



15 March 2024

David Reynolds
Chief Executive
Local Government NSW
Sent via email: chiefexecutive@lgnsw.org.au

Dear David Reynolds

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 2023 (FR2023/168)

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 (LGNSW) for the financial year ended 30 June 2023. The application was lodged with the Fair Work Commission (the Commission) on 16 November 2023.

I have granted the application. The certificate is attached. I make the following comments regarding the application made.

Operating report

Section 269(2) of the RO Act requires the application to include an operating report prepared under section 254, with the requirement to include the number of members of the reporting unit at the end of the financial year. This information was not included in the lodged application. On 5 December 2023, the reporting unit's Finance Manager advised the Commission that the total number of members as at 30 June 2023 was 141.

Please ensure in future years that the operating report is prepared in accordance with section 254 of the RO Act.

Officer and related party disclosure statement

The annual report of the Local Government NSW (the associated State body) includes an officer and related party disclosure statement (ORP statement) that had been prepared in accordance with section 293J of the RO Act. As the associated State body of LGNSW, it does not have any obligations under the RO Act and is not required to prepare this statement.

LGNSW lodged with the Commission on 16 November 2023, the same ORP statement. The Commission on 8 December 2023 requested the LGNSW to confirm that the section 269 application it lodged with the Commission was accurate and that the financial affairs of LGNSW were encompassed within the financial affairs of its associated State body. The lodgment of the ORP statement indicates that LGNSW did have some financial affairs during the financial year.

On 7 March 2024, the reporting unit's Finance Manager confirmed that the section 269 application lodged on 16 November 2023 was accurate and the financial affairs of LGNSW were encompassed within the financial affairs of its associated State body. The LGNSW also lodged amended nil ORP statements for 2018 to 2023 financial years on 11 March 2024.

Please ensure in future years, if a similar application is to be made, that the associated State body's financial report and its related statements are prepared in accordance with the relevant State legislation under which it is registered. Documents lodged with the Commission must accurately reflect the events of the LGNSW.

Additional resources

The Commission's website provides a factsheet in relation to the reduced reporting requirements under section 269 of the RO Act. Access to this factsheet is available via [this link](#).

The Commission also runs a Governance to You program which is an opportunity for organisations to receive information about specific compliance topics from our subject matter experts. This is an effective way for organisations to get tailored help with compliance requirements. I highly recommend that the LGNSW arranges participation in our Governance to You program, focusing on section 269 of the RO Act. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please call 1300 341 665 or email regorgs@fwc.gov.au.

Yours sincerely



Chris Enright
Executive Director
Fair Work 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

FR2023/168

MR ENRIGHT

MELBOURNE, 15 MARCH 2024

Reporting unit's financial affairs encompassed by associated State body

[1] On 16 November 2023 an application was made under section 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 NSW (the Association), an associated State body, in respect of the financial year ending 30 June 2023.

[2] On 16 November 2023, the reporting unit lodged a copy of the audited accounts of the Association with the Fair Work 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 section 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 2023, are encompassed by the financial affairs of the Association and I certify accordingly under section 269(2)(a) of the Act.



DELEGATE OF THE GENERAL MANAGER

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Fair Work
Commission

Application Form AF006 | 6 March 2023



Application for a certificate under section 269 – Reduced reporting requirements

Section 269 of the *Fair Work (Registered Organisations) Act 2009* (RO Act)

Purpose of this form

This form is for use by reporting units which are seeking a certificate from the General Manager of the Fair Work Commission (the General Manager) stating that a reporting unit's financial affairs are encompassed by an associated State Body.

Your answers to the following questions will help the General Manager to make an informed decision on whether the reporting unit satisfies the requirements under Part 3 Chapter 8 of the RO Act. Part 3 of Chapter 8 sets out the requirements in relation to financial records, accounting, and auditing.

Eligibility

This form can be completed by a reporting unit where:

- the financial affairs of the reporting unit are encompassed by an associated State body; and
- the associated State body of the reporting unit is registered or recognised under a prescribed State Act; and
- the members of the reporting unit and the associated State body are substantially the same; and



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Commission

- the officers of the associated State body are substantially the same as the designated officers of the reporting unit.



Before granting the certificate, the General Manager must be satisfied that the reporting unit's financial affairs were encompassed by the financial affairs of the associated State body in a financial year. A certificate only applies to a financial year and if applicable, a new application must be made for any subsequent years.

Instructions for completing this form

Please read each part of the application carefully, fully answer all the questions, sign where indicated and attach the required documentation.

You must complete and submit:

- **Part A:** Reporting unit details
- **Part B:** Grounds, reasons and requirements for application
- **Part C:** Declaration and signature

Help filling in this form

The fact sheet [Reduced reporting requirements under Part 3 of Chapter 8](#) may help you interpret the eligibility criteria set out in the RO Act. Please note that the fact sheet does not constitute legal advice. Reporting units are encouraged to seek independent advice on how the relevant legislation applies to their particular circumstances.

The terms used in this application form are further defined in the [RO Act](#) and the [Regulations](#). The legislation can be found at www.legislation.gov.au.

If you require assistance or have any questions regarding this application process, please contact the Fair Work Commission general enquiries line on **1300 341 665** or email regorgs@fwc.gov.au.



Part A: Reporting unit details

1. Details of the reporting unit making the application

| | | | |
|--------------------------------------------------------------------------|-----------------------------|------------------------------|--------------|
| Reporting unit | Local Government NSW | Financial year ending | 30 June 2023 |
| Name of authorised person signing on behalf of the reporting unit | Darriea Turley | | |
| Position of authorised person | President | | |
| Contact person | Bruce Morcombe | | |
| Contact details | bruce.morcombe@lgnsw.org.au | 0419 224 189 | |

Part B: Grounds, reasons, and requirements for application

2. Does the reporting unit have an industrial association (the associated State body)?

| | | |
|------------|-------------------------------------|-----------------------------------------------------------------|
| No | <input type="checkbox"/> | Reporting unit is unable to apply for a section 269 certificate |
| Yes | <input checked="" type="checkbox"/> | Provide name of the associated State body in the textbox below |

| | |
|------------------------------------------|----------------------|
| Name of the associated State body | Local Government NSW |
|------------------------------------------|----------------------|

3. Is the associated State body registered or recognised as such an association under a prescribed State Act?

| | | |
|------------|-------------------------------------|-----------------------------------------------------------------|
| No | <input type="checkbox"/> | Reporting unit is unable to apply for a section 269 certificate |
| Yes | <input checked="" type="checkbox"/> | Identify the applicable prescribed State Act below |

| | |
|-----------------------------|-------------------------------------|
| Prescribed State Act | Industrial Relations Act 1996 (NSW) |
|-----------------------------|-------------------------------------|

4. Is the associated State body composed of substantially the same members as the reporting unit?

| | | |
|------------|-------------------------------------|-----------------------------------------------------------------|
| No | <input type="checkbox"/> | Reporting unit is unable to apply for a section 269 certificate |
| Yes | <input checked="" type="checkbox"/> | |



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5. Are the associated State body's officers substantially the same as designated officers in relation to the reporting unit?

| | | |
|-----|-------------------------------------|-----------------------------------------------------------------|
| No | <input type="checkbox"/> | Reporting unit is unable to apply for a section 269 certificate |
| Yes | <input checked="" type="checkbox"/> | |

6. Has the associated State body:

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Prepared accounts in accordance with prescribed State Legislation? | Yes |
| Had those accounts audited? | Yes |
| Provided a copy of the audited accounts to its members? | Yes |
| Provided a copy of the audited accounts to any members of the reporting unit who <u>are not</u> also members of the associated State body? | NA |
| Lodged the accounts with the relevant State authority? | Yes |

A copy of the associated State body's audited accounts must be lodged with this application form.

7. Has the reporting unit

| | |
|---------------------------------------------------------------|-----|
| Prepared an Operating report under section 254 of the RO Act? | Yes |
| Provided a copy of the Operating report to members? | Yes |

A copy of the Operating report must be lodged with this application form.



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Part C: Declaration and signature


Under the Act, the General Manager can only grant a certificate when satisfied that the reporting unit's financial affairs are encompassed by the financial affairs of the associated State body in a financial year.

Declaration

In submitting this application on behalf of the reporting unit mentioned in Part A, I declare:

- that the financial affairs of the reporting unit are encompassed by the financial affairs of the above-mentioned associated State body.
- I am a designated officer of the reporting unit as per section 243 of the RO Act.
- the information that I have supplied in this application is complete and correct.
- I am aware that giving false or misleading information is a serious offence. A person who:
 - knowingly or recklessly makes a false or misleading statement in an application for registration; or
 - knowingly gives false or misleading information in an application for registration

is guilty of an offence, the punishment for which is imprisonment for up to 12 months (if a statement is made or information is provided knowingly) or up to 6 months (if a statement is made recklessly) – see Part 7.4, section 136 and 137.1 of the *Criminal Code*.

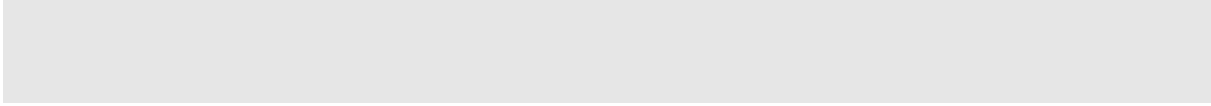
| | |
|-------------------------------------------|-------------------------------------------------------------------------------------|
| Printed name of designated officer | Darriea Turley AM |
| Signature |  |
| Signature date | 15 November 2023 |



Please lodge the completed form (including the documents referred to in Part B) with the Fair Work Commission by email to: regorgs@fwc.gov.au.



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Annual Report

Financial Year 2022 - 2023





We represent, empower and advocate on behalf of the local government sector.

This Annual Report sets out the advocacy, value and support we've delivered to our members during 2022/2023

About Us

Local Government NSW (LGNSW) is the peak body representing New South Wales' local councils, county councils including local water utilities, Joint Organisations and Regional Organisations of Councils.

This Annual Report covers the 2022/23 financial year, and marks a full decade since the Shires Association of NSW combined with the Local Government Association, forging one voice to represent, promote, support and advocate on behalf of the local government sector.



President's Report

It gives me a great deal of pleasure to present Local Government NSW's Annual Report, which focuses on the organisation's achievements as well as our performance in supporting our members throughout 2022/23.

It's been a year with some significant highs and a number of lows as our communities continued to fight their way back from the floods and bushfires which did so much damage to local infrastructure and community morale in recent years.

The new State Government's decision to discontinue the previous government's policy of subsidising councils' additional portion of the Emergency Services Levy was a significant low – a \$77 million curveball of financially devastating proportions for councils.

Combined with high inflation and a lower-than-expected rate peg of just 3.7%, councils face real budgetary hardship, job losses and cutbacks to services as a result.

LGNSW campaigned strongly for an equitable, transparent and sustainable ESL funding model, rallying the sector to voice its concerns via mayoral minutes and meetings with the relevant NSW Government ministers. Everyone understands the model needs to change, and we are pleased to work with the State Government towards a fair resolution.

Our advocacy this financial year has been rigorous, with one of the highlights being LGNSW's declaration of a State-wide Roads Emergency. Both the State and Federal Governments listened to our concerns, delivering:

- \$312.5 million from the Regional Roads and Transport Recovery Package to 26 northern councils badly impacted by the 2022 flooding
- Another \$500 million package from the State Government as the first step to overcome \$2.5 billion in road damage following 2022's 100-year floods
- A \$50 million pothole repair program for rural and regional councils announced at our 2022 Annual Conference
- Extended project deadlines for the \$2.5 billion federal funding from the Local Roads and Community Infrastructure (LRCI) program for 9,400 projects nationwide, along with an additional \$750 million for a new round of funding under this program
- Live traffic updates on council-managed local roads by 2024.

Natural disasters continued to take a heavy toll on councils in 2022/23, particularly in our rural and regional areas. LGNSW successfully fought for more money to be made available for recovery, mitigation and resilience, including:

- Local Government Recovery Grants of \$1 million extended to all councils in declared natural disasters

- An extra \$70 million through the Community Assets Program under the Disaster Recovery Funding Arrangements (DRFA)
- \$200 million for the NSW Infrastructure Betterment Fund to rebuild damaged and destroyed public infrastructure in a more resilient way
- A new Disaster Ready Fund, which will invest up to \$200 million per annum to prepare for or reduce the risk of future natural disasters, and build the long-term sustainability of communities.

Local government's commitment to helping resolve the housing crisis was amply illustrated by a record number of related motions at our 2022 Annual Conference. These motions empowered our Association to help deliver:

- \$350 million federal funding over five years for 10,000 affordable dwellings
- A State Government commitment to 30% social and affordable housing on surplus government land
- A new agency called Homes NSW to prioritise social housing and services for the homeless.

Planning services fees will now be indexed to more closely reflect actual costs, and to help remedy future skills shortages in this area we have secured a \$1.85m Strong Start Cadetship Program, which helps councils with the training of planning cadets. Meanwhile, LGNSW won guarantees that new state infrastructure contributions won't impact on the

existing local government contribution scheme. Instead, the State Government contributions reform package will deliver up to \$1 billion for much-needed local infrastructure to support housing growth.

Our ongoing advocacy to boost recycling and support progress towards a circular economy ensured IPART's review of domestic waste charges moved away from a benchmark peg towards a collaborative approach between councils and the Office of Local Government.

We helped persuade the NSW Government to expand the Return and Earn scheme, and for owners to be required to take responsibility for the abandoned trolleys and bikes which have littered so many neighbourhoods.

We also highlighted the particular challenges faced by rural and regional councils through our well-attended Rural and Regional Summit – a feature of a full 2022/23 slate of specialist events, conferences and forums for members.

I thank my fellow Board Directors, outgoing LGNSW Chief Executive Scott Phillips, and of course, all the LGNSW staff for their diligence in supporting and serving our councils.

But above all I thank the membership, without whom these achievements would have not been possible. Your valued input, and your ongoing commitment to speaking as one unified voice, leaves LGNSW in a strong position to continue to represent your interests and those of your communities as we work together to build a better NSW.

Darriea Turley, AM
LGNSW President





Chief Executive's Foreword

I take great pleasure in presenting our 2022/23 Annual Report and advising members that despite the difficult financial environment faced by business and organisations across the State, LGNSW has again delivered a balanced budget.

Ending the financial year with 100 per cent membership meant we were well positioned to deliver terrific outcomes for the councils and communities we serve. I am beyond proud to say we continued to provide considerable value and customised support, including advocacy efforts which secured funding to assist with disaster recovery, contribute to vital infrastructure projects and boost local economies.

Our specialist member services continued to help councils address industrial relations and employment issues. We provided extensive and free expert legal advice, including representation in 143 court or tribunal matters. Critically, our workforce and industrial experts, guided by input from the membership, delivered the *Local Government (State) Award 2023* that will help determine the path of local government for the next few years.

A total of 3,500 elected councillors and staff attended LGNSW events, conferences and forums, while more than 10,000 took advantage of our accessible learning and development programs, including self-paced e-Learning.

Our Local Government Procurement (LGP) subsidiary saved the sector \$76 million and delivered training services to almost 350 local government staff, while also allocating \$1.45 million in rebates for councils, Regional Organisations of Councils and Joint

Organisations.

LGNSW's Management Solutions delivered a range of expert recruitment services and performance reviews, while the Careers at Council service proved an invaluable resource to identify, recruit and attract high-quality employees to local government in an extremely competitive job market.

I would like to thank LGNSW President Cr Darriea Turley and her fellow board directors for their leadership and guidance, and to express my gratitude to staff for their dedication and hard work.

Finally, I would like to thank all of our member councils for their ongoing support throughout 2022/23.

With my term as Chief Executive of LGNSW now at a close, I know I leave LGNSW in good hands, and I look forward to continuing to work with our Association from a membership perspective!


Chief Executive

NSW has 128 Councils, which collectively



Employ nearly 50,000 people



Manage almost 1,800 community & public centres



Maintain more than 164,000km of Roads & Bridges



Manage more than \$178 Billion of Community Assets



Recycle 1.72 Million tonnes of waste



Spend more than \$2 Billion each year on caring for the environment



Operate more than 350 libraries that attract tens of millions of visits each year



Make almost 3 million kerbside waste collections



Manage an estimated 4 million tonnes of waste each year



Own and manage more than 600 museums, galleries, theatres and art centres

Advocacy Highlights

In 2022/23, the focus on recovery from the financial and social impacts of natural disasters and the pandemic continued, as LGNSW advocated for the resources and support necessary to build resilient, strong and healthy communities. The March 2023 State election helped shine a spotlight on the many challenges facing NSW, not least a difficult economic climate, damaged or deteriorating infrastructure and the escalating need for more public, social and affordable housing.

Financial sustainability

The financial pressures of a low rate peg, rising costs and increased demand for services throughout 2022/23 were exacerbated by the NSW Government's sudden announcement of a \$77 million increase in the Emergency Services Levy (ESL) to be imposed on all councils in 2023/24, as a result of the scrapping of the subsidy for council ESL payments. LGNSW campaigned strongly for an equitable, transparent, and sustainable funding model, rallying the sector to voice its concerns.

Prior to the election, LGNSW secured a number of commitments, including a review of the financial model for councils and fairer grant guidelines. The Minns Government also pledged to implement the changes needed to resolve the Red Fleet accounting anomaly, which requires councils to assume responsibility for the depreciation cost of Rural Fire Service assets they neither own nor control.

Resilience to natural disasters

NSW Local Government Recovery Grants of \$1 million were extended to all councils where a natural disaster was declared, while our advocacy helped deliver an additional \$70 million for flood-affected councils through the Community Assets Program. This enhanced funding – no longer restricted to use on infrastructure such as roads, bridges, culverts and footpaths – helps councils build back better for the future.

The establishment of a Disaster Ready Fund will also help build community and council resilience, while joint State-Federal funding for 10 new Community Recovery Officers will bring tailored flood recovery support to disaster-impacted communities.

Roads and infrastructure

LGNSW's declaration of a State-wide Roads Emergency helped drive \$312 million in joint Federal-State funding for road and transport-related infrastructure in 26 flood-impacted councils in northern NSW, along with a separate \$500 million State Government pothole patching package.

The Minns Government subsequently implemented its pre-election promise and created the Emergency Road Repair Fund, which absorbed \$280 million of this package along with \$390 million in new funding.

Housing & homelessness

A record number of motions at the LGNSW 2022 Annual Conference reflected the significant concern of local councils across the state about the effects of acute housing shortages on our communities.

By ensuring local government's voice continues to be heard on this critical issue, we helped drive a new Federal Housing Accord with a target of one million new, well-located homes over five years from 2024, and \$350 million over five years for 10,000 affordable dwellings.

LGNSW advocacy also secured a NSW Government commitment to ensure 30 per cent of all homes built on surplus government land was comprised of social and affordable housing.

Environment and the circular economy

In 2022/23, LGNSW helped ensure councils had an influential voice at IPART's review of domestic waste charges, resulting in the rejection of a benchmark peg in favour of updated guidance better suited to the differing needs of communities across the state.

LGNSW's direct advocacy also saw the withdrawal of the Private Native Forestry Bill, which would have weakened environmental protections by stripping councils of their role as consent authority for private logging activity.

In a more urban context, the new *Public Spaces (Unattended Property) Act* and Regulation has reduced costs to councils and communities by requiring owners to take responsibility for shopping trolleys and vehicles.

Stronger communities

The ongoing benefits of the Renew Our Libraries campaign with NSW Public Libraries Association continued, with additional funding now not only locked in for the future but linked to population growth.

Other collaborative work to strengthen our communities includes the two-year, \$30 million Safer Cities Program, designed to help improve perceptions of safety for women, girls and gender-diverse people; the \$4 million Uptown Grants Program; and \$1.2 million allocated by the NSW Government to a range of Culture Up Late projects across Western Sydney.

Rural, regional and community health

While healthcare is a state and federal government responsibility, councils often have no choice but to take on additional responsibilities to support their communities.

LGNSW pushed for the full implementation of all 44 recommendations of the 2022 Parliamentary Inquiry into Health Outcomes and Access for our rural, regional and remote communities, helping to drive the establishment of a new Parliamentary Inquiry examining how best to deliver on those objectives.

Planning

LGNSW advocacy helped quash a proposed appeal pathway for rezonings to the Land and Environment Court, and secured guarantees that state infrastructure contributions would not involve any changes to the local contributions collected by councils. Instead, the package includes up to \$1 billion in grant funding over 10 years for councils to deliver much-needed local infrastructure to support housing growth.

After more than a decade of advocacy we also delivered regulatory changes which link planning fees to inflation, ensuring they more closely reflect actual costs.

Skills and labour shortages

In 2022/23, LGNSW advocacy saw NSW State Training Services extend its pilot NSW Government IT traineeship program to councils.

The Strong Start Cadetship Program also allocated \$1.85m to 74 councils (60 in regional NSW) who each receive \$25,000 towards the tuition costs of a planning cadet.



Specialised Member Services

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.

Helping councils address IR and employment issues

In the 2022/2023 financial year, LGNSW's team provided members with approximately 3,158 advices on industrial and workplace issues. LGNSW also represented local government before the Industrial Relations Commission of NSW, the Fair Work Commission, the Local Court, the NSW Civil and Administrative Tribunal and the Supreme Court. In total there were 143 matters in which LGNSW acted for members before courts and tribunals during the financial year, with 87% resolved or otherwise concluded.

Local Government (State) Award 2023

The *Local Government (State) Award 2023* was the product of extensive consultation with councils and negotiations with the industry unions in the lead-up to its commencement on 1 July 2023. LGNSW was instrumental in delivering greater certainty about future wage-related costs and working conditions over the coming three years. Changes to the Award include:

- vehicle allowances that accommodate zero and low emissions vehicles
- one-off lump sum payments in 2024 and 2025 for permanent employees with at least 12 months continuous service
- an increase in parental leave make-up pay entitlements from 18-26 weeks.

Legal advice

LGNSW's in-house legal advice on a range of legislative, code of conduct, procedural and commercial issues is based on a deep understanding of local government and associated legislative and regulatory requirements. In 2022/2023, LGNSW's legal support to councils included 180 formal legal advices to Mayors and General Managers, an increase of almost five per cent on 2021/22.

This free, members-only service not only saves councils exorbitant legal fees but helps safeguard them from potential future legal disputation, delivering up to \$1,000,000 in member value each year.

Other specialised services provided to members in 2022/23 included a councillor mentoring service, which supports elected members with confidential guidance and advice from highly respected former councillors on a range of issues.





Growing Great Careers

LGNSW's Local Government Management Solutions (LGMS) team is the recruitment service of choice for NSW councils, offering a dedicated focus and understanding of their needs. Each and every dollar spent with LGMS is reinvested in local government through the provision of advocacy, representation, professional development and other support services.

In 2022/23, LGMS delivered a total of 115 recruitment services and performance reviews, while LGNSW's new digital benchmarking platform enabled councils to make meaningful comparative performance assessments in an increasingly complex environment.

Top-level executive recruitment & performance review support

Our work for councils included:

- Recruitment of 70 General Managers, senior staff and specialist roles.
- Performance reviews of 42 senior staff, ensuring contractual obligations are upheld.
- Provision of HR services such as organisation restructures, workplace investigations, employee engagement workshops, and service level and IP&R reviews to 16 councils.

A significant number of councils opted into the provision of valuable comparative data on recruitment and retention, leave, work health and safety, learning and development, and remuneration. A total of 97 councils purchased LGNSW's Remuneration Reports, while 77 subscribed to HR Metrics. Some 56 councils opted for the full suite of data, incorporating Remuneration Reports, HR Metrics, Finance and General Managers Remuneration Reports.

Careers at Council

Developed by LGNSW in partnership with our fellow State and Territory Local Government Associations, Careers at Council offers a one-stop web destination for anyone considering a career in local government. This custom-designed jobs portal features an extensive range of job vacancies, all supported by targeted advertising campaigns.

An ongoing connection between the portal and the LinkedIn and Indeed platforms means all jobs advertised on Careers at Council also appear on both these websites at no additional cost to subscribing councils. Similarly, all suitable entry-level roles are sent directly to university graduates via GradConnection.

By the end of 2022/23, a total of 206 councils across Australia subscribed to the Careers at Council service. During the financial year the online portal attracted 441,854 users – a 37% increase on the previous financial year. It advertised more than 12,300 jobs and was visited by around 36,800 prospective employees each month. In total, the jobs advertised during the 2022/23 financial year generated 203,374 clicks from jobseekers, resulting in an average click rate of 16.5 per job.





Building Networks of Excellence

Councillors and council staff across NSW continue to nominate networking opportunities and learning and professional development workshops as key benefits of their membership. Meeting and anticipating our members needs in these areas are two specialist teams exclusively dedicated to delivering the tailored courses, conferences, summits and events that enable members to keep up-to-date, build knowledge and skills, debate the issues, network with their peers and exchange ideas.

Learning and development

Highly experienced facilitators with local government knowledge and experience delivered a range of tailored face-to-face and online professional development workshops.

692 councillors took advantage of LGNSW learning and development services in 2022/23, seeking professional development in areas such as financials, planning, code of conduct, IP&R, meeting procedures, social media & speed reading.

3,798 council staff completed training and professional development workshops community stakeholder engagement, report & correspondence writing, working with dignity & respect, customer service, safer towns & cities, finance, planning, consultative committees & conflict resolution.

5,270 members completed self-paced e-Learning professional development compliance modules for staff.

Events and Conferences

A total of **1,399** elected councillors and **2,083** council staff attended a full calendar of specialised events, conferences and forums in FY 2022/23.

Our 2022 Annual Conference, the second in-person member conference in the 2022 calendar year, was held in the Cessnock Local Government Area from 23-25 October. This event was well supported by members and incorporated extensive debate and democratic resolution by delegates on council-submitted motions which set the sector's advocacy agenda for the year ahead.

A series of five free climate-change webinars delivered on behalf of the Office of Energy and Climate Change was attended by **745** members. Other events in 2022/23 included the Local Government Week Awards, the Environment Awards and Forum, a Rural and Regional Summit, International Women's Day lunch, the Destination & Visitor Economy Conference and the Water Management Conference.

Awards

Local government consistently leads the way in delivering grassroots innovation to benefit communities. In 2022/23, more than 22 of the state's councils and two Joint Organisations of councils were recognised by LGNSW for outstanding work in the areas of communication, arts and culture, planning, the environment and water management. Of these, the City of Parramatta, Murray River Council and Woollahra Council picked up two or more awards. Also doubly awarded was the Illawarra Shoalhaven Joint Organisation for Excellence in the Environment.

Award winners included:

- **A. R. Bluett Memorial Award:** Northern Beaches Council (Metropolitan winner) and MidWestern Regional Council (Regional/Rural winner).
- **RH Dougherty Awards:** Gilgandra Shire Council, Hawkesbury City Council, Fairfield City Council, Murray River Council (two awards), Goulburn-Mulwaree Council, City of Parramatta, City of Canterbury-Bankstown.
- **Leo Kelly OAM Arts and Culture Awards:** Forbes Shire Council, Woollahra Municipal Council (two awards), Blacktown City Council, Maitland City Council.
- **LGNSW Planning Awards:** Coonamble Shire Council, Woollahra Municipal Council, Penrith City Council.

• Excellence in the Environment:

- Asbestos Management: Illawarra Shoalhaven Joint Organisation.
- Behaviour Change in Waste: Eurobodalla Shire Council.
- Climate change adaption: Western Sydney Regional Organisation of Councils.
- Towards Zero Net Emissions: City of Parramatta.
- Communication, Education and Empowerment: Campbelltown City Council.
- Innovation In Planning, Policies and Decision Making: City of Parramatta.
- Invasive Species Management: MidCoast Council.
- Natural Environment Protection and Enhancement: Clarence Valley Council.
- Sustainable Infrastructure: Bland Shire Council.
- Transition to Circular Economy: Shoalhaven City Council.
- Water Management: Illawarra Shoalhaven Joint Organisation.
- Local Sustainability: Inner West Council.
- Louise Petchell Memorial Award for Individual Sustainability: Natalya Mendelevich of Randwick City Council.

Procurement Solutions For The Sector

In 2022/23, Local Government Procurement saved the sector \$76 million and delivered training services to almost 350 local government staff. In addition, LGP allocated \$1.45 million in rebates for Regional Organisations of Councils and Joint Organisations, and councils.

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

Financial Results

In the 2022/23 financial year, LGP returned a gross surplus of \$3.63 million before the allocation of rebates. This was a 33% increase on the previous year, and provided LGNSW with revenue of \$1.81 million, to help keep local government and associate member rates as low as possible.

Contracts Negotiated for the Sector

In 2022/23 the local government sector spent \$902 million through LGP contracts that deliver value through negotiated pricing, with access to leading and local suppliers reducing procurement risk. LGP had 34 contracts in operation, encompassing more than 1,150 LGP approved contractors. LGP's top performing contract - Bitumen, Emulsions and Asphalt Materials and Services - grew from \$200 million council spend in 2021/22 to more than \$292 million. The Major and Minor Works contract continues to flourish with council spend growing from \$3 million to \$61 million.

Enhancing Procurement Excellence

LGP is committed to creating and driving value for NSW local communities and in 2022/23 we proudly launched the Procurement Capability Grant Program. This program recognises the vital role that robust procurement capacity plays in the growth and

development of the local government sector, and has swiftly emerged as an enabler of new procurement practice.

The very first iteration of this grant program was met with overwhelming enthusiasm, with the receipt of 37 applications seeking a collective \$557,095 in funding. Of those applications, 10 projects were delivered by a mix of councils and Joint Organisations who successfully accessed more than \$95,000 in procurement-related funding. These initiatives spanned diverse categories, including process improvement, procurement resource development, technology, professional development, and other areas such as disaster recovery and procurement-related endeavours.

Local Government Procurement Skills

LGP's commitment to building the capabilities of the sector led to the acquisition of LG Training Academy, a registered training organisation (code 45450). LGTA has three qualifications on scope, including Diploma of Project Management, Diploma of Leadership and Management and Diploma of Business with eligibility to deliver it across Australia.

LGP delivered specialised procurement and contract management training, including e-Learning programs, to almost 350 people. Nearly 20 non-accredited and customised on-site training courses were delivered in Sydney, Tamworth, Griffith, Coffs Harbour, Byron Bay, and online.

Strengthening Procurement and Sustainability

In 2022/23 LGP delivered 16 procurement projects, including probity services, procurement framework review, document suite development, video tutorials and the facilitation of Requests for Tenders. The High-Performance Hub was launched to support the leadership development of executives, councillors, senior leaders, and team leaders.

LGP represented local government interests as a member of the Australian Circular Economy (ACE) Hub Procurement Working Group. Sixty-five councils have committed to sustainable procurement by joining Sustainable Choice. Membership is free and provides access to webinars, a comprehensive suite of online resources and general advice and guidance. LGP's third modern slavery risk assessment was completed across all LGP approved contractors. LGP also developed an online Social Procurement Toolkit to assist councils to incorporate social considerations into their procurement processes. This complements the Modern Slavery Toolkit used by 52 councils.

Network Events

LGP delivered 10 free procurement, engineering and IT network events attended by almost 300 local government staff, providing opportunities to hear and learn from guest speakers, collaborate with their peers, and discuss current issues. A further 27 engagement events, including sustainability webinars, procurement information sessions, tender briefings and contract implementations, were attended by more than 1,500 participants.

Conference and Awards

LGP's Annual Conference in October 2022 was attended by 140 delegates, 23 speakers and 30 sponsors and exhibitors.

The **2022 Procurement Awards** were presented at the Conference to:

- **Carly Cembala, Singleton Council**
2022 Outstanding Procurement Professional of the Year Award
- **Denise Jones, Leeton Shire Council**
2022 New Procurement Professional Award
- **Blacktown City Council**
2022 Sustainable Procurement Achievement
- **Blackwoods**
2022 LGP Approved Contractor of the Year Award.

Our Board of Directors

In 2022/23 we farewelled and thanked director Elizabeth Henderson for her contribution and support through her term. We also welcomed a new associate director to the Board, Cr Phyllis Miller OAM, who replaced Cr Jerome Laxale. The associate director role provides a conduit between the LGP Board and LGNSW.

Celebrating our Chief Procurement Officer

In 2022/23 we marked the retirement of one of our founding employees, Chief Procurement Officer Phill Scott. Phill's pivotal work helped shape the development of LGP and achieve our significant growth, which now sees a 40-strong team serving NSW councils. After 30 years of exemplary service to local government we would like to recognise Phill's service and contribution and wish him well for the future.



LGNSW Board

President



Cr Darriea Turley AM
Broken Hill City Council

Treasurer



Cr Nathan Hagarty
Liverpool City Council

Vice President
Regional/Rural



Cr Scott Ferguson
Blayney Council

Director
Regional/Rural



Cr Dominic King
Bellingen Shire Council

Director
Regional/Rural



Cr Romola Hollywood
Blue Mountains City Council

Director
Regional/Rural



Cr Nuatali Nelmes
City of Newcastle

Director
Regional/Rural



Cr Phyllis Miller OAM
Forbes Shire Council

Director
Regional/Rural



Cr Jamie Chaffey
Gunnedah Shire Council

Director
Regional/Rural



Cr Danielle Mulholland
Kyogle Council

Director
Regional/Rural



Cr Cameron Walters
Wollongong City Council

Vice President
Metropolitan/Urban



Cr Khal Asfour
City of Canterbury Bankstown

Director
Metropolitan/Urban



Cr Julie Griffiths AM
Blacktown City Council

Director
Metropolitan/Urban



Cr George Greiss
Campbelltown City Council

Director
Metropolitan/Urban



Cr Carmelo Pesce
Sutherland Shire Council

Director
Metropolitan/Urban



Cr Karen McKeown OAM
Penrith City Council

Director
Metropolitan/Urban



Cr Philipa Veitch
Randwick City Council

Director
Metropolitan/Urban



Cr Clare Raffan
City of Canterbury Bankstown

Director
Metropolitan/Urban



Cr Penny Pedersen
City of Ryde

Corporate & Compliance Information

LGNSW employees are dedicated people, skilled in their areas of technical expertise and committed to their work. At 30 June 2023, LGNSW employed 68 staff (53 full time, 15 part time).

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 our 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 2023.

In accordance with the Rules, the Board constituted a Senior Executive Group comprised of four Board Office Holders: President Darriea Turley AM, Metropolitan Vice President Khal Asfour, Regional/Rural Vice President Scott Ferguson, and Treasurer Nathan Hagarty, along with four Board Directors: Councillors Dominic King and Phyllis Miller OAM (Regional/Rural), Karen McKeown OAM and Carmelo Pesce (Metropolitan).

The Board met six times during 2022/23, and the Senior Executive Group a further four times.

Board Meeting Attendance 2022/23

| | 2022 | | | 2023 | | |
|---------------------|------|-----------|----------|----------|-------|------|
| | July | September | December | February | April | June |
| Cameron Walters | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ |
| Carmelo Pesce | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Clare Raffan | N/A | ✓ | ✓ | ✓ | ✓ | ✗ |
| Danielle Mulholland | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Darriea Turley AM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dominic King | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| George Greiss | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Jamie Chaffey | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ |
| Jerome Laxale | ✓ | N/A | N/A | N/A | N/A | N/A |
| Julie Griffiths AM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Karen McKeown OAM | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ |
| Khal Asfour | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Nathan Hagarty | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ |
| Nuatali Nelmes | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Penny Pedersen | N/A | ✓ | ✓ | ✓ | ✓ | ✓ |
| Philipa Veitch | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ |
| Phyllis Miller OAM | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ |
| Romola Hollywood | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ |
| Scott Ferguson | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

N/A: Not elected to the Board at the relevant time. Outgoing Board members 2022/23: Cr Jerome Laxale resigned 1 July, 2022.

Board Working Committees

Board working committees also met throughout 2022/23 to provide strategic guidance on key focus areas. At 30 June 2023, the Board Working Committees' key focus areas were member value and policy review.

Member Value Working Committee:

Chair Cr Cameron Walters

Deputy Chair Cr Nathan Hagarty

Members Cr Jamie Chaffey, Cr Dominic King, Cr Carmelo Pesce, Cr Clare Raffan.

Policy Review Working Committee

Chair Cr Danielle Mulholland

Deputy Chair Cr Philippa Veitch

Members Cr George Greiss, Cr Romola Hollywood, Cr Nuatali Nelmes, Cr Penny Pedersen.

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, comprising Jan McClelland AM (Independent Chair), Elizabeth Gavey (Independent Member), Cr Khal Asfour (LGNSW Board Director) and Cr Scott Ferguson (LGNSW Board Director), met four times in 2022/23.
- **The Industrial Advisory Committee** - with responsibility for assisting and making recommendations to the Board in relation to industrial relations issues, met twice during the 2022/23 Financial Year. The Committee

was chaired by Cr Julie Griffiths AM. Members included Cr Darriea Turley AM, Cr Phyllis Miller OAM, and Cr Karen McKeown OAM. Committee membership also included four General Managers, selected following a transparent application process and appointed by the LGNSW Board: Lindy Dietz (Campbelltown City Council); Karina Ewer (Berrigan Shire Council); Derek Francis (Bogan Shire Council) and Matthew Stewart (Canterbury-Bankstown City Council).

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.
- **Cr Pat Dixon Memorial Scholarship Trust:** Mr Warren Roberts, Cr Dave Carter (to December 2022), Cr Trish Frail (from May 2023), Cr Dominic Wy Kanak and Cr Darriea Turley AM.

LGNSW extends its sincere gratitude to all the Trustees and committee members for their time and for the care with which they undertook their roles during the 2022/23 financial year.



Governance

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 objects and powers, memberships, control and governance, the annual conference, the Board, finance and auditing.

Significant Changes in Financial Affairs

There were no significant changes in the Association's financial affairs during 2022/23.

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 Active 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.

Active Super & StateCover

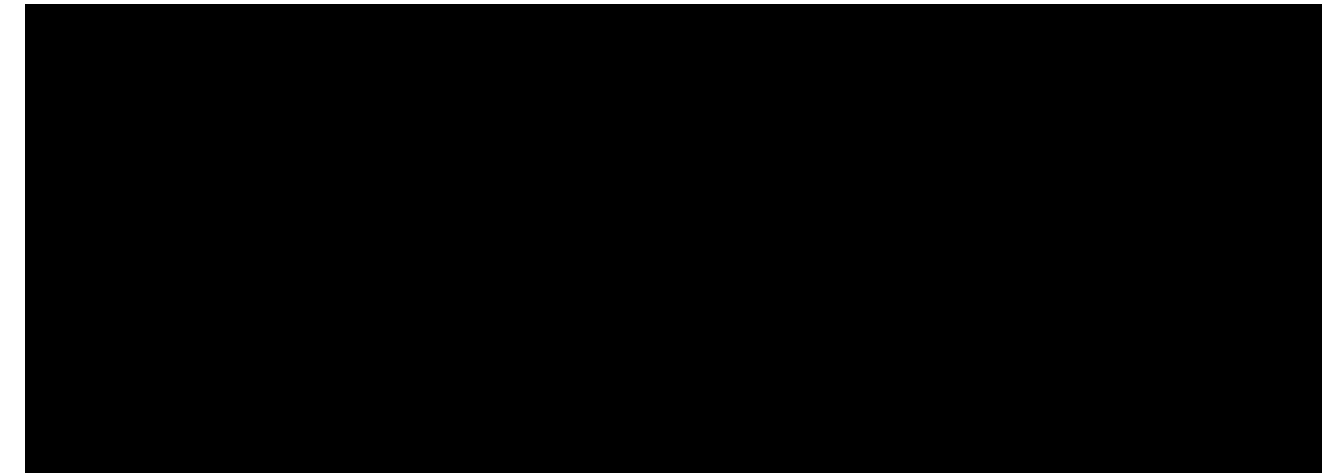
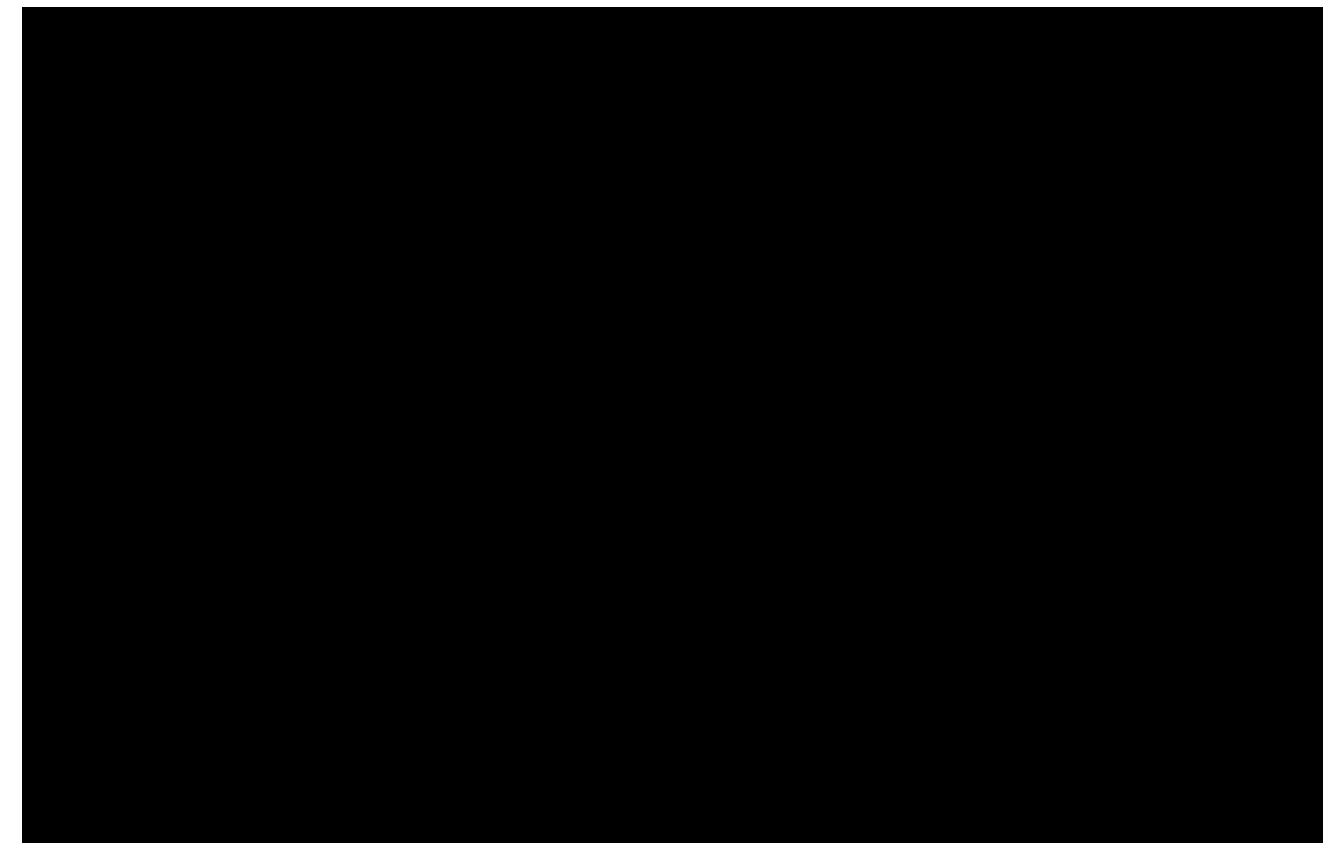
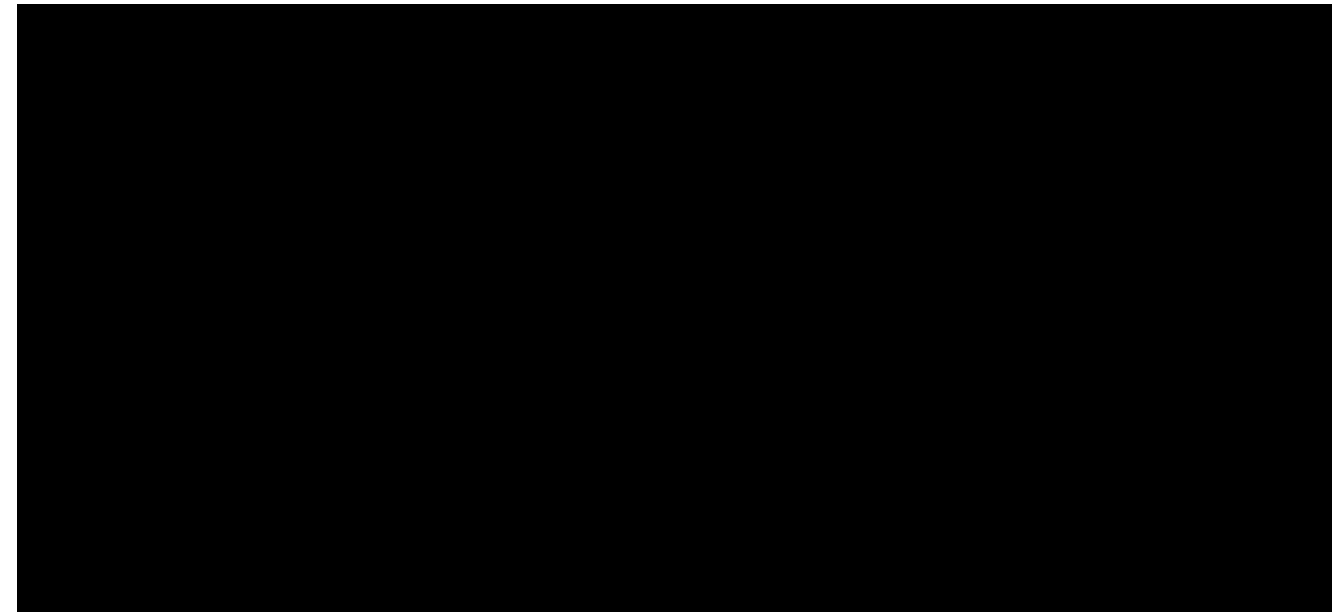
The LGNSW Board nominates four LGNSW Councillor Directors to the Board of StateCover with the LGNSW Chief Executive Director. LGNSW also nominates three directors to the Board of LGSS Pty Ltd (the trustee for Local Government Super now trading as Active Super). The Board undertakes an open, transparent 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 appropriately skilled, and fit and proper persons to be appointed.

Representation at 30 June 2023

| StateCover | Date Appointed | Term Expires |
|------------------------------------------------------------|---------------------------------------------------|--------------------------------------|
| Sue McGinn OAM | 19 April 2021 | Annual General Meeting November 2023 |
| Glenn Inglis | 19 April 2021 | Annual General Meeting November 2023 |
| Cr Andrew Zbik | 15 March 2023 | Annual General Meeting November 2025 |
| Cr Samuel Ngai | 20 November 2019 Reappointed AGM November 2022 | Annual General Meeting November 2025 |
| Cr Khal Asfour LGNSW Chief Executive Director | 1 April 2021 | 2 April 2024 |

| Active Super | Date Appointed | Term Expires |
|-----------------------------|---------------------------------------------|---------------|
| Cr Karen McKeown OAM | 10 April 2018 Re-appointed 10 April 2022 | 9 April 2026 |
| Cr Declan Clausen | March 2021 | 25 March 2025 |
| Cr Nathan Hagarty | 5 December 2021 | 26 March 2025 |



Grants & Donations

In 2022/23 LGNSW continued to manage the Greening Our City Program, which supports Sydney metropolitan councils to enhance urban tree canopy and green cover. Funded by the NSW Department of Planning and Environment (DPE), a third round of grants was awarded in December 2022, bringing the total funds available through the program to over \$31 Million. DPE also provided a total of \$800,000 additional funds to LGNSW to administer for projects affected by flooding events throughout 2022, and for Stream 2 innovation projects seeking variations and additional funding support.

This financial year saw the wrap up of the Increasing Resilience to Climate Change Program, which provided grants to assist councils deliver greater resilience to climate change, and the final payment to

Central Coast Council under the LGNSW Research and Innovation Fund. The Fund incorporated contributions of more than \$52,000 from DPE to support projects that deliver net zero emissions outcomes,

LGNSW delivered grants to support councils to improve flying-fox camp and foraging habitat under the \$5 Million *Flying-Fox Habitat Restoration Program* funded by the NSW Environmental Trust. Sixteen projects across 14 local government areas were funded under the Program, and will run until early 2030.

Progress payments made during the 2022/23 financial year are listed below.

Flying Fox Habitat Restoration Program

Purpose: To help councils research, restore and create flying-fox camp and foraging habitat in ways that help reduce conflict with humans

Funding provided by: NSW Environmental Trust

| | |
|-----------------------------|---------------------|
| Bathurst Regional Council | \$32,650.00 |
| Bellingen Shire Council | \$24,920.00 |
| Campbelltown City Council | \$116,725.00 |
| Clarence Valley Council | \$53,153.00 |
| Dubbo Regional Council | \$25,000.00 |
| Fairfield City Council | \$83,200.00 |
| Kyogle Council | \$138,397.00 |
| Lake Macquarie City Council | \$131,044.00 |
| Maitland City Council | \$64,752.00 |
| Richmond Valley Council | \$109,422.00 |
| Tweed Shire Council | \$121,810.00 |
| | \$901,073.00 |

Increasing Resilience to Climate Change

Purpose: Providing council support to adapt to climate change

Funding provided by: NSW Department of Planning and Environment

| | |
|--------------------------------------------------|---------------------|
| Ballina Shire Council | \$24,000.00 |
| Blacktown City Council | \$4,940.00 |
| Hunter Joint Organisation | \$24,000.00 |
| Illawarra Shoalhaven Joint Organisation | \$44,960.00 |
| Mid North Coast Joint Organisation | \$8,400.00 |
| Murray River Council | \$19,000.00 |
| Nambucca Valley Council | \$19,000.00 |
| Orange City Council | \$8,440.00 |
| Queanbeyan-Palerang Regional Council | \$9,081.00 |
| Western Sydney Regional Organisation of Councils | \$16,000.00 |
| | \$177,821.00 |

Greening Our City

Purpose: Providing funding for councils to increase tree canopy and green cover across the Greater Sydney Region

Funding provided by: NSW Department of Planning and Environment

| | |
|------------------------------|--------------|
| Bayside Council | \$265,415.20 |
| Blacktown City Council | \$680,000.00 |
| Burwood Council | \$-10,976.70 |
| Camden Council | \$433,664.00 |
| Campbelltown City Council | \$292,320.00 |
| City of Canada Bay Council | \$288,000.00 |
| City of Canterbury Bankstown | \$239,500.00 |
| City of Parramatta Council | \$458,000.00 |
| City of Ryde | \$230,000.00 |
| City of Sydney | \$77,575.50 |
| Cumberland City Council | \$380,198.00 |

| | |
|--------------------------------------------------|-----------------------|
| Fairfield City Council | \$44,400.00 |
| Georges River Council | -\$34,700.00 |
| Hawkesbury City Council | \$740,440.00 |
| Lane Cove Council | \$12,710.00 |
| Mosman Municipal Council | \$43,200.00 |
| North Sydney Council | \$2,870.00 |
| Northern Beaches Council | \$64,533.50 |
| Penrith City Council | \$245,600.00 |
| Randwick City Council | \$775,448.00 |
| Strathfield Council | \$155,718.00 |
| The Hills Shire Council | \$107,222.50 |
| Waverley Council | \$5,000.00 |
| Willoughby City Council | \$200,000.00 |
| Western Sydney Regional Organisation of Councils | \$103,000.00 |
| Wollondilly Shire Council | \$1,650.00 |
| | \$5,800,788.00 |

Research and Innovation Fund

Purpose: To further research, policy development and innovation relevant to local government

Funding provided by: LGNSW and NSW Department of Planning & Environment

| | |
|-----------------------|--------------------|
| Central Coast Council | \$10,000.00 |
| | \$10,000.00 |

Financial Statements

Independent Auditor's Report to the Members of Local Government NSW

Opinion

We have audited the financial report of Local Government NSW (the entity and its subsidiaries (the Association)), which comprises the statement of financial position as at 30 June 2023, 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, including:

- (a) Presenting fairly the Association's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures 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.

Some of the Crowe personnel involved in preparing this document may be members of a professional scheme approved under Professional Standards Legislation such that their occupational liability is limited under that Legislation. To the extent that applies, the following disclaimer applies to them. If you have any questions about the applicability of Professional Standards Legislation Crowe's personnel involved in preparing this document, please speak to your Crowe adviser.

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.

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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 2023, 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 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 – Simplified Disclosures, the Industrial Relations Act 1996 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.



Crowe Sydney



Ash Pather
Partner


21 September 2023
Sydney

**Local Government NSW
Boards' declaration
30 June 2023**

In the Board's opinion:

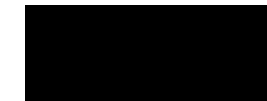
- the attached financial statements and notes comply with the Australian Accounting Standards as issued by the Australian Accounting Standards Board as described in note 2 to the financial statements, and the Industrial Relations Act 1996;
- the attached financial statements and notes give a true and fair view of the Local Government NSW's and the Association's financial position as at 30 June 2023 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 2022/23 financial year and since the year ended 30 June 2023:
 - a) meetings of the committee of management were held in accordance with the rules of Local Government NSW;
 - b) the financial affairs of Local Government NSW have been managed in accordance with the rules of Local Government NSW; and
 - c) the financial records of Local Government NSW have been kept and maintained in accordance with the Industrial Relations Act 1996.

This statement is made and signed for and on behalf of Local Government NSW by:



Cr Darriea Turley AM
President

21 September 2023



Cr Nathan Hagarty
Treasurer

Local Government NSW
Statements of profit or loss and other comprehensive income
For the year ended 30 June 2023

| | Note | Local Government NSW Consolidated | | Local Government NSW | |
|---------------------------------------------------------------------------------------------------------------|------|-----------------------------------|-------------------------|-------------------------|-------------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | \$ | \$ | \$ | \$ |
| Revenue | | | | | |
| Membership subscription | | 5,750,373 | 5,535,755 | 5,750,373 | 5,535,755 |
| Council services | | 6,266,836 | 3,843,197 | 5,695,400 | 3,056,846 |
| Commission received | 4 | 13,206,400 | 10,840,783 | 2,160,042 | 2,025,482 |
| Conferences and seminars | | 2,721,528 | 1,782,250 | 2,407,278 | 1,782,250 |
| Net investment income/(expense) | 4 | 1,642,226 | (711,361) | 1,627,157 | (712,745) |
| Trust distributions | | - | - | 2,178,608 | 1,430,926 |
| Other revenue | | 671,434 | 979,754 | 649,017 | 634,201 |
| | | <u>30,258,797</u> | <u>22,270,378</u> | <u>20,467,875</u> | <u>13,752,715</u> |
| Grant income | 5 | 8,422,019 | 14,237,805 | 8,422,019 | 14,237,805 |
| Expenses | | | | | |
| Employee benefits expense | 6 | (14,322,451) | (13,697,919) | (8,644,610) | (8,353,359) |
| Affiliation fees | 7 | (647,117) | (626,105) | (647,117) | (626,105) |
| Administrative expenses | 8 | (5,820,035) | (4,749,544) | (3,918,076) | (3,170,435) |
| Grant expenses | 5 | (8,422,019) | (14,237,805) | (8,422,019) | (14,237,805) |
| Council services | | (4,658,878) | (2,023,379) | (3,206,620) | (1,069,429) |
| Depreciation and amortisation expense | 9 | (1,065,812) | (1,068,187) | (469,804) | (610,068) |
| Legal costs | 10 | (56,551) | (60,523) | (30,635) | (47,414) |
| Audit and accounting fees | | (75,742) | (125,223) | (44,592) | (86,120) |
| Gain/(loss) on sale of assets | 11 | 11,123 | 21,541 | - | 15,866 |
| Finance costs | | (116,913) | (137,280) | - | (1,892) |
| | | <u>3,506,421</u> | <u>(196,241)</u> | <u>3,506,421</u> | <u>(196,241)</u> |
| Profit/(Loss) before income tax expense | | | | | |
| Income tax expense | | - | - | - | - |
| Profit/(Loss) after income tax expense for the year attributable to the owners of Local Government NSW | 33 | <u>3,506,421</u> | <u>(196,241)</u> | <u>3,506,421</u> | <u>(196,241)</u> |
| Other comprehensive income for the year, net of tax | | - | - | - | - |
| Total comprehensive income for the year attributable to the owners of Local Government NSW | | <u><u>3,506,421</u></u> | <u><u>(196,241)</u></u> | <u><u>3,506,421</u></u> | <u><u>(196,241)</u></u> |

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

Local Government NSW
Statements of financial position
As at 30 June 2023

| | Note | Local Government NSW Consolidated | | Local Government NSW | |
|------------------------------------------------------------|------|-----------------------------------|-------------------|----------------------|-------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | \$ | \$ | \$ | \$ |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 12 | 16,874,843 | 19,332,946 | 12,751,408 | 16,054,092 |
| Trade and other receivables | 13 | 6,775,577 | 6,895,176 | 6,078,786 | 6,235,467 |
| Financial assets held at fair value through profit or loss | 14 | 6,421,310 | 5,460,059 | 6,421,310 | 5,460,059 |
| Financial assets held at amortised cost | 15 | 3,476,827 | 312,159 | 3,476,827 | 312,159 |
| Prepayments | 16 | 505,930 | 534,633 | 232,234 | 259,616 |
| Total current assets | | <u>34,054,487</u> | <u>32,534,973</u> | <u>28,960,565</u> | <u>28,321,393</u> |
| Non-current assets | | | | | |
| Related party loan | 17 | - | - | 1,695,533 | 1,492,468 |
| Investments | 18 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Financial assets held at amortised cost | 19 | 10,307,460 | 10,221,510 | 10,307,460 | 10,221,510 |
| Land and buildings | 20 | 15,800,785 | 16,123,677 | 15,800,785 | 16,123,677 |
| Property, plant and equipment | 21 | 624,743 | 608,278 | 589,574 | 524,849 |
| Right-of-use assets | 22 | 1,873,576 | 2,398,169 | - | - |
| Intangible assets | 23 | 95,579 | 114,756 | 1,984 | 5,916 |
| Investment in associates | 24 | - | - | 36 | 36 |
| Total non-current assets | | <u>31,702,143</u> | <u>32,466,390</u> | <u>31,395,372</u> | <u>31,368,456</u> |
| Total assets | | <u>65,756,630</u> | <u>65,001,363</u> | <u>60,355,937</u> | <u>59,689,849</u> |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 25 | 3,799,919 | 3,161,865 | 1,633,312 | 1,579,788 |
| Lease liabilities | 26 | 432,931 | 390,048 | - | - |
| Short term provisions | 27 | 2,467,965 | 2,511,250 | 1,833,634 | 1,842,729 |
| Other liabilities | 28 | 13,661,259 | 16,627,841 | 13,274,368 | 16,174,491 |
| Total current liabilities | | <u>20,362,074</u> | <u>22,691,004</u> | <u>16,741,314</u> | <u>19,597,008</u> |
| Non-current liabilities | | | | | |
| Lease liabilities | 29 | 1,691,108 | 2,124,039 | - | - |
| Long term provisions | 30 | 218,344 | 207,637 | 130,177 | 114,816 |
| Total non-current liabilities | | <u>1,909,452</u> | <u>2,331,676</u> | <u>130,177</u> | <u>114,816</u> |
| Total liabilities | | <u>22,271,526</u> | <u>25,022,680</u> | <u>16,871,491</u> | <u>19,711,824</u> |
| Net assets | | <u>43,485,104</u> | <u>39,978,683</u> | <u>43,484,446</u> | <u>39,978,025</u> |
| Equity | | | | | |
| Settled sum | 31 | 20 | 20 | - | - |
| General funds | 32 | 9,142,842 | 9,142,842 | 9,142,842 | 9,142,842 |
| Retained earnings | 33 | 34,342,242 | 30,835,821 | 34,341,604 | 30,835,183 |
| Total equity | | <u>43,485,104</u> | <u>39,978,683</u> | <u>43,484,446</u> | <u>39,978,025</u> |

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

**Local Government NSW
Statements of changes in equity
For the year ended 30 June 2023**

| | General funds | Settled sum | Retained earnings | Total equity |
|-----------------------------------------------------|----------------------|--------------------------|--------------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| Local Government NSW Consolidated | | | | |
| Balance at 1 July 2021 | 9,142,842 | 20 | 31,032,062 | 40,174,924 |
| Loss after income tax expense for the year | - | - | (196,241) | (196,241) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (196,241) | (196,241) |
| Balance at 30 June 2022 | <u>9,142,842</u> | <u>20</u> | <u>30,835,821</u> | <u>39,978,683</u> |
| | General funds | Settled sum | Retained earnings | Total equity |
| | \$ | \$ | \$ | \$ |
| Local Government NSW Consolidated | | | | |
| Balance at 1 July 2022 | 9,142,842 | 20 | 30,835,821 | 39,978,683 |
| Profit after income tax expense for the year | - | - | 3,506,421 | 3,506,421 |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | 3,506,421 | 3,506,421 |
| Balance at 30 June 2023 | <u>9,142,842</u> | <u>20</u> | <u>34,342,242</u> | <u>43,485,104</u> |
| | General funds | Retained earnings | Total equity | |
| | \$ | \$ | \$ | |
| Local Government NSW | | | | |
| Balance at 1 July 2021 | 9,142,842 | 31,031,424 | 40,174,266 | |
| Loss after income tax expense for the year | - | (196,241) | (196,241) | |
| Other comprehensive income for the year, net of tax | - | - | - | |
| Total comprehensive income for the year | - | (196,241) | (196,241) | |
| Balance at 30 June 2022 | <u>9,142,842</u> | <u>30,835,183</u> | <u>39,978,025</u> | |
| | General funds | Retained earnings | Total equity | |
| | \$ | \$ | \$ | |
| Local Government NSW | | | | |
| Balance at 1 July 2022 | 9,142,842 | 30,835,183 | 39,978,025 | |
| Profit after income tax expense for the year | - | 3,506,421 | 3,506,421 | |
| Other comprehensive income for the year, net of tax | - | - | - | |
| Total comprehensive income for the year | - | 3,506,421 | 3,506,421 | |
| Balance at 30 June 2023 | <u>9,142,842</u> | <u>34,341,604</u> | <u>43,484,446</u> | |

**Local Government NSW
Statements of cash flows
For the year ended 30 June 2023**

| | Note | Local Government NSW Consolidated | | Local Government NSW | |
|------------------------------------------------------------------|-------------|------------------------------------------|--------------------|-----------------------------|--------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | \$ | \$ | \$ | \$ |
| Cash flows from operating activities | | | | | |
| Receipts from customers | | 37,387,249 | 35,653,419 | 26,078,025 | 25,830,854 |
| Payments to suppliers and employees | | (33,457,772) | (35,294,918) | (24,826,497) | (27,248,346) |
| Investment income | | 1,011,788 | 417,070 | 996,719 | 415,686 |
| Net cash from/(used in) operating activities | 41 | <u>4,941,265</u> | <u>775,571</u> | <u>2,248,247</u> | <u>(1,001,806)</u> |
| Cash flows from investing activities | | | | | |
| Proceeds from sale of property, plant and equipment | | 11,123 | 37,308 | - | 31,150 |
| Proceeds from disposal of intangibles | | 246 | - | - | - |
| Net movements in investments | | (3,581,431) | 809,025 | (3,581,431) | 809,025 |
| Payments for property, plant and equipment | 21 | <u>(226,984)</u> | <u>(30,430)</u> | <u>(207,705)</u> | <u>-</u> |
| Net cash from/(used in) investing activities | | <u>(3,797,046)</u> | <u>815,903</u> | <u>(3,789,136)</u> | <u>840,175</u> |
| Cash flows from financing activities | | | | | |
| Net distributions received from related parties | 42 | - | - | 1,352,657 | 1,318,818 |
| Net movement in government grant funds | | (3,095,361) | (6,233,788) | (3,114,452) | (6,149,043) |
| Repayment of lease liabilities | | (506,961) | (539,926) | - | (52,066) |
| Net cash used in financing activities | | <u>(3,602,322)</u> | <u>(6,773,714)</u> | <u>(1,761,795)</u> | <u>(4,882,291)</u> |
| Net decrease in cash and cash equivalents | | (2,458,103) | (5,182,240) | (3,302,684) | (5,043,922) |
| Cash and cash equivalents at the beginning of the financial year | | 19,332,946 | 24,515,186 | 16,054,092 | 21,098,014 |
| Cash and cash equivalents at the end of the financial year | 12 | <u>16,874,843</u> | <u>19,332,946</u> | <u>12,751,408</u> | <u>16,054,092</u> |

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

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

**Local Government NSW
Notes to the financial statements
30 June 2023**

Note 1. Statement by the Board

The financial statements cover both Local Government NSW as an individual entity and the Association consisting of Local Government NSW 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 21 September 2023.

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.

New or amended Accounting Standards and Interpretations adopted

The incorporated Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 NSW 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.

**Local Government NSW
Notes to the financial statements
30 June 2023**

Note 2. Significant accounting policies (continued)

Principals of Consolidation

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 NSW ("LGA") and the Shires Association of NSW ("SA") (collectively referred to as "Local Government NSW") 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 NSW (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 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 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 Australian Academy of Transformative Education Pty Ltd. The company is a registered training organisation, and activity commenced in the 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 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

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

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

Note 2. Significant accounting policies (continued)

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 either expected to be realised or intended to be sold or consumed in the incorporated Association's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the incorporated Association's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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. Where applicable within the group, 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.

Note 2. Significant accounting policies (continued)

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 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.

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

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.

Note 2. Significant accounting policies (continued)

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.

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% | (40 years) |
| Furniture, Fixtures and Fittings | 10% | (10 years) |
| Motor Vehicles | 18.75% | (5.3 years) |
| Office Equipment | 20% | (5 years) |
| Computer Equipment | 33% | (3 years) |

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.

Note 2. Significant accounting policies (continued)

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.

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

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.

Note 2. Significant accounting policies (continued)

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.

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

Local Government NSW 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, Local Government NSW 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 Local Government NSW for this facilitation, governance and other services. The shares do not entitle the Local Government NSW 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 Local Government NSW'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.

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. Net investment income/(expense) and commissions received

| | Local Government NSW Consolidated | | Local Government NSW | |
|---------------------------------------------------------|-----------------------------------|------------------|----------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Investment income | | | | |
| Interest from deposits held with financial institutions | 627,219 | 271,876 | 612,150 | 270,492 |
| Dividend income from equity portfolio | 173,801 | 130,590 | 173,801 | 130,590 |
| Equity portfolio - unrealised gains/(losses) | 485,979 | (775,597) | 485,979 | (775,597) |
| Held to maturity - unrealised gains/(losses) | 144,459 | (352,834) | 144,459 | (352,834) |
| Gain/(loss) on sale of financial instruments | 210,768 | 14,604 | 210,768 | 14,604 |
| Total investment income generated | <u>1,642,226</u> | <u>(711,361)</u> | <u>1,627,157</u> | <u>(712,745)</u> |

| | Local Government NSW Consolidated | | Local Government NSW | |
|-----------------------------|-----------------------------------|-------------------|----------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Commissions received | | | | |
| Commission - JLT | 529,045 | 497,866 | 529,045 | 497,866 |
| Commission - Statecover | 1,441,826 | 1,347,616 | 1,441,826 | 1,347,616 |
| Commission - procurement | 11,046,358 | 8,815,301 | - | - |
| Management fees | 189,171 | 180,000 | 189,171 | 180,000 |
| Total commissions received | <u>13,206,400</u> | <u>10,840,783</u> | <u>2,160,042</u> | <u>2,025,482</u> |

Note 5. Grant income

| | Local Government NSW Consolidated | | Local Government NSW | |
|-----------------|-----------------------------------|-------------------|----------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Grants received | <u>8,422,019</u> | <u>14,237,805</u> | <u>8,422,019</u> | <u>14,237,805</u> |

| | Local Government NSW Consolidated | | Local Government NSW | |
|-----------------------------------------|-----------------------------------|---------------------|----------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Grants paid that were less than \$1,000 | (823) | (2,340) | (823) | (2,340) |
| Grants paid that were \$1,000 or more | (6,878,859) | (12,507,628) | (6,878,859) | (12,507,628) |
| Grant administration expenses | (1,542,337) | (1,727,837) | (1,542,337) | (1,727,837) |
| | <u>(8,422,019)</u> | <u>(14,237,805)</u> | <u>(8,422,019)</u> | <u>(14,237,805)</u> |

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

| | Local Government NSW Consolidated | | Local Government NSW | |
|--------------------------------------------|-----------------------------------|---------------------|----------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Holders of office | | | | |
| Wages and salaries | (179,191) | (169,150) | (179,191) | (169,150) |
| Superannuation | (18,107) | (16,928) | (18,107) | (16,928) |
| | <u>(197,298)</u> | <u>(186,078)</u> | <u>(197,298)</u> | <u>(186,078)</u> |
| Employees other than office holders | | | | |
| Wages and salaries | (11,293,819) | (10,840,744) | (6,868,960) | (6,558,967) |
| Superannuation | (1,211,080) | (1,157,345) | (751,505) | (715,541) |
| Leave and other entitlements | (192,631) | (314,439) | (157,063) | (278,943) |
| Other employee expenses | (1,427,623) | (1,199,313) | (669,784) | (613,830) |
| | <u>(14,125,153)</u> | <u>(13,511,841)</u> | <u>(8,447,312)</u> | <u>(8,167,281)</u> |
| | <u>(14,322,451)</u> | <u>(13,697,919)</u> | <u>(8,644,610)</u> | <u>(8,353,359)</u> |

Note 7. Affiliation fees

| | Local Government NSW Consolidated | | Local Government NSW | |
|-----------------------------------------|-----------------------------------|------------------|----------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Australian Local Government Association | <u>(647,117)</u> | <u>(626,105)</u> | <u>(647,117)</u> | <u>(626,105)</u> |

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

| | Local Government NSW Consolidated | | Local Government NSW | |
|------------------------------------------------|-----------------------------------|--------------------|----------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Fees/allowances - meeting and conferences | (137,575) | (142,094) | (137,575) | (142,094) |
| Conference and meeting expenses | (1,601,629) | (1,053,247) | (1,257,575) | (986,400) |
| Contractors/consultants fees | (741,714) | (687,098) | (295,957) | (208,265) |
| Governance expenses | (132,466) | (54,809) | (78,715) | (54,809) |
| Property expenses | (363,627) | (350,526) | (354,540) | (349,340) |
| Office expenses | (191,454) | (173,040) | (114,837) | (106,325) |
| Information communications technology expenses | (936,843) | (701,215) | (646,366) | (500,623) |
| Other administration expenses | (1,688,406) | (1,555,580) | (1,032,511) | (822,579) |
| | <u>(5,793,714)</u> | <u>(4,717,609)</u> | <u>(3,918,076)</u> | <u>(3,170,435)</u> |
| Lease expenses: | | | | |
| Low value and short term lease payments | <u>(26,321)</u> | <u>(31,935)</u> | - | - |
| Total administration expenses | <u>(5,820,035)</u> | <u>(4,749,544)</u> | <u>(3,918,076)</u> | <u>(3,170,435)</u> |

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

Note 9. Depreciation and amortisation

| | Local Government NSW Consolidated | | Local Government NSW | |
|-------------------------------|-----------------------------------|--------------------|----------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Depreciation | | | | |
| Buildings | (322,892) | (322,892) | (322,892) | (322,892) |
| Property, plant and equipment | (199,148) | (305,401) | (142,978) | (237,001) |
| Right of use assets | (524,593) | (420,962) | - | (46,242) |
| | <u>(1,046,633)</u> | <u>(1,049,255)</u> | <u>(465,870)</u> | <u>(606,135)</u> |
| Amortisation | | | | |
| Website | <u>(19,177)</u> | <u>(18,932)</u> | <u>(3,932)</u> | <u>(3,933)</u> |
| | <u>(1,065,810)</u> | <u>(1,068,187)</u> | <u>(469,802)</u> | <u>(610,068)</u> |

Note 10. Legal costs

| | Local Government NSW Consolidated | | Local Government NSW | |
|-----------------------|-----------------------------------|-----------------|----------------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| General legal matters | <u>(56,551)</u> | <u>(60,523)</u> | <u>(30,635)</u> | <u>(47,414)</u> |

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

| | Local Government NSW Consolidated | | Local Government NSW | |
|---------------------|-----------------------------------|---------------|----------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Plant and equipment | <u>11,123</u> | <u>21,541</u> | - | <u>15,866</u> |

Note 12. Current assets - cash and cash equivalents

| | Local Government NSW Consolidated | | Local Government NSW | |
|----------------------------------|-----------------------------------|-------------------|----------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Cash on hand | 1,056 | 1,056 | 1,000 | 1,000 |
| Cash at bank - Association funds | 11,002,870 | 11,303,839 | 7,313,920 | 8,455,057 |
| Cash at bank - Grant funds | 5,436,488 | 7,598,035 | 5,436,488 | 7,598,035 |
| Cash on deposit | 434,429 | 430,016 | - | - |
| | <u>16,874,843</u> | <u>19,332,946</u> | <u>12,751,408</u> | <u>16,054,092</u> |

Note 13. Current assets - trade and other receivables

| | Local Government NSW Consolidated | | Local Government NSW | |
|--------------------------------------------|-----------------------------------|------------------|----------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Trade receivables | 6,318,822 | 6,724,663 | 3,873,717 | 4,829,891 |
| Less: Allowance for expected credit losses | (32,983) | (106,271) | (9,346) | (3,836) |
| | <u>6,285,839</u> | <u>6,618,392</u> | <u>3,864,371</u> | <u>4,826,055</u> |
| Net receivable from LGP (LGA NSW) Trust* | - | - | 907,662 | 596,219 |
| Net receivable from LGP (SA NSW) Trust* | - | - | 907,662 | 596,219 |
| Interest and other receivables | 10,152 | 820 | 10,152 | 820 |
| GST receivable | 479,586 | 275,964 | 388,939 | 216,154 |
| | <u>6,775,577</u> | <u>6,895,176</u> | <u>6,078,786</u> | <u>6,235,467</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 34.

| | Local Government NSW Consolidated | | Local Government NSW | |
|-------------------------------------------------------------------------------|-----------------------------------|----------|----------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| *Distributions receivable from Local Government Procurement Partnership | - | - | - | - |
| Receivable from LGP (LGA NSW) Trust | - | - | 1,089,304 | 715,463 |
| Receivable from LGP (SA NSW) Trust | - | - | 1,089,304 | 715,463 |
| Loan retained by Local Government Procurement Partnership for working capital | - | - | (363,087) | (238,488) |
| | <u>-</u> | <u>-</u> | <u>1,815,521</u> | <u>1,192,438</u> |

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 Local Government NSW. Refer to note 17 for further information.

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

| | Local Government NSW Consolidated | | Local Government NSW | |
|------------------|-----------------------------------|------------------|----------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Equity portfolio | <u>6,421,310</u> | <u>5,460,059</u> | <u>6,421,310</u> | <u>5,460,059</u> |

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

| | Local Government NSW Consolidated | | Local Government NSW | |
|-------------------------------|-----------------------------------|----------------|----------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Call account | 2,235,747 | 312,159 | 2,235,747 | 312,159 |
| Fixed interest - Bendigo Bank | 1,241,080 | - | 1,241,080 | - |
| | <u>3,476,827</u> | <u>312,159</u> | <u>3,476,827</u> | <u>312,159</u> |

Note 16. Current assets - prepayments

| | Local Government NSW Consolidated | | Local Government NSW | |
|------------------------|-----------------------------------|----------------|----------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Prepayments | 494,924 | 523,627 | 221,228 | 248,610 |
| Premium on investments | 11,006 | 11,006 | 11,006 | 11,006 |
| | <u>505,930</u> | <u>534,633</u> | <u>232,234</u> | <u>259,616</u> |

Note 17. Non-current assets - related party loan

| | Local Government NSW Consolidated | | Local Government NSW | |
|---------------------------------------------------------------------|-----------------------------------|------|----------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Loans to related parties - Local Government Procurement Partnership | - | - | 1,695,533 | 1,492,468 |

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 Local Government NSW. As part of the arrangements, an equivalent loan of 10% of the annual LGP surplus is made available by Local Government NSW back to the LGP partnership for working capital purposes.

Note 18. Non-current assets - investments

| | Local Government NSW Consolidated | | Local Government NSW | |
|---------------------------------------------------|-----------------------------------|------------------|----------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Shares in StateCover Mutual Limited, held at cost | <u>3,000,000</u> | <u>3,000,000</u> | <u>3,000,000</u> | <u>3,000,000</u> |

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

| | Local Government NSW Consolidated | | Local Government NSW | |
|-------------------------------------------------|-----------------------------------|-------------------|----------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Term deposit - Commonwealth Bank of Australia | 250,000 | 250,000 | 250,000 | 250,000 |
| Fixed interest - National Australia Bank | 2,834,974 | 4,794,337 | 2,834,974 | 4,794,337 |
| Fixed Interest - Suncorp Bank | 1,009,900 | - | 1,009,900 | - |
| Mutual Investment - Fixed interest - ANZ Bank | 1,025,620 | - | 1,025,620 | - |
| Fixed interest - Bank of Queensland | 1,941,920 | 1,918,190 | 1,941,920 | 1,918,190 |
| Fixed interest - Bendigo Bank | - | 1,248,643 | - | 1,248,643 |
| Fixed interest - Westpac Bank | 1,206,036 | - | 1,206,036 | - |
| Fixed interest - Macquarie Bank | 1,013,570 | 2,010,340 | 1,013,570 | 2,010,340 |
| Fixed interest - Commonwealth Bank of Australia | 1,025,440 | - | 1,025,440 | - |
| | <u>10,307,460</u> | <u>10,221,510</u> | <u>10,307,460</u> | <u>10,221,510</u> |

Note 20. Non-current assets - land and buildings

| | Local Government NSW Consolidated | | Local Government NSW | |
|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------|----------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Land and buildings - at fair value | 16,500,000 | 16,500,000 | 16,500,000 | 16,500,000 |
| Less: Accumulated depreciation | (699,215) | (376,323) | (699,215) | (376,323) |
| | <u>15,800,785</u> | <u>16,123,677</u> | <u>15,800,785</u> | <u>16,123,677</u> |
| <i>Reconciliation</i> | | | | |
| Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below: | | | | |
| Opening fair value | 16,123,677 | 16,446,569 | 16,123,677 | 16,446,569 |
| Depreciation expense | (322,892) | (322,892) | (322,892) | (322,892) |
| Closing fair value | <u>15,800,785</u> | <u>16,123,677</u> | <u>15,800,785</u> | <u>16,123,677</u> |

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

| | Local Government NSW Consolidated | | Local Government NSW | |
|---------------------------------|-----------------------------------|----------------|----------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Fixtures and fittings - at cost | 498,588 | 501,274 | 489,244 | 489,244 |
| Less: Accumulated depreciation | (173,589) | (126,417) | (167,881) | (118,957) |
| | <u>324,999</u> | <u>374,857</u> | <u>321,363</u> | <u>370,287</u> |
| Office equipment - at cost | 1,219,477 | 1,275,047 | 1,031,627 | 823,924 |
| Less: Accumulated depreciation | (920,233) | (1,042,126) | (763,916) | (669,862) |
| | <u>299,244</u> | <u>232,921</u> | <u>267,711</u> | <u>154,062</u> |
| Paintings and artworks | 500 | 500 | 500 | 500 |
| | <u>624,743</u> | <u>608,278</u> | <u>589,574</u> | <u>524,849</u> |

Reconciliations

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

| Local Government NSW Consolidated | Leasehold Improvements | Fixtures and Fittings* | Motor Vehicles | Office Equipment | Total |
|-----------------------------------|------------------------|------------------------|----------------|------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2021 | - | 425,215 | 19,918 | 453,883 | 899,016 |
| Additions | - | - | - | 30,430 | 30,430 |
| Disposals | - | - | (15,284) | (483) | (15,767) |
| Depreciation expense | - | (49,858) | (4,634) | (250,909) | (305,401) |
| Balance at 30 June 2022 | - | 375,357 | - | 232,921 | 608,278 |
| Additions | - | - | - | 226,984 | 226,984 |
| Disposals | - | (2,686) | - | (8,437) | (11,123) |
| Depreciation expense | - | (47,172) | - | (152,224) | (199,396) |
| Balance at 30 June 2023 | - | <u>325,499</u> | - | <u>299,244</u> | <u>624,743</u> |

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

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

| Local Government NSW | Fixtures and Fittings* | Motor Vehicles | Office Equipment | Total |
|-------------------------|------------------------|----------------|------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2021 | 419,711 | 19,918 | 337,505 | 777,134 |
| Disposals | - | (15,284) | - | (15,284) |
| Depreciation expense | (48,924) | (4,634) | (183,443) | (237,001) |
| Balance at 30 June 2022 | 370,787 | - | 154,062 | 524,849 |
| Additions | - | - | 207,705 | 207,705 |
| Depreciation expense | (48,924) | - | (94,056) | (142,980) |
| Balance at 30 June 2023 | <u>321,863</u> | - | <u>267,711</u> | <u>589,574</u> |

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

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

| | Local Government NSW Consolidated | | Local Government NSW | |
|-----------------------------------|-----------------------------------|------------------|----------------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Land and buildings - right-of-use | 3,147,609 | 3,147,609 | - | - |
| Less: Accumulated depreciation | (1,274,033) | (749,440) | - | - |
| | <u>1,873,576</u> | <u>2,398,169</u> | - | - |

The Association has one active office lease, held by a related party for Suite 11.01 on Level 11 of 55 Clarence St, Sydney. Local Government NSW held an office lease that expired in the previous year. The key details of the lease are as follows:

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.

Reconciliations

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

| Local Government NSW Consolidated | | Total |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| Balance at 1 July 2021 | 2,875,637 | 2,875,637 |
| Disposals | (56,506) | (56,506) |
| Depreciation expense | (420,962) | (420,962) |
| Balance at 30 June 2022 | 2,398,169 | 2,398,169 |
| Depreciation expense | (524,593) | (524,593) |
| Balance at 30 June 2023 | <u>1,873,576</u> | <u>1,873,576</u> |

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Note 23. Non-current assets - intangible assets

| | Local Government NSW Consolidated | | Local Government NSW | |
|--------------------------------------------|-----------------------------------|-----------|----------------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Goodwill - at cost | 90,000 | 90,000 | - | - |
| Website and software development - at cost | 151,458 | 282,264 | 28,100 | 28,100 |
| Less: Accumulated amortisation | (145,879) | (257,508) | (26,116) | (22,184) |
| | 5,579 | 24,756 | 1,984 | 5,916 |
| | 95,579 | 114,756 | 1,984 | 5,916 |

Reconciliations

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

| Local Government NSW Consolidated | Website & Software Development | Goodwill | Total |
|-----------------------------------|--------------------------------|----------|----------|
| | \$ | \$ | \$ |
| Balance at 1 July 2021 | 43,688 | 90,000 | 133,688 |
| Amortisation expense | (18,932) | - | (18,932) |
| Balance at 30 June 2022 | 24,756 | 90,000 | 114,756 |
| Disposals | (246) | - | (246) |
| Amortisation expense | (18,931) | - | (18,931) |
| Balance at 30 June 2023 | 5,579 | 90,000 | 95,579 |

Local Government NSW

| | Website & Software Development |
|-------------------------|--------------------------------|
| | \$ |
| Balance at 1 July 2021 | 9,849 |
| Amortisation expense | (3,933) |
| Balance at 30 June 2022 | 5,916 |
| Amortisation expense | (3,932) |
| Balance at 30 June 2023 | 1,984 |

Note 24. Non-current assets - investment in associates

| | Local Government NSW Consolidated | | Local Government NSW | |
|--------------------------------------------------|-----------------------------------|------|----------------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Investment in related party trusts and companies | - | - | 36 | 36 |

Local Government NSW
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Note 25. Current liabilities - trade and other payables

| | Local Government NSW Consolidated | | Local Government NSW | |
|--------------------------------------|-----------------------------------|-----------|----------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Trade payables | 280,094 | 155,555 | 198,632 | 89,212 |
| Accrued rebates | 1,452,258 | 953,950 | - | - |
| Sundry payables and accrued expenses | 655,861 | 641,790 | 361,791 | 333,712 |
| GST payable | 1,411,706 | 1,410,570 | 1,072,889 | 1,156,864 |
| | 3,799,919 | 3,161,865 | 1,633,312 | 1,579,788 |

Note 26. Current liabilities - lease liabilities

| | Local Government NSW Consolidated | | Local Government NSW | |
|-----------------|-----------------------------------|---------|----------------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Lease liability | 432,931 | 390,048 | - | - |

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

| | Local Government NSW Consolidated | | Local Government NSW | |
|----------------------------------------------------------|-----------------------------------|-----------|----------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Annual leave - employees other than office holders | 942,963 | 970,007 | 701,317 | 670,407 |
| Long service leave - employees other than office holders | 1,525,002 | 1,541,243 | 1,132,317 | 1,172,322 |
| | 2,467,965 | 2,511,250 | 1,833,634 | 1,842,729 |

Note 28. Current liabilities - other liabilities

| | Local Government NSW Consolidated | | Local Government NSW | |
|---------------------------|-----------------------------------|------------|----------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Scholarship funds held | 506,511 | 515,791 | 506,511 | 515,791 |
| Unspent government grants | 5,323,923 | 8,410,004 | 5,204,832 | 8,310,004 |
| Other deferred income | 7,830,825 | 7,702,046 | 7,563,025 | 7,348,696 |
| | 13,661,259 | 16,627,841 | 13,274,368 | 16,174,491 |

Note 29. Non-current liabilities - lease liabilities

| | Local Government NSW Consolidated | | Local Government NSW | |
|-----------------|-----------------------------------|-----------|----------------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Lease liability | 1,691,108 | 2,124,039 | - | - |

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

| | Local Government NSW Consolidated | | Local Government NSW | |
|----------------------------------------------------------|-----------------------------------|---------|----------------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Long service leave - Employees other than office holders | 218,344 | 207,637 | 130,177 | 114,816 |

Note 31. Equity - Settled sum

| | Local Government NSW Consolidated | | | |
|-------------|-----------------------------------|-------|------|------|
| | 2023 | 2022 | 2023 | 2022 |
| | Units | Units | \$ | \$ |
| Settled sum | 20 | 20 | 20 | 20 |

Note 32. Equity - general funds

| | Local Government NSW Consolidated | | Local Government NSW | |
|-----------------------------|-----------------------------------|-----------|----------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Revaluation surplus reserve | 9,142,842 | 9,142,842 | 9,142,842 | 9,142,842 |

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

| | Local Government NSW Consolidated | | Local Government NSW | |
|----------------------------------------------------------|-----------------------------------|------------|----------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Retained earnings at the beginning of the financial year | 30,835,821 | 31,032,062 | 30,835,183 | 31,031,424 |
| Profit/(Loss) after income tax expense for the year | 3,506,421 | (196,241) | 3,506,421 | (196,241) |
| Retained earnings at the end of the financial year | 34,342,242 | 30,835,821 | 34,341,604 | 30,835,183 |

Note 34. Financial instruments

Financial risk management policies

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

Note 34. Financial instruments (continued)

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 Local Government NSW 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 Local Government NSW to interest rate risk are term deposits, fixed interest investments and cash and cash equivalents.

| Local Government NSW Consolidated | 2023 | | 2022 | |
|----------------------------------------------|----------------------------------|------------|----------------------------------|------------|
| | Weighted average interest rate % | Balance \$ | Weighted average interest rate % | Balance \$ |
| Cash and cash equivalents | 1.00% | 16,874,843 | 1.00% | 19,332,946 |
| Investments (subject to interest rate risk) | 6.66% | 13,784,287 | 4.01% | 10,533,669 |
| Net exposure to cash flow interest rate risk | | 30,659,130 | | 29,866,615 |

An official increase/decrease in interest rates of one hundred basis points would have a deemed favourable/(adverse) effect on profit before tax of \$306,591/(\$306,591) (2022: \$298,666/(\$298,666)) 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.

Note 34. Financial instruments (continued)

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 Local Government NSW.

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 Local Government NSW, 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 13.

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.

Liquidity risk

Liquidity risk arises from the possibility that Local Government NSW 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.

Local Government NSW 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.

Note 34. Financial instruments (continued)

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 |
|-------------------------------------------------|--------------------------------|-------------------|-----------------------|-----------------------|----------------|----------------------------------|
| Local Government NSW Consolidated - 2023 | % | \$ | \$ | \$ | \$ | \$ |
| Financial liabilities | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade payables | - | 3,799,919 | - | - | - | 3,799,919 |
| Unspent government grants / scholarship funds | - | 5,323,923 | - | - | 506,511 | 5,830,434 |
| Deferred income | - | 7,830,825 | - | - | - | 7,830,825 |
| Lease liabilities | - | 432,931 | 479,367 | 1,211,741 | - | 2,124,039 |
| Total non-derivatives | | 17,387,598 | 479,367 | 1,211,741 | 506,511 | 19,585,217 |
| | Weighted average interest rate | 1 year or less | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Remaining contractual maturities |
| Local Government NSW Consolidated - 2022 | % | \$ | \$ | \$ | \$ | \$ |
| Financial liabilities | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade payables | - | 3,262,366 | - | - | - | 3,262,366 |
| Unspent government grants / scholarship funds | - | 8,410,004 | - | - | 515,791 | 8,925,795 |
| Deferred income | - | 7,702,046 | - | - | - | 7,702,046 |
| Lease liabilities | - | 390,048 | 432,931 | 1,590,507 | 100,601 | 2,514,087 |
| Total non-derivatives | | 19,764,464 | 432,931 | 1,590,507 | 616,392 | 22,404,294 |
| | Weighted average interest rate | 1 year or less | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Remaining contractual maturities |
| Local Government NSW - 2023 | % | \$ | \$ | \$ | \$ | \$ |
| Financial liabilities | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade payables | - | 1,633,312 | - | - | - | 1,633,312 |
| Unspent government grants / scholarship funds | - | 5,204,832 | - | - | 506,511 | 5,711,343 |
| Other deferred income | - | 7,563,025 | - | - | - | 7,563,025 |
| Total non-derivatives | | 14,401,169 | - | - | 506,511 | 14,907,680 |

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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 |
|-----------------------------------------------|--------------------------------|----------------|-----------------------|-----------------------|--------------|----------------------------------|
| | % | \$ | \$ | \$ | \$ | \$ |
| Local Government NSW - 2022 | | | | | | |
| Financial liabilities | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade payables | - | 1,579,788 | - | - | - | 1,579,788 |
| Unspent government grants / scholarship funds | - | 8,310,004 | - | - | 515,791 | 8,825,795 |
| Other deferred income | - | 7,348,696 | - | - | - | 7,348,696 |
| Total non-derivatives | | 17,238,488 | - | - | 515,791 | 17,754,279 |

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.

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:

| | 2023 | | 2022 | |
|---------------------------------------------------------------------------|-----------------|--------------|-----------------|--------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | \$ | \$ | \$ | \$ |
| Local Government NSW Consolidated | | | | |
| Assets | | | | |
| Cash and cash equivalents | 16,874,843 | 16,874,843 | 19,332,946 | 19,332,946 |
| Trade and other receivables | 6,775,577 | 6,775,577 | 6,995,457 | 6,995,457 |
| Financial assets held at amortised cost (current) | 3,476,827 | 3,476,827 | 312,159 | 312,159 |
| Financial assets held at amortised costs (non-current) | 10,307,460 | 10,307,460 | 10,221,510 | 10,221,510 |
| Financial assets held at fair value through profit or loss (current) | 6,421,310 | 6,421,310 | 5,460,059 | 5,460,059 |
| 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 | 90,000 | 90,000 |
| | 46,946,017 | 46,946,017 | 45,412,131 | 45,412,131 |
| Liabilities | | | | |
| Trade and other payables | (3,799,919) | (3,799,919) | (3,262,366) | (3,262,366) |
| Unspent government grants / scholarship funds | (5,830,434) | (5,830,434) | (8,925,795) | (8,925,795) |
| Other deferred income | (7,830,825) | (7,830,825) | (7,702,046) | (7,702,046) |
| Lease liabilities | (2,124,039) | (2,124,039) | (2,514,087) | (2,514,087) |
| | (19,585,217) | (19,585,217) | (22,404,294) | (22,404,294) |

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Note 34. Financial instruments (continued)

| | 2023 | | 2022 | |
|----------------------------------------------------------------------|-----------------|--------------|-----------------|--------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | \$ | \$ | \$ | \$ |
| Local Government NSW | | | | |
| Assets | | | | |
| Cash and cash equivalents | 12,751,408 | 12,751,408 | 16,054,092 | 16,054,092 |
| Trade and other receivables (*) | 4,263,279 | 4,263,279 | 5,043,029 | 5,043,029 |
| Financial assets held at amortised cost (current) | 3,476,827 | 3,476,827 | 312,159 | 312,159 |
| Financial assets held at amortised costs (non-current) | 10,307,460 | 10,307,460 | 10,221,510 | 10,221,510 |
| Financial assets held at fair value through profit or loss (current) | 6,421,310 | 6,421,310 | 5,460,059 | 5,460,059 |
| Shares in StateCover Mutual Limited (**) | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Investment in associates (**) | 36 | 36 | 36 | 36 |
| | 40,220,320 | 40,220,320 | 40,090,885 | 40,090,885 |
| Liabilities | | | | |
| Trade and other payables | (1,633,312) | (1,633,312) | (1,579,788) | (1,579,788) |
| Unspent government grants / scholarship funds | (5,711,343) | (5,711,343) | (8,825,795) | (8,825,795) |
| Other deferred income | (7,563,025) | (7,563,025) | (7,348,696) | (7,348,696) |
| | (14,907,680) | (14,907,680) | (17,754,279) | (17,754,279) |

* 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.

Fair value hierarchy

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------------------------------------------|-----------|------------|---------|------------|
| | \$ | \$ | \$ | \$ |
| Local Government NSW Consolidated - 2023 | | | | |
| Financial assets held at amortised cost (current) | - | 3,476,827 | - | 3,476,827 |
| Financial assets held at amortised costs (non-current) | - | 10,307,460 | - | 10,307,460 |
| Financial assets held at fair value through profit or loss (current) | 6,421,310 | - | - | 6,421,310 |
| Shares in StateCover Mutual Limited | - | 3,000,000 | - | 3,000,000 |
| Shares in Australian Academy of Transformative Education Pty Limited | - | 90,000 | - | 90,000 |
| | 6,421,310 | 16,874,287 | - | 23,295,597 |
| Local Government NSW Consolidated - 2022 | | | | |
| Financial assets held at amortised cost (current) | - | 312,159 | - | 312,159 |
| Financial assets held at amortised costs (non-current) | - | 10,221,510 | - | 10,221,510 |
| Financial assets held at fair value through profit or loss (current) | 5,460,059 | - | - | 5,460,059 |
| Shares in StateCover Mutual Limited | - | 3,000,000 | - | 3,000,000 |
| Shares in Australian Academy of Transformative Education Pty Limited | - | 90,000 | - | 90,000 |
| | 5,460,059 | 13,623,669 | - | 19,083,728 |

Note 34. Financial instruments (continued)

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|----------------------------------------------------------------------|------------------|-------------------|---------------|-------------------|
| Local Government NSW - 2023 | | | | |
| Financial assets held at amortised cost (current) | - | 3,476,827 | - | 3,476,827 |
| Financial assets held at amortised costs (non-current) | - | 10,307,460 | - | 10,307,460 |
| Financial assets held at fair value through profit or loss (current) | 6,421,310 | - | - | 6,421,310 |
| Shares in StateCover Mutual Limited | - | 3,000,000 | - | 3,000,000 |
| Investment in associates | - | - | 36 | 36 |
| | <u>6,421,310</u> | <u>16,784,287</u> | <u>36</u> | <u>23,205,633</u> |
| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
| Local Government NSW - 2022 | | | | |
| Financial assets held at amortised cost (current) | - | 312,159 | - | 312,159 |
| Financial assets held at amortised costs (non-current) | - | 10,221,510 | - | 10,221,510 |
| Financial assets held at fair value through profit or loss (current) | 5,460,059 | - | - | 5,460,059 |
| Shares in StateCover Mutual Limited | - | 3,000,000 | - | 3,000,000 |
| Investment in associates | - | - | 36 | 36 |
| | <u>5,460,059</u> | <u>13,533,669</u> | <u>36</u> | <u>18,993,764</u> |

Note 35. Related party disclosures

| | Local Government NSW Consolidated | | Local Government NSW | |
|----------------------------------------------------------------------------|--------------------------------------|------------|----------------------|----------------|
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Revenue received from LGP (LGA NSW) Trust includes the following: | | | | |
| Trust distributions | - | - | 1,089,304 | 715,463 |
| | <u>-</u> | <u>-</u> | <u>1,089,304</u> | <u>715,463</u> |
| | Local Government NSW Consolidated | | Local Government NSW | |
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Revenue received from LGP (SA NSW) Trust includes the following: | | | | |
| Trust distributions | - | - | 1,089,304 | 715,463 |
| | <u>-</u> | <u>-</u> | <u>1,089,304</u> | <u>715,463</u> |
| | Local Government NSW Consolidated | | Local Government NSW | |
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Amounts receivable from LGP (LGA NSW) Trust includes the following: | | | | |
| Trust distribution receivable | - | - | 907,753 | 596,219 |
| | <u>-</u> | <u>-</u> | <u>907,753</u> | <u>596,219</u> |

Note 35. Related party disclosures (continued)

| | Local Government NSW Consolidated | | Local Government NSW | |
|-------------------------------------------------------------------------------------------------|--------------------------------------|------------|----------------------|------------------|
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Amounts receivable from LGP (SA NSW) Trust includes the following: | | | | |
| Trust distribution receivable | - | - | 907,753 | 596,219 |
| | <u>-</u> | <u>-</u> | <u>907,753</u> | <u>596,219</u> |
| | Local Government NSW Consolidated | | Local Government NSW | |
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Amounts receivable from Local Government Procurement Partnership includes the following: | | | | |
| Loan to Local Government Procurement Partnership (non-current) | - | - | 1,695,533 | 1,492,468 |
| | <u>-</u> | <u>-</u> | <u>1,695,533</u> | <u>1,492,468</u> |

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 ended 30 June 2023, the Association has not recorded any impairment of receivables relating to amounts owed by related parties (2022: \$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 Darriea Turley AM.

| | Local Government NSW Consolidated | | Local Government NSW | |
|---------------------------------------|--------------------------------------|----------------|----------------------|----------------|
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Short-term employee benefits | | | | |
| Salary (including annual leave taken) | 178,303 | 174,153 | 178,303 | 174,153 |
| | <u>178,303</u> | <u>174,153</u> | <u>178,303</u> | <u>174,153</u> |
| | Local Government NSW Consolidated | | Local Government NSW | |
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Post-employment benefits | | | | |
| Superannuation | 18,722 | 17,415 | 18,722 | 17,415 |
| | <u>18,722</u> | <u>17,415</u> | <u>18,722</u> | <u>17,415</u> |

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 2023 and 30 June 2022.

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Note 37. Remuneration of auditors

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

| | Local Government NSW Consolidated | | Local Government NSW | |
|-----------------------------------|-----------------------------------|--------|----------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| <i>Audit services</i> | | | | |
| Audit of the financial statements | 39,500 | 38,500 | 19,750 | 19,250 |

Note 38. Contingent assets

The Association was not aware of any contingent assets as at 30 June 2023.

Note 39. Contingent liabilities

The Association has provided bank guarantees for the purpose of rental contracts amounting to \$343,176 (2022: \$419,922) by the Commonwealth Bank.

The Association was not aware of any other contingent liabilities as at 30 June 2023.

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

| | Local Government NSW Consolidated | | Local Government NSW | |
|--------------------------------------------------------------|-----------------------------------|-------------|----------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Profit/(Loss) after income tax expense for the year | 3,506,421 | (196,241) | 3,506,421 | (196,241) |
| Adjustments for: | | | | |
| Depreciation and amortisation | 1,065,812 | 1,068,187 | 469,804 | 610,068 |
| Net (gain)/loss on disposal of property, plant and equipment | - | (21,541) | - | (15,866) |
| Capital (gain)/loss on floating rate note investments | (630,438) | 1,128,431 | (630,438) | 1,128,431 |
| Trust distributions | - | - | (2,178,608) | (1,430,926) |
| Interest expense on operating leases | 116,913 | 137,280 | - | 1,892 |
| Change in operating assets and liabilities: | | | | |
| (Increase)/decrease in trade and other receivables | 219,880 | (1,579,383) | 779,567 | (1,458,092) |
| (Increase)/decrease in prepayments | 28,703 | 105,491 | 27,382 | 221,292 |
| Increase/(decrease) in trade payables and accruals | 537,773 | (814,700) | 53,524 | (834,078) |
| Increase/(decrease) in deferred income | 128,779 | 684,395 | 214,329 | 687,745 |
| Increase/(decrease) in provisions | (32,578) | 263,652 | 6,266 | 283,969 |
| Net cash from/(used in) operating activities | 4,941,265 | 775,571 | 2,248,247 | (1,001,806) |

**Local Government NSW
Notes to the financial statements
30 June 2023**

Note 42. Cash flow information

| | Local Government NSW Consolidated | | Local Government NSW | |
|------------------------------------------|-----------------------------------|------|----------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Cash inflows | | | | |
| Local Government Procurement Partnership | - | - | 1,352,657 | 1,318,818 |

Note 43. Local Government Superannuation Scheme – Defined benefits commitments

The Defined Benefit Schemes were established under the Local Government Super (LGS) Trust Deed on behalf of employers to fund the super entitlements of current and past employees. The funding of these entitlements by employers remains an ongoing legal obligation under this Trust Deed.

The Trustee of Local Government Super (Active Super) Defined Benefit Schemes is required to maintain the schemes in a sound financial position in order to satisfy the legal obligations under the Australian Prudential Regulatory Authority (APRA) Prudential Standard SPS160.

The Active Super Board, on behalf of employers, determines the contribution rate/s required to fund the liabilities of these Defined Benefit Schemes. The Board has a regulatory and fiduciary duty to act in the best interests of its members and this means ensuring there is sufficient funding to provide for the ongoing entitlements of past and present employees.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The actuary's expected employer contributions to the Fund to address the current deficit, over the next annual reporting period, amounts to approximately \$46,988 per annum.

The amount of employer contributions and past payments made to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2023 was \$53,281.

The consolidated entity no longer has any current employees that are members of the defined benefits scheme.

Significant actuarial assumptions

The significant actuarial assumptions used (expressed as weighted averages) were as follows:

| | 2023 |
|-------------------------|-------|
| | % |
| Increase in CPI* | 6.00% |
| Return on plan assets | 6.00% |
| Future salary increases | 3.50% |

* Increase in CPI is 6.00% for FY23, and 2.50% thereafter.

Note 44. Events after the reporting period

No matters or circumstances have arisen since 30 June 2023 that have significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

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 2023, 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 2023 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.

Some of the Crowe personnel involved in preparing this document may be members of a professional scheme approved under Professional Standards Legislation such that their occupational liability is limited under that Legislation. To the extent that applies, the following disclaimer applies to them. If you have any questions about the applicability of Professional Standards Legislation Crowe's personnel involved in preparing this document, please speak to your Crowe adviser.

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

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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.

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 2023 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.

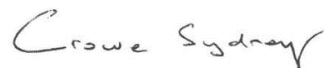
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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

21 September 2023
Sydney

**Local Government Procurement Partnership
Partners' declaration
30 June 2023**

In the partners' opinion:

- the partnership is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, the attached special purpose financial statements have been prepared in accordance with the accounting policies outlined in note 2 to the financial statements;
- 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 2023 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:



Darriea Turley AM

Partner

21 September 2023

Local Government Procurement Partnership
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|------------------------------------------------------------------------------------------------------------------------------|------|-------------------------|-------------------------|
| Revenue | 4 | 11,969,530 | 9,948,589 |
| Expenses | | | |
| Employee benefits expense | | (5,773,342) | (5,374,585) |
| Rebates to councils | | (1,452,258) | (953,950) |
| Finance costs | | (116,913) | (135,388) |
| Administration expenses | | (1,227,369) | (1,159,757) |
| Consultancy costs | | (445,757) | (441,479) |
| Conference expense | | (190,398) | (60) |
| Gain/(loss) on sale of assets | | 11,123 | 5,675 |
| Depreciation, amortisation and impairment | 5 | (596,008) | (458,119) |
| Profit before income tax expense | | 2,178,608 | 1,430,926 |
| Income tax expense | | - | - |
| Profit after income tax expense for the year attributable to the partners of Local Government Procurement Partnership | | 2,178,608 | 1,430,926 |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year attributable to the partners of Local Government Procurement Partnership | | <u>2,178,608</u> | <u>1,430,926</u> |
| Distribution to partners: | | | |
| LGP (LGA NSW) Trust - 50% Partner | | 1,089,304 | 715,463 |
| LGP (SA NSW) Trust - 50% Partner | | 1,089,304 | 715,463 |
| | | <u>2,178,608</u> | <u>1,430,926</u> |
| Retained partners' funds at the end of the financial year of Local Government Procurement Partnership | | - | - |

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 2023

| | Note | 2023 \$ | 2022 \$ |
|--------------------------------|------|-------------------------|-------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 4,121,817 | 3,277,236 |
| Trade and other receivables | 7 | 2,513,039 | 1,853,071 |
| Prepayments | 8 | 273,696 | 275,017 |
| Total current assets | | <u>6,908,552</u> | <u>5,405,324</u> |
| Non-current assets | | | |
| Financial assets | 9 | 90,000 | 90,000 |
| Property, plant and equipment | 10 | 35,169 | 83,429 |
| Right-of-use assets | 11 | 1,873,576 | 2,398,169 |
| Intangibles | 12 | 3,595 | 18,840 |
| Total non-current assets | | <u>2,002,340</u> | <u>2,590,438</u> |
| Total assets | | <u>8,910,892</u> | <u>7,995,762</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 13 | 3,981,931 | 2,774,515 |
| Lease liabilities | 14 | 432,931 | 390,048 |
| Provisions | 15 | 634,331 | 668,521 |
| Other liabilities | 16 | 386,891 | 453,350 |
| Total current liabilities | | <u>5,436,084</u> | <u>4,286,434</u> |
| Non-current liabilities | | | |
| Owner's contribution | 17 | 1,695,533 | 1,492,468 |
| Lease liabilities | 18 | 1,691,108 | 2,124,039 |
| Provisions | 19 | 88,167 | 92,821 |
| Total non-current liabilities | | <u>3,474,808</u> | <u>3,709,328</u> |
| Total liabilities | | <u>8,910,892</u> | <u>7,995,762</u> |
| Net assets | | <u>-</u> | <u>-</u> |
| Partners' funds | | - | - |
| Total partners' funds | | <u>-</u> | <u>-</u> |

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 2023**

| | Partners' funds \$ | Total partners' funds \$ |
|-----------------------------------------------------|-----------------------------------|---------------------------------------------|
| Balance at 1 July 2021 | - | - |
| Profit after income tax expense for the year | 1,430,926 | 1,430,926 |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year | 1,430,926 | 1,430,926 |
| Profit distribution to LGP (LGA NSW) Trust | (715,463) | (715,463) |
| Profit distribution to LGP (SA NSW) Trust | (715,463) | (715,463) |
| Balance at 30 June 2022 | - | - |
| | Partners' funds \$ | Total partners' funds \$ |
| Balance at 1 July 2022 | - | - |
| Profit after income tax expense for the year | 2,178,608 | 2,178,608 |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year | 2,178,608 | 2,178,608 |
| Profit distribution to LGP (LGA NSW) Trust | (1,089,304) | (1,089,304) |
| Profit distribution to LGP (SA NSW) Trust | (1,089,304) | (1,089,304) |
| Balance at 30 June 2023 | - | - |

**Local Government Procurement Partnership
Statement of cash flows
For the year ended 30 June 2023**

| | Note | 2023 \$ | 2022 \$ |
|-------------------------------------------------------------------|-------------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 11,228,034 | 9,737,820 |
| Payments to suppliers and employees | | (8,530,994) | (8,046,572) |
| | | 2,697,040 | 1,691,248 |
| Interest received | | 15,069 | 1,384 |
| Net cash from operating activities | 20 | 2,712,109 | 1,692,632 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | 10 | (19,279) | (30,430) |
| Proceeds from sale of property, plant and equipment | | 11,123 | 6,158 |
| Proceeds from disposal of intangibles | | 246 | - |
| Net cash used in investing activities | | (7,910) | (24,272) |
| Cash flows from financing activities | | | |
| Distributions to partners | | (1,352,657) | (1,318,818) |
| Repayment of lease liabilities | | (506,961) | (487,860) |
| Net cash used in financing activities | | (1,859,618) | (1,806,678) |
| Net increase/(decrease) in cash and cash equivalents | | 844,581 | (138,318) |
| Cash and cash equivalents at the beginning of the financial year | | 3,277,236 | 3,415,554 |
| Cash and cash equivalents at the end of the financial year | 6 | 4,121,817 | 3,277,236 |

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

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 2023**

Note 1. General information

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

The financial statements were authorised for issue on 21 September 2023.

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.

New or amended Accounting Standards and Interpretations adopted

The partnership has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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.

**Local Government Procurement Partnership
Notes to the financial statements
30 June 2023**

Note 2. Significant accounting policies (continued)

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.

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 either expected to be realised or intended to be sold or consumed in the partnership's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the partnership's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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.

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 partnership 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. Allowances are made at 10% of 90 days due or the actual amount when collectability of the debt is no longer probable.

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% | (10 years) |
| Motor Vehicles | 18.75% | (5.3 years) |
| Office Equipment | 20% | (5 years) |
| Computer Equipment | 33.33% | (3 years) |

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

Note 2. Significant accounting policies (continued)

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.

Impairment of non-financial assets

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 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.

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

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

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.

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.

Local Government Procurement Partnership
Notes to the financial statements
30 June 2023

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

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

| | 2023 \$ | 2022 \$ |
|--------------------------|--------------------|--------------------|
| Procurement | 11,046,358 | 8,815,301 |
| Council services | 571,436 | 786,351 |
| Conferences and seminars | 314,250 | - |
| Interest revenue | 15,069 | 1,384 |
| Other revenue | 22,417 | 345,553 |
| | <u>11,969,530</u> | <u>9,948,589</u> |
| | 2023 \$ | 2022 \$ |
| Interest revenue | | |
| Interest received from: | | |
| Financial institutions | <u>15,069</u> | <u>1,384</u> |

Local Government Procurement Partnership
Notes to the financial statements
30 June 2023

Note 5. Profit from ordinary activities

Profit from ordinary activities includes the following specific expenses:

| | 2023 \$ | 2022 \$ |
|-----------------------------------------------|--------------------|--------------------|
| Expenses | | |
| Depreciation of property, plant and equipment | (56,170) | (68,400) |
| Depreciation of right of use assets | (524,593) | (374,720) |
| Amortisation of intangible assets | (14,999) | (14,999) |
| | <u>(595,762)</u> | <u>(458,119)</u> |
| | 2023 \$ | 2022 \$ |
| Remuneration of auditor | | |
| Auditing or reviewing the financial report | <u>(22,800)</u> | <u>(19,250)</u> |

Note 6. Current assets - cash and cash equivalents

| | 2023 \$ | 2022 \$ |
|-----------------|------------------|------------------|
| Cash at bank | 3,687,388 | 2,847,220 |
| Cash on deposit | 434,429 | 430,016 |
| | <u>4,121,817</u> | <u>3,277,236</u> |

Note 7. Current assets - trade and other receivables

| | 2023 \$ | 2022 \$ |
|--------------------------------------------|------------------|------------------|
| Trade receivables | 2,446,029 | 1,895,696 |
| Less: Allowance for expected credit losses | (23,637) | (102,435) |
| GST receivable | 90,647 | 59,810 |
| | <u>2,513,039</u> | <u>1,853,071</u> |

Note 8. Current assets - prepayments

| | 2023 \$ | 2022 \$ |
|-------------|----------------|----------------|
| Prepayments | <u>273,696</u> | <u>275,017</u> |

Note 9. Non-current assets - financial assets

| | 2023 \$ | 2022 \$ |
|--------------------------------------------|---------------|---------------|
| Shares in Registered Training Organisation | <u>90,000</u> | <u>90,000</u> |

The partnership holds 100% of the share capital of Australian Academy of Transformative Education Pty Ltd.

Local Government Procurement Partnership
Notes to the financial statements
30 June 2023

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

| | 2023 \$ | 2022 \$ |
|---------------------------------|------------------|------------------|
| Fixtures and fittings - at cost | 9,344 | 12,030 |
| Less: Accumulated depreciation | <u>(5,708)</u> | <u>(7,460)</u> |
| | 3,636 | 4,570 |
| Office equipment - at cost | 187,850 | 451,123 |
| Less: Accumulated depreciation | <u>(156,317)</u> | <u>(372,264)</u> |
| | 31,533 | 78,859 |
| | <u>35,169</u> | <u>83,429</u> |

Reconciliations

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

| | Furniture, Fixtures and Fittings \$ | Office Equipment \$ | Total \$ |
|-------------------------|----------------------------------------------|---------------------------|-----------------|
| Balance at 1 July 2021 | 5,504 | 116,379 | 121,883 |
| Additions | - | 30,430 | 30,430 |
| Disposals | - | (484) | (484) |
| Depreciation expense | <u>(934)</u> | <u>(67,466)</u> | <u>(68,400)</u> |
| Balance at 30 June 2022 | 4,570 | 78,859 | 83,429 |
| Additions | - | 19,279 | 19,279 |
| Disposals | - | (11,123) | (11,123) |
| Depreciation expense | <u>(934)</u> | <u>(55,482)</u> | <u>(56,416)</u> |
| Balance at 30 June 2023 | <u>3,636</u> | <u>31,533</u> | <u>35,169</u> |

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

| | 2023 \$ | 2022 \$ |
|-----------------------------------|--------------------|------------------|
| Land and buildings - right-of-use | 3,147,609 | 3,147,609 |
| Less: Accumulated depreciation | <u>(1,274,033)</u> | <u>(749,440)</u> |
| | <u>1,873,576</u> | <u>2,398,169</u> |

Local Government Procurement Partnership
Notes to the financial statements
30 June 2023

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 2021 | 2,772,889 |
| Depreciation expense | <u>(374,720)</u> |
| Balance at 30 June 2022 | 2,398,169 |
| Depreciation expense | <u>(524,593)</u> |
| Balance at 30 June 2023 | <u>1,873,576</u> |

Note 12. Non-current assets - intangibles

| | 2023 \$ | 2022 \$ |
|--------------------------------|------------------|------------------|
| Website - at cost | 123,358 | 254,164 |
| Less: Accumulated amortisation | <u>(119,763)</u> | <u>(235,324)</u> |
| | <u>3,595</u> | <u>18,840</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 2021 | 33,839 |
| Amortisation expense | <u>(14,999)</u> |
| Balance at 30 June 2022 | 18,840 |
| Disposals | (246) |
| Amortisation expense | <u>(14,999)</u> |
| Balance at 30 June 2023 | <u>3,595</u> |

Note 13. Current liabilities - trade and other payables

| | 2023 \$ | 2022 \$ |
|--------------------------------------|------------------|------------------|
| Trade payables | 81,462 | 66,343 |
| Accrued rebates | 1,452,258 | 953,950 |
| Sundry payables and accrued expenses | 294,070 | 308,078 |
| GST payable | 338,817 | 253,706 |
| Net payable to LGP (LGA NSW) Trust* | 907,662 | 596,219 |
| Net payable to LGP (SA NSW) Trust* | <u>907,662</u> | <u>596,219</u> |
| | <u>3,981,931</u> | <u>2,774,515</u> |

Local Government Procurement Partnership
Notes to the financial statements
30 June 2023

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

| | 2023 \$ | 2022 \$ |
|--------------------------------------------------------|------------------|------------------|
| *Distributions payable to Local Government NSW | | |
| Payable to LGP (LGA NSW) Trust | 1,089,304 | 715,463 |
| Payable to LGP (SA NSW) Trust | 1,089,304 | 715,463 |
| Advance provision for partnership working capital loan | <u>(363,087)</u> | <u>(238,488)</u> |
| Aggregate net payable to the trusts | <u>1,815,521</u> | <u>1,192,438</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. Refer to note 17 for further information.

Note 14. Current liabilities - lease liabilities

| | 2023 \$ | 2022 \$ |
|-----------------|----------------|----------------|
| Lease liability | <u>432,931</u> | <u>390,048</u> |

Note 15. Current liabilities - provisions

| | 2023 \$ | 2022 \$ |
|--------------------|----------------|----------------|
| Annual leave | 241,646 | 299,600 |
| Long service leave | <u>392,685</u> | <u>368,921</u> |
| | <u>634,331</u> | <u>668,521</u> |

Note 16. Current liabilities - other liabilities

| | 2023 \$ | 2022 \$ |
|-----------------|----------------|----------------|
| Deferred income | <u>386,891</u> | <u>453,350</u> |

Note 17. Non-current liabilities - owner's contribution

| | 2023 \$ | 2022 \$ |
|---------------------------------|------------------|------------------|
| Payable to Local Government NSW | <u>1,695,533</u> | <u>1,492,468</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.

Local Government Procurement Partnership
Notes to the financial statements
30 June 2023

Note 18. Non-current liabilities - lease liabilities

| | 2023 \$ | 2022 \$ |
|-----------------|------------------|------------------|
| Lease liability | <u>1,691,108</u> | <u>2,124,039</u> |

Note 19. Non-current liabilities - provisions

| | 2023 \$ | 2022 \$ |
|--------------------|---------------|---------------|
| Long service leave | <u>88,167</u> | <u>92,821</u> |

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

| | 2023 \$ | 2022 \$ |
|----------------------------------------------------------|------------------|------------------|
| Profit after income tax expense for the year | 2,178,608 | 1,430,926 |
| Adjustments for: | | |
| Depreciation and amortisation | 596,008 | 458,119 |
| (Gain)/loss on disposal of property, plant and equipment | - | (5,675) |
| Interest expense on leases | 116,913 | 135,388 |
| Change in operating assets and liabilities: | | |
| Increase in trade and other receivables | (659,968) | (121,290) |
| Increase in other assets | 1,321 | (115,801) |
| (Decrease)/increase in trade and other payables | 584,530 | 19,377 |
| (Decrease)/increase in deferred revenue | (66,459) | (88,095) |
| (Decrease)/increase in provisions | <u>(38,844)</u> | <u>(20,317)</u> |
| Net cash from operating activities | <u>2,712,109</u> | <u>1,692,632</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

Australian Academy of Transformative Education Pty Ltd
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 \$907,662 (2022: \$596,219) to LGP (LGA NSW) Trust and \$907,662 (2022: \$596,219) 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 \$1,695,533 (2022: \$1,492,468) representing working capital funding extended to facilitate the partnership's growth objectives.

Please refer to note 13 and note 17 for further details.

Note 23. Contingent assets

The partnership was not aware of any contingent assets as at 30 June 2023 (30 June 2022: nil).

Note 24. Contingent liabilities

The partnership has provided bank guarantees for the purpose of rental contracts amounting to \$343,176 (2022: \$342,537) by the Commonwealth Bank.

The partnership was not aware of any other contingent liabilities as at 30 June 2023 (30 June 2022: nil).

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 2023, 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

21 September 2023
Sydney

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Local Government Procurement Pty Ltd
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

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 (resigned 26 March 2023)
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 2022: \$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 2023 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

15.9. 2023

Local Government Procurement Pty Ltd
Directors' declaration
30 June 2023

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 2023 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

15.9. 2023

Local Government Procurement Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

| | 2023 \$ | 2022 \$ |
|------------------------------------------------------------------------------------------------------------------------|------------|------------|
| Profit before income tax expense | - | - |
| Income tax expense | - | - |
| Profit after income tax expense for the year attributable to the owners of Local Government Procurement Pty Ltd | - | - |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year attributable to the owners of Local Government Procurement Pty Ltd | <u>-</u> | <u>-</u> |

Local Government Procurement Pty Ltd
Statement of financial position
As at 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|---------------------------|------|------------|------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 2 | 12 | 12 |
| Total current assets | | <u>12</u> | <u>12</u> |
| Total assets | | <u>12</u> | <u>12</u> |
| Liabilities | | | |
| Total liabilities | | <u>-</u> | <u>-</u> |
| Net assets | | <u>12</u> | <u>12</u> |
| Equity | | | |
| Issued capital | 3 | 12 | 12 |
| Total equity | | <u>12</u> | <u>12</u> |

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

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 2023**

| | Ordinary Shares \$ | Total equity \$ |
|-----------------------------------------------------|--------------------------|--------------------|
| Balance at 1 July 2021 | 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 2022 | <u>12</u> | <u>12</u> |
| | Ordinary Shares \$ | Total equity \$ |
| Balance at 1 July 2022 | 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 2023 | <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 2023**

| | Note | 2023 \$ | 2022 \$ |
|------------------------------------------------------------------|------|------------|------------|
| 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

| | 2023 \$ | 2022 \$ |
|--------------|------------|------------|
| Cash on hand | <u>12</u> | <u>12</u> |

Note 3. Equity - issued capital

| | 2023 Shares | 2022 Shares | 2023 \$ | 2022 \$ |
|------------------------------|----------------|----------------|------------|------------|
| 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. 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 2023.

Note 6. Contingent liabilities

The company was not aware of any contingent liabilities as at 30 June 2023.

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 2023, 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 2023 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.

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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.

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

21 September 2023
Sydney

**LGP (LGA NSW) Trust
Trustees' declaration
30 June 2023**

The directors of the trustee company declare that the trust is not a reporting entity and that this special purpose financial report has been 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 5 to 10, present fairly the trust's financial position as at 30 June 2023 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.



Darriea Turley AM

Director

21 September 2023

**LGP (LGA NSW) Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023**

| | 2023 | 2022 |
|--------------------------------------------------------------------------------------------------------------|------------------|----------------|
| | \$ | \$ |
| Income | | |
| Distribution income received from Local Government Procurement Partnership | 1,089,304 | 715,463 |
| Profit before income tax expense | 1,089,304 | 715,463 |
| Income tax expense | - | - |
| Profit after income tax expense for the year attributable to the beneficiaries of LGP (LGA NSW) Trust | 1,089,304 | 715,463 |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year attributable to the beneficiaries of LGP (LGA NSW) Trust | <u>1,089,304</u> | <u>715,463</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 2023

| | Note | 2023 \$ | 2022 \$ |
|----------------------------|------|------------------|----------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 2 | 791 | 791 |
| Related party receivables | 3 | 1,089,304 | 715,463 |
| Total current assets | | <u>1,090,095</u> | <u>716,254</u> |
| Total assets | | <u>1,090,095</u> | <u>716,254</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Related party payables | 4 | 1,089,304 | 715,463 |
| Total current liabilities | | <u>1,089,304</u> | <u>715,463</u> |
| Total liabilities | | <u>1,089,304</u> | <u>715,463</u> |
| Net assets | | <u>791</u> | <u>791</u> |
| Equity | | | |
| Issued capital | | 10 | 10 |
| Retained profits | | <u>781</u> | <u>781</u> |
| Total equity | | <u>791</u> | <u>791</u> |

LGP (LGA NSW) Trust
Statement of changes in equity
For the year ended 30 June 2023

| | Settled Sum \$ | Retained Earnings \$ | Total equity \$ |
|----------------------------------------------------------------------------|---------------------------|-------------------------------------|----------------------------|
| Balance at 1 July 2021 | 10 | 781 | 791 |
| Profit after income tax expense for the year | - | 715,463 | 715,463 |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | 715,463 | 715,463 |
| <i>Transactions with beneficiaries in their capacity as beneficiaries:</i> | | | |
| Distribution payable to Local Government New South Wales | - | (715,463) | (715,463) |
| Balance at 30 June 2022 | <u>10</u> | <u>781</u> | <u>791</u> |
| | Settled Sum \$ | Retained Earnings \$ | Total equity \$ |
| Balance at 1 July 2022 | 10 | 781 | 791 |
| Profit after income tax expense for the year | - | 1,089,304 | 1,089,304 |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | 1,089,304 | 1,089,304 |
| <i>Transactions with beneficiaries in their capacity as beneficiaries:</i> | | | |
| Distribution payable to Local Government New South Wales | - | (1,089,304) | (1,089,304) |
| Balance at 30 June 2023 | <u>10</u> | <u>781</u> | <u>791</u> |

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

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

LGP (LGA NSW) Trust
Statement of cash flows
For the year ended 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|------------------------------------------------------------------|------|------------|------------|
| 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 | | 791 | 791 |
| Cash and cash equivalents at the end of the financial year | 2 | <u>791</u> | <u>791</u> |

LGP (LGA NSW) Trust
Notes to the financial statements
30 June 2023

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. Current assets - cash and cash equivalents

| | 2023 \$ | 2022 \$ |
|--------------|------------|------------|
| Cash on hand | 10 | 10 |
| Cash at bank | 781 | 781 |
| | <u>791</u> | <u>791</u> |

Note 3. Current assets - related party receivables

| | 2023 \$ | 2022 \$ |
|-----------------------------------------------------------|------------------|----------------|
| Receivables from Local Government Procurement Partnership | 1,089,304 | 715,463 |
| | <u>1,089,304</u> | <u>715,463</u> |

Note 4. Current liabilities - related party payables

| | 2023 \$ | 2022 \$ |
|----------------------------------------------|------------------|----------------|
| Payables to Local Government New South Wales | 1,089,304 | 715,463 |
| | <u>1,089,304</u> | <u>715,463</u> |

Note 5. Trust Details

The registered office of the trust is:

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

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

Note 6. Contingent assets

The directors of the trustee company were not aware of any contingent assets in relation to the trust as at 30 June 2023.

Note 7. Contingent liabilities

The directors of the trustee company were not aware of any contingent liabilities in relation to the trust as at 30 June 2023.

Note 8. Reconciliation of profit after income tax to net cash from operating activities

| | 2023 \$ | 2022 \$ |
|-------------------------------------------------------------------|-----------------|-----------------|
| Profit after income tax expense for the year | 1,089,304 | 715,463 |
| Adjustments for: | | |
| Profit distribution from Local Government Procurement Partnership | (1,089,304) | (715,463) |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in related party receivables | (373,841) | 75,827 |
| Increase/(decrease) in related party payables | <u>373,841</u> | <u>(75,827)</u> |
| Net cash from operating activities | <u><u>-</u></u> | <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 2023, 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

21 September 2023
Sydney

Some of the Crowe personnel involved in preparing this document may be members of a professional scheme approved under Professional Standards Legislation such that their occupational liability is limited under that Legislation. To the extent that applies, the following disclaimer applies to them. If you have any questions about the applicability of Professional Standards Legislation Crowe's personnel involved in preparing this document, please speak to your Crowe adviser.

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

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LGP (LGA NSW) Pty Ltd
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

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:

Darriea Turley
Khal Asfour

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 2022: \$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 2023 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.


Darriea Turley AM

Director

21 September 2023

LGP (LGA NSW) Pty Ltd
Directors' declaration
30 June 2023

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 2023 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.

 of Directors:

Darriea Turley AM

Director

21 September 2023

LGP (LGA NSW) Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

| | 2023 \$ | 2022 \$ |
|---------------------------------------------------------------------------------------------------------|------------|------------|
| Profit before income tax expense | - | - |
| Income tax expense | - | - |
| Profit after income tax expense for the year attributable to the owners of LGP (LGA NSW) Pty Ltd | - | - |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year attributable to the owners of LGP (LGA NSW) Pty Ltd | <u>-</u> | <u>-</u> |

LGP (LGA NSW) Pty Ltd
Statement of financial position
As at 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|---------------------------|------|------------|------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 2 | 12 | 12 |
| Total current assets | | <u>12</u> | <u>12</u> |
| Total assets | | <u>12</u> | <u>12</u> |
| Liabilities | | | |
| Total liabilities | | <u>-</u> | <u>-</u> |
| Net assets | | <u>12</u> | <u>12</u> |
| Equity | | | |
| Issued capital | 3 | 12 | 12 |
| Total equity | | <u>12</u> | <u>12</u> |

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

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 2023

| | Ordinary Shares \$ | Total equity \$ |
|-----------------------------------------------------|-----------------------------------|----------------------------|
| Balance at 1 July 2021 | 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 2022 | <u>12</u> | <u>12</u> |
| | Ordinary Shares \$ | Total equity \$ |
| Balance at 1 July 2022 | 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 2023 | <u>12</u> | <u>12</u> |

LGP (LGA NSW) Pty Ltd
Statement of cash flows
For the year ended 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|------------------------------------------------------------------|-------------|--------------------|--------------------|
| 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 changes in equity should be read in conjunction with the accompanying notes

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

| | 2023 \$ | 2022 \$ |
|--------------|------------|------------|
| Cash on hand | <u>12</u> | <u>12</u> |

Note 3. Equity - issued capital

| | 2023 Shares | 2022 Shares | 2023 \$ | 2022 \$ |
|------------------------------|----------------|----------------|------------|------------|
| 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)

| | 2023 \$ | 2022 \$ |
|----------------------------------|------------------|----------------|
| Current liabilities | | |
| Local Government New South Wales | <u>1,089,304</u> | <u>715,463</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 2023 and 30 June 2022 respectively.

| | 2023 \$ | 2022 \$ |
|-----------------------|------------|------------|
| Current assets | | |
| Cash on hand | 10 | 10 |
| Cash at bank | <u>781</u> | <u>781</u> |
| | <u>791</u> | <u>791</u> |

| | 2023 \$ | 2022 \$ |
|-----------------------------------------------------------|------------------|----------------|
| Current assets - related party receivables | | |
| Receivables from Local Government Procurement Partnership | <u>1,089,304</u> | <u>715,463</u> |

Note 5. Contingent assets

The company was not aware of any contingent assets as at 30 June 2023.

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 2023.

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

| | 2023 \$ | 2022 \$ |
|----------------------------------------------------|----------------|-----------------|
| Profit after income tax expense for the year | - | - |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in trade and other receivables | (373,841) | 75,827 |
| Increase/(decrease) in trade and other payables | <u>373,841</u> | <u>(75,827)</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.



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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 2023, 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 2023 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.

Some of the Crowe personnel involved in preparing this document may be members of a professional scheme approved under Professional Standards Legislation such that their occupational liability is limited under that Legislation. To the extent that applies, the following disclaimer applies to them. If you have any questions about the applicability of Professional Standards Legislation Crowe's personnel involved in preparing this document, please speak to your Crowe adviser.

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

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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

21 September 2023
Sydney

LGP (SA NSW) Trust Trustees' declaration 30 June 2023

The directors of the trustee company declare that the trust is not a reporting entity and that this special purpose financial report has been 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 5 to 10, present fairly the trust's financial position as at 30 June 2023 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.



Darriea Turley AM

Director

21 September 2023

LGP (SA NSW) Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

| | 2023 | 2022 |
|-------------------------------------------------------------------------------------------------------|------------------|----------------|
| | \$ | \$ |
| Income | | |
| Distribution income received from Local Government Procurement Partnership | 1,089,304 | 715,463 |
| Profit before income tax expense | 1,089,304 | 715,463 |
| Income tax expense | - | - |
| Profit after income tax expense for the year attributable to the members of LGP (SA NSW) Trust | 1,089,304 | 715,463 |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year attributable to the members of LGP (SA NSW) Trust | <u>1,089,304</u> | <u>715,463</u> |

LGP (SA NSW) Trust
Statement of financial position
As at 30 June 2023

| | Note | 2023 | 2022 |
|----------------------------|-------------|------------------|----------------|
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 2 | 791 | 791 |
| Related party receivables | 3 | 1,089,304 | 715,463 |
| Total current assets | | <u>1,090,095</u> | <u>716,254</u> |
| Total assets | | <u>1,090,095</u> | <u>716,254</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Related party payables | 4 | 1,089,304 | 715,463 |
| Total current liabilities | | <u>1,089,304</u> | <u>715,463</u> |
| Total liabilities | | <u>1,089,304</u> | <u>715,463</u> |
| Net assets | | <u>791</u> | <u>791</u> |
| Equity | | | |
| Issued capital | | 10 | 10 |
| Retained profits | | <u>781</u> | <u>781</u> |
| Total equity | | <u>791</u> | <u>791</u> |

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

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 2023

| | Settled Sum | Retained | Total equity |
|-----------------------------------------------------------------------------|--------------------|-----------------|---------------------|
| | \$ | Earnings | \$ |
| | | \$ | |
| Balance at 1 July 2021 | 10 | 781 | 791 |
| Profit after income tax expense for the year | - | 715,463 | 715,463 |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | 715,463 | 715,463 |
| <i>Transactions with beneficiaries in their capacity as beneficiaries :</i> | | | |
| Distribution payable to Local Government New South Wales | - | (715,463) | (715,463) |
| Balance at 30 June 2022 | <u>10</u> | <u>781</u> | <u>791</u> |

| | Settled Sum | Retained | Total equity |
|-----------------------------------------------------------------------------|--------------------|-----------------|---------------------|
| | \$ | Earnings | \$ |
| | | \$ | |
| Balance at 1 July 2022 | 10 | 781 | 791 |
| Profit after income tax expense for the year | - | 1,089,304 | 1,089,304 |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | 1,089,304 | 1,089,304 |
| <i>Transactions with beneficiaries in their capacity as beneficiaries :</i> | | | |
| Distribution payable to Local Government New South Wales | - | (1,089,304) | (1,089,304) |
| Balance at 30 June 2023 | <u>10</u> | <u>781</u> | <u>791</u> |

LGP (SA NSW) Trust
Statement of cash flows
For the year ended 30 June 2023

| | Note | 2023 | 2022 |
|------------------------------------------------------------------|-------------|-------------|-------------|
| | | \$ | \$ |
| | | | |
| 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 | | 791 | 791 |
| Cash and cash equivalents at the end of the financial year | 2 | <u>791</u> | <u>791</u> |

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

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. Current assets - cash and cash equivalents

| | 2023 \$ | 2022 \$ |
|--------------|------------|------------|
| Cash on hand | 10 | 10 |
| Cash at bank | 781 | 781 |
| | <u>791</u> | <u>791</u> |

Note 3. Current assets - related party receivables

| | 2023 \$ | 2022 \$ |
|-----------------------------------------------------------|------------------|----------------|
| Receivables from Local Government Procurement Partnership | <u>1,089,304</u> | <u>715,463</u> |

Note 4. Current liabilities - related party payables

| | 2023 \$ | 2022 \$ |
|----------------------------------------------|------------------|----------------|
| Payables to Local Government New South Wales | <u>1,089,304</u> | <u>715,463</u> |

Note 5. Trust Details

The registered office of the trust is:

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

Note 6. Contingent assets

The directors of the trustee company were not aware of any contingent assets in relation to the trust as at 30 June 2023.

Note 7. Contingent liabilities

The directors of the trustee company were not aware of any contingent liabilities in relation to the trust as at 30 June 2023.

Note 8. Reconciliation of profit after income tax to net cash from operating activities

| | 2023 \$ | 2022 \$ |
|-------------------------------------------------------------------|----------------|-----------------|
| Profit after income tax expense for the year | 1,089,304 | 715,463 |
| Adjustments for: | | |
| Profit distribution from Local Government Procurement Partnership | (1,089,304) | (715,463) |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in related party receivables | (373,841) | 75,827 |
| Increase/(decrease) in related party payables | <u>373,841</u> | <u>(75,827)</u> |
| Net cash from operating activities | <u>-</u> | <u>-</u> |



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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 2023, 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

21 September 2023

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 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

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:

Darriea Turley
Scott Ferguson

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 2022: \$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 2023 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.

Darriea Turley AM

Director

21 September 2023

**LGP (SA NSW) Pty Ltd
Directors' declaration
30 June 2023**

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 2023 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.



Darriea Turley AM

Director

21 September 2023

**LGP (SA NSW) Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023**

| | 2023 \$ | 2022 \$ |
|-----------------------------------------------------------------------------------------------------------|------------|------------|
| Profit before income tax expense | - | - |
| Income tax expense | - | - |
| Profit after income tax expense for the year attributable to the directors of LGP (SA NSW) Pty Ltd | - | - |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year attributable to the directors of LGP (SA NSW) Pty Ltd | <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 2023

| | Note | 2023 \$ | 2022 \$ |
|---------------------------|------|------------|------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 2 | 12 | 12 |
| Total current assets | | <u>12</u> | <u>12</u> |
| Total assets | | <u>12</u> | <u>12</u> |
| Liabilities | | | |
| Total liabilities | | <u>-</u> | <u>-</u> |
| Net assets | | <u>12</u> | <u>12</u> |
| Equity | | | |
| Issued capital | 3 | 12 | 12 |
| Total equity | | <u>12</u> | <u>12</u> |

LGP (SA NSW) Pty Ltd
Statement of changes in equity
For the year ended 30 June 2023

| | Ordinary Shares \$ | Total equity \$ |
|-----------------------------------------------------|--------------------------|--------------------|
| Balance at 1 July 2021 | 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 2022 | <u>12</u> | <u>12</u> |
| Ordinary Shares \$ | | |
| Balance at 1 July 2022 | 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 2023 | <u>12</u> | <u>12</u> |

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

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 2023

| | Note | 2023 \$ | 2022 \$ |
|------------------------------------------------------------------|------|------------|------------|
| 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> |

LGP (SA NSW) Pty Ltd
Notes to the financial statements
30 June 2023

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

| | 2023 \$ | 2022 \$ |
|--------------|------------|------------|
| Cash on hand | <u>12</u> | <u>12</u> |

Note 3. Equity - issued capital

| | 2023 Shares | 2022 Shares | 2023 \$ | 2022 \$ |
|------------------------------|----------------|----------------|------------|------------|
| 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)

| | 2023 \$ | 2022 \$ |
|----------------------------------|------------------|----------------|
| Current liabilities | | |
| Local Government New South Wales | <u>1,089,304</u> | <u>715,463</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 2023 and 30 June 2022 respectively.

Assets of the LGP (SA NSW) Trust not recorded in the financial statements of the Company were:

| | 2023 \$ | 2022 \$ |
|-----------------------|------------|------------|
| Current assets | | |
| Cash on hand | 10 | 10 |
| Cash at bank | <u>781</u> | <u>781</u> |
| | <u>791</u> | <u>791</u> |

Current assets - related party receivables

| | | |
|-----------------------------------------------------------|------------------|----------------|
| Receivables from Local Government Procurement Partnership | <u>1,089,304</u> | <u>715,463</u> |
|-----------------------------------------------------------|------------------|----------------|

Note 5. Contingent assets

The company was not aware of any contingent assets as at 30 June 2023.

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 2023.

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

| | 2023 \$ | 2022 \$ |
|----------------------------------------------------|----------------|-----------------|
| Profit after income tax expense for the year | - | - |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in trade and other receivables | (373,841) | 75,827 |
| Increase/(decrease) in trade and other payables | <u>373,841</u> | <u>(75,827)</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.



ONE VOICE FOR COUNCILS

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