u>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Current assets - related party receivables</b>		
Receivables from Local Government Procurement Partnership	<u>791,290</u>	<u>963,284</u>

**Note 5. Contingent assets**

The company was not aware of any contingent assets as at 30 June 2021.

**Note 6. Contingent liabilities**

A contingent liability exists relative to any future claims which may be made against the company arising from trusteeship dealings.

The company was not aware of any other contingent liabilities as at 30 June 2021.

**Note 7. Company details**

The registered office of the company is:

Local Government NSW  
Level 8, 28 Margaret Street  
Sydney NSW 2000

**Note 8. Reconciliation of profit after income tax to net cash from operating activities**

	2021	2020
	\$	\$
Profit after income tax expense for the year	-	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	171,994	166,749
Decrease in trade and other payables	<u>(171,994)</u>	<u>(166,749)</u>
Net cash from operating activities	<u>-</u>	<u>-</u>

**Note 9. Compilation report**

The company's financial statements are not subject to an audit, the accounts have been prepared on a compilation basis.