

NSW DEPARTMENT OF LOCAL GOVERNMENT
ANNUAL REPORT 2008:09



“
**MOVING
FORWARD:**

OUR VISION IS OF A STRONG AND SUSTAINABLE LOCAL
GOVERNMENT SECTOR THAT WORKS TOGETHER TO
MEET COMMUNITY NEEDS. ”

Division of Local Government
NSW Department of Premier And Cabinet



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NSW Department of Premier and Cabinet

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30 October 2009
The Hon. Barbara Perry MP
Minister for Local Government
Parliament House
Macquarie St
SYDNEY NSW 2000

Dear Minister,

I am pleased to present the annual report of the former Department of Local Government for the year ended 30 June 2009. The report has been prepared in accordance with the *Annual Reports (Departments) Act 1985*.

The report covers the operations of the NSW Local Government Boundaries Commission, the NSW Local Government Grants Commission and the Local Government Pecuniary Interest and Disciplinary Tribunal, all of which are established under the *Local Government Act 1993*.

The Tribunal reports separately on matters determined during the year.

Yours sincerely

John Lee
Director General
Department of Premier and Cabinet



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SECTION ONE

General Overview





OUR VISION IS OF A STRONG AND SUSTAINABLE LOCAL GOVERNMENT SECTOR THAT WORKS TOGETHER TO MEET COMMUNITY NEEDS. ”

OUR ROLE

This annual report details the operations of the former Department of Local Government for the period 1 July 2008 to 30 June 2009.

On 1 July 2009 the Division of Local Government, NSW Department of Premier and Cabinet was created, and now has responsibility for local government across NSW. Staff and functions of the former department were transferred to the new Division on 1 July 2009.

Our specific role continues. We provide a clear policy and legislative foundation to local government in NSW so that councils are able to deliver quality services to their communities in a sustainable manner.

We are principally engaged in a policy advice and regulatory role, as a central agency for local government, with a key role in managing the relationship between councils and the State Government. We are responsible for the overall legal, management and financial framework for local government.

As part of this we:

- prepare legislation
- provide advice and information
- regulate financial management
- improve local government performance.

ABOUT THE DIVISION OF LOCAL GOVERNMENT

OUR VISION

Our vision is of a strong and sustainable local government sector that works together to meet community needs.

OUR GOALS

The Division's goals, as set in the former Department of Local Government's *Corporate Plan 2007–2011*, are:

1. Strengthen local government capacity.
2. Foster collaboration.
3. Support effective decision-making by advising government.
4. Manage our organisation responsibly.

OUR VALUES

We value:

Collaboration

We will recognise, support and encourage people working together effectively.

Leadership

We will lead by example and encourage continuous improvement.

Integrity

We will behave in an ethical and professional manner.

Fairness and equity

We will be open and honest and respectful of those we deal with.

Communication

We will consult and communicate clearly with each other and our stakeholders.

OUR OPERATING ENVIRONMENT

Local government is a \$7.3 billion industry in NSW and councils collect \$3.5 billion in rates and annual charges. Efficient councils are essential for ratepayers and residents across NSW.

There are currently 152 general purpose councils and 14 county councils in NSW. While councils are largely autonomous bodies accountable to their electors, they are subject to state control in certain areas of their administration. They are governed by the *Local Government Act 1993* and also administer a large number of provisions in other legislation.

PRINCIPAL LEGISLATION

The main piece of legislation we administer is the *Local Government Act 1993* (the Act) and Regulations. We also administer the:

- *City of Sydney Act 1988*
- *Companion Animals Act 1998* and Regulations
- *Swimming Pools Act 1992* and Regulations.

OUR RESOURCES

At 30 June 2009 the former Department of Local Government had 65 equivalent full-time staff.

FOREWORD

Councils have faced significant challenges this year, particularly in the context of aging infrastructure and the downturn in global financial markets.

These challenges highlight the importance of long term planning to ensure the financial sustainability of councils. NSW councils are moving forward and will be well placed to meet these challenges as a result of the Government's Integrated Planning and Reporting reforms.

The aim of this new system is to streamline local council planning and reporting, strengthen councils' strategic focus and "cut red tape". This will enable councils to focus more of their resources on improving services that meet community needs rather than producing documents. Long term asset and financial plans, consistent with the national frameworks, are core to this new integrated process.

It opens the way for councils and their communities to have important discussions about funding priorities, service levels, preserving local identity and to plan in partnership for a more sustainable future.

The reforms also aim to improve coordination in planning between the NSW Government and local councils to enhance the delivery of services to meet community needs.

We have also been moving forward at the national level. Together with other States and Territories we have signed up to nationally consistent financial and asset management and planning frameworks for local government.

All councils across Australia are now required to plan for their infrastructure needs in a consistent way and in consultation with their communities.

In May this year, NSW hosted the Local Government and Planning Ministers' Council meeting in Sydney, where Ministers agreed to strengthen the national frameworks, including timeframes for having asset management plans in place.

While these reforms have been largely supported by the industry, moving forward with them will present challenges for some councils in the short term. We will be continuing our successful working relationships with councils to meet these challenges, because the benefits to councils and their communities in the longer term are enormous.



As the theme of this annual report announces, we ourselves are also moving forward. This annual report details the operations and achievements of the former Department of Local Government, which was merged into the Department of Premier and Cabinet on 1 July 2009.

We are now moving forward as the newly created Division of Local Government, continuing to work toward our vision of a strong and sustainable local government sector that works together to meet community needs.

This report is structured by our corporate goals, which align with the NSW Government's broader directions for moving forward as detailed in the State Plan.

I sincerely thank all staff of the former Department of Local Government for their work during the year. In February 2009, we farewelled our former Director General, Mr Garry Payne AM, who retired after an accomplished career over 47 years in the NSW public sector, and whose leadership was greatly appreciated.

I now look forward to moving forward with all staff and councils to continue meeting new challenges together and improving outcomes for communities, and commend this report to everyone interested in local government in NSW.

A handwritten signature in black ink that reads "Ross Woodward". The signature is fluid and cursive.

Ross Woodward, BTP, MTP
Acting Deputy Director General (Local Government)
Department of Premier and Cabinet

SECTION TWO

Key Achievements





OUR VISION IS OF A STRONG AND SUSTAINABLE LOCAL GOVERNMENT SECTOR THAT WORKS TOGETHER TO MEET COMMUNITY NEEDS. ”

OUR KEY ACHIEVEMENTS FOR 2008–09

Key achievements under our four corporate goals for 2007–11 were as follows:

STRENGTHEN LOCAL GOVERNMENT CAPACITY

- Completed 11 promoting better practice reviews of councils.
- released new *Guidelines for the Model Code of Conduct for Local Councils in NSW* in October 2008, to assist councils to review and enhance their Codes of Conduct.
- released new *Self-help guide for the completion of returns disclosing interests of councillors and designated persons required under section 449 of the Local Government Act 1993* in November 2008. This self-help guide has been developed to assist in completing the section 449 return of interests form in order to comply with the provisions of the Local Government Act 1993 and the Local Government (General) Regulation 2005.
- conducted 42 half day councillor information seminars for councillors and their General Managers across NSW between October and December 2008, then two further catch up sessions in February and March 2009. The seminars were interactive to maximise learning outcomes and focussed on the three main topic areas of roles, responsibilities and relationships; the code of conduct; and meeting practices. They also provided information about additional support available to councillors to assist them in their role. The seminars were run in partnership with the Local Government and Shires Associations and Local Government Managers Australia (NSW).
- Released two new publications for councillors:
 - *Councillor induction and professional development: a guide for councils*, was released in September 2008, and aims to assist councils to develop induction and ongoing professional development programs for councillors. It provides information to councils about how to develop and implement these programs, as well as checklists of what to include in them.

- A *Councillor Guide* was released in October 2008 for newly elected councillors, and outlines in detail their roles and responsibilities, support available to assist them to undertake their role and where to find additional resources. It is a joint publication with the Local Government and Shires Associations of NSW.
- Launched a web-based Information Directory for Councillors on the www.dlg.nsw.gov.au website in October 2008. It includes key resources and publications for councillors as well as contact details and links to relevant agencies and organisations.
- Developed an updated, integrated planning and reporting framework for NSW local councils. This will replace the former Management Plan, separate Social Plan and separate State of the Environment Report with an integrated system that includes a new requirement to prepare a long-term Community Strategic Plan. We issued an Exposure Draft Bill and supporting Guidelines and Manual for public consultation in February 2009, and introduced the Local Government Amendment (Planning and Reporting) Bill 2009 to Parliament on 25 June 2009. Information sessions for Mayors, Councillors, General Managers and relevant council staff have also been held in nine locations across the State.
- Distributed \$2m of playground grants to NSW councils.

FOSTER COLLABORATION

- Following release of the guidance paper *Collaboration and Partnerships between Councils*, the Strategic Alliance Network was refreshed and preparing additional resources in the areas of workforce relations and benefits realisation.

- We intend to update the database on council resource sharing in 2010 and are working with the LGSA, the LGMA and the Strategic Alliance Network to develop ways to share this information, build relevant skills, and promote further council collaboration.

SUPPORT EFFECTIVE DECISION MAKING BY ADVISING GOVERNMENT

- Provided support to the Local Government Boundaries Commission.
- Supported the Local Government Grants Commission and administered the financial assistance grants.
- Responded to 1208 complaints about councils and council officials.
- Monitored council finances
- Prepared and issued circulars, practice notes and policy guidelines to councils on priority issues.

MANAGE OUR ORGANISATION RESPONSIBLY

- Completed our Social Justice framework 2008–2012.
- Completed a credit card review and record keeping review as part of our internal audit program.
- Completed our 2008-2012 disability action plan.
- Updated our purchasing and procurement guidelines.

FIVE YEAR STATISTICS

		2004-05	2005-06	2006-07	2007-08	2008-09
Local Government Sector Characteristics						
Councils	(number)	152	152	152	152	152
Councillors	(number)	1482	1518	1510	1465	1472
County Councils	(number)	14	14	14	14	14
Financial Assistance Grants payments made to councils	million (\$)	500	520	539	557	588
Pensioner rebate payments made to councils	million (\$)	73	73	72	73	70
Rating						
Rate peg limit	(%)	3.5	3.5	3.6	3.4	3.5
Applications for special variations received	(number)	25	42	46	34	30
Applications for special variations approved as submitted	(number)	22	30	39	30	18
Investigations and Inquiries						
Complaints about councils received	(number)	1105	1107	1225	1450	1208
Complaints about councils that proceeded to fuller review	(number)	219	242	276	258	274
Pecuniary interest complaints received	(number)	3	3	3	0	0
Pecuniary interest complaints determined	(number)	4	4	3	2	4
Determinations by PIDT - proven	(number)	1	2	2	1	4
Determinations by PIDT - not proven	(number)	0	1	0	0	0
s430 investigations	(number)	2	1	2	2	2
s740 public inquiries	(number)	2	2	1	3	0
Boundaries Commission public inquiries	(number)	2	1	0	0	0
Promoting Better Practice reviews completed	(number)	13	19	14	22	11
Guarantee of Service						
% of Departmental correspondence answered within 4 weeks (target 70%)	(%)	60.3	38.9	49.6	60.3	62.1
Departmental correspondence items processed	(number)	4110	4753	4944	6427	6130
Ministerial correspondence items processed	(number)	2591	5090	4258	4426	3860
Freedom of Information requests processed	(number)	6	19	12	20	10
Departmental publications						
Publications issued	(number)	13	18	29	17	20
Circulars to Councils issued	(number)	65	77	64	69	64
Resources						
Staff (equivalent full time)	(number)	66	64	63	68	65
Average sick leave	(days)	4.2	5	4.82	5.11	7.03
Workers compensation claims	(number)	1	2	0	3	0
Grievances lodged	(number)	0	1	0	3	0
Financial management						
Total Expenses	(\$'000)	85,981	87,048	87,592	88,251	86,353
Total Retained Revenue	(\$'000)	4,959	5,403	6,125	6,219	6,096
Net Cost of Services	(\$'000)	81,022	81,640	81,467	82,029	80,257
Total Assets	(\$'000)	9,415	9,223	8,404	7,685	7,355
Total Liabilities	(\$'000)	2,487	2,594	2,811	2,831	2,370

SECTION THREE

Performance





OUR VISION IS OF A STRONG AND SUSTAINABLE LOCAL GOVERNMENT SECTOR THAT WORKS TOGETHER TO MEET COMMUNITY NEEDS. ”

STRENGTHEN LOCAL GOVERNMENT CAPACITY

Our aim is to build the capacity of local government to facilitate good governance and sustainability so that councils are able to meet community needs.

WHAT WE DID IN 2008– 09

- Developed resources, policies and programs for local government in NSW.
- Worked with councils to monitor, review and continuously improve local government performance.
- Took action to assist councils become and remain sustainable.
- Set standards and developed benchmarks with the sector.
- Promoted professional development and continuous learning for local government.

HOW WE ACHIEVED OUR AIM

<p>Developed policies to support a strong framework for the NSW local government system.</p>	<ul style="list-style-type: none"> • Released guidelines for the new framework for integrated planning and reporting. • Supported the work of the Joint Ministerial Advisory Council on Women in Local Government to oversee the implementation of action plans to promote the participation of women in local government.
<p>Developed resources and programs for local government in NSW.</p>	<ul style="list-style-type: none"> • Provided training on the updated Model Code of Conduct. • Completed a review of red tape resulting in the reduction of administrative requirements in relation to the pensioner rebate scheme. • We worked on a project to assist councils with workforce planning.
<p>Worked with councils to monitor, review and continuously improve local government performance.</p>	<ul style="list-style-type: none"> • Completed 11 promoting better practice reviews of councils. • Monitored and reviewed councils for financial soundness.
<p>Set standards and developed benchmarks with the sector.</p>	<ul style="list-style-type: none"> • Consulted with local government and introduced the legislation for a new framework for integrated planning and reporting. • Published comparative information on local councils in NSW.
<p>Took action to assist councils become and remain sustainable.</p>	<ul style="list-style-type: none"> • Assessed and, where appropriate, granted applications from councils for special rate variations. • Conducted capital expenditure reviews. • Completed two investigations into council operations under section 430 of the Act. • Concluded one public inquiry under section 740 of the Act into Shellharbour City Council.

REFORM

In 2003 the NSW Government announced a reform program to improve the delivery of local government services to local communities. In the first phase, the number of NSW councils was reduced from 172 to 152. The second phase of the reform program is focusing on promoting better practice and encouraging resource sharing and strategic alliances.

PROMOTING BETTER PRACTICE REVIEWS

The review program aims to:

- Generate momentum for a culture of continuous improvement and greater compliance across local government
- Provide an early intervention option for councils experiencing operating problems
- Promote good governance and ethical conduct principles
- Identify and share innovation and good practice in local government
- Enable the Division to use review information to feed back into its work in identifying necessary legislative and policy work for the local government sector.

The results of reviews are analysed and fed back to the elected council, the Executive and the Minister for Local Government. Our review reports to councils give recommendations to treat performance problems and prevent problems arising.

This financial year we completed 11 reviews. These covered both city and country councils. In total, we have undertaken 89 promoting better practice reviews, 77 of which have been fully completed and 12 partially completed.

We have undertaken a major review of the Promoting Better Practice program and instituted a number of changes to provide clearer outcomes for councils and the community.

PROMOTING BETTER PRACTICE REVIEWS COMPLETED IN 2008–09
Nambucca
Wagga Wagga
Bombala
Ballina
Lismore
Ashfield
Shoalhaven
Great Lakes
Liverpool Plains
Bellingen
Kyogle

INVESTIGATIONS AND INQUIRIES

A key role of the Division of Local Government is to ensure that councils are efficient, sustainable and deliver quality services to their communities. If serious breakdowns occur in council operations, the Act provides two significant intervention mechanisms – section 430 investigations and section 740 public inquiries.

Under section 430, investigations into council operations may be carried out. This power is used where there are serious and significant concerns that a council is failing to adhere to the Act and the regulations, which in turn is affecting their ability to deliver adequate and satisfactory services to their local community.

Under section 740, the Minister for Local Government has the power to appoint a Commissioner to conduct a public inquiry into a council. This is a necessary step before a council can be dismissed. The Minister may order a section 740 inquiry at any time or as a result of a recommendation in a section 430 investigation. After the inquiry process, the Minister may dismiss the councillors and appoint an Administrator.

SECTION 430 INVESTIGATIONS

AUBURN COUNCIL

The Director General of the former Department of Local Government authorised the conduct of a section 430 investigation into Auburn Council regarding alleged deficiencies in Auburn Council's certification role in relation to the Auburn Central development.

The terms of reference for the investigation were to investigate and report on:

1. Whether councillors and staff of Auburn Council have appropriately and responsibly exercised their planning and development control functions in regards to the Auburn Central development.
2. Whether Auburn Council fulfilled its responsibilities as custodian and trustee of public assets in relation to all financial transactions related to the Auburn Central development (including the determination, collection and application of section 94 contributions, the determination and collection of other developer fees and charges and the disposal of council land.
3. Any other matter that warrants mention, particularly where it may impact upon the effective administration of the area and/or council's planning administration.

The final report of the 430 investigation was tabled in Parliament on Wednesday, 20 August 2008 and raised serious concerns about Auburn Central and Auburn Council's management of this development.

The report contained a number of recommendations to address concerns relating to fire safety issues relating to Auburn Central, for better record keeping, that steps be taken regarding the determination of a statewide standard for estimating the cost of construction, better practises regarding the collection of developer contributions and the sale of council owned land.

The report also recommended that the investigation report be referred to the Independent Commission Against Corruption for information and any action considered necessary.

We have continued to work closely with the Council to ensure the implementations of the recommendations.

CESSNOCK CITY COUNCIL

During the period April 2008 to February 2009 an investigation into Cessnock City Council was carried out under section 430 of the Local Government Act 1993. The investigation was in response to serious concerns regarding Council's performance and continued capacity to meet its responsibilities under the Act.

The investigation report containing 16 recommendations was tabled in Parliament on 19 February 2009. The report is now a public document and is available on both the Division's and the Council's websites.

The overall finding was that Cessnock City Council's capacity to efficiently and effectively meet its responsibilities under the Act was diminished by a number of factors. In particular, the investigation found that:

- Council did not have a well defined governance framework. That is, a number of significant deficiencies were found in terms of governance standards, internal controls and reporting systems. Some of these required urgent attention.
- Leadership at both the strategic and operational levels was weak. The senior management team in particular needed rebuilding after the dismissal of two Directors.

- Effective debate and decision making at Council meetings were hindered by the use of outdated meeting practices.
- There was an urgent need for a range of improvements in the human resource/workforce relations area to improve the manner in which Council supervises and manages its staff.
- Some Council employees, including senior officers, have been involved in improper conduct found to be unacceptable in terms of their employment conditions and Council policies.
- Council failed to enter into and manage private works with Hightrade Constructions Pty Ltd in accordance with standard contract management principles and procedures.

Further, Council's progress toward achieving the 25 recommendations of the Promoting Better Practice Review in 2006 was very limited.

Council is required to take action in relation to 14 of the 16 recommendations of the report. As required by the Act, Council prepared and adopted an action plan to implement the recommendations on 18 March 2009. A copy of that plan and progress report was provided to the Minister by the due date.

It appears from the information provided that Council has made significant progress toward completing the recommendations of the investigation report, as well as the recommendations of 2006 Promoting Better Practice Review Report that remain outstanding.

A post investigation review is scheduled to occur in April 2010.

PUBLIC INQUIRIES

The were no new Public Inquiries announced during the year.

On 4 July 2008, Commissioner Richard Colley provided the Minister with his report following his public inquiry into Shellharbour City Council. Mr Colley recommended that all civic offices at the council be declared vacant and an Administrator appointed until the local government elections in 2012.

COUNCILS UNDER ADMINISTRATION

Eight councils were under administration during 2008–09.

WARRINGAH COUNCIL

In July 2003, after considering the results of a public inquiry into Warringah Council, the Governor declared all civic offices at Warringah Council vacant and appointed Mr Dick Persson as Administrator. The period of administration ended following the ordinary council election in September 2008.

LIVERPOOL CITY COUNCIL

Liverpool City Council was under the administration of Ms Gabrielle Kibble AO since March 2004. The period of administration ended following the ordinary council election in September 2008.

WALGETT SHIRE COUNCIL

Walgett Shire Council was under the administration of Mr Vic Smith. On 30 June 2004, the Governor dismissed councillors at Walgett Shire Council in response to recommendations from a public inquiry. The period of administration ended following the ordinary council election in September 2008.

TWEED SHIRE COUNCIL

In May 2005, Administrators were appointed to oversee council operations. A public inquiry found that inappropriate relationships between councillors and developers had seriously affected council's ability to meet its obligations to the community. The period of administration ended following the ordinary council election in September 2008.

BROKEN HILL CITY COUNCIL

On 10 January 2007, the Governor, after considering the recommendations of a public inquiry, declared the civic offices of the Broken Hill City Council vacant. Mr Ken Boyle was appointed as Administrator. Mr Boyle has had extensive experience in local government issues and is a former general manager of Broken Hill City Council. His appointment commenced on 10 January 2007 and ceases on the date of the declaration of the council's fresh election, to be held on 5 December 2009.

WOLLONGONG CITY COUNCIL

A report from the ICAC Commissioner dated 3 March 2008 recommended that the civic offices of Wollongong City Council be declared vacant due to systemic corruption. The Governor accepted the recommendations and declared the civic offices of council vacant on 4 March 2008. The

Minister appointed Dr Col Gellatly, Ms Gabrielle Kibble AO and Mr Robert McGregor AM as Administrators. The fresh elections for the council will be held in conjunction with the ordinary council elections in September 2012, allowing sufficient time for the Administrators and the general manager to bring about substantial change within the organisation.

SHELLHARBOUR CITY COUNCIL

In July 2008, after considering the results of a public inquiry into Shellharbour City Council, the Governor declared all civic offices of the Council vacant and appointed Mr David Jesson as Administrator until the next ordinary council elections in September 2012.

PORT MACQUARIE – HASTINGS COUNCIL

On 27 February 2008, the Governor, after considering the recommendations of a public inquiry, declared the civic offices of the Port Macquarie-Hastings Council vacant. Mr Richard Persson was appointed as Administrator and commenced his appointment immediately after the Governor's proclamation. Following Mr Persson's resignation, the Governor appointed Mr Garry Payne AM as Administrator. Mr Payne's appointment commenced on 31 January 2009 and will cease on the date of the declaration of the council's fresh election in September 2012.

SPECIAL RATE VARIATIONS

Under section 508 of the Act, the Minister may give a council approval to increase its annual general income beyond the general variation. When applying for a special variation, councils must demonstrate prudent fiscal management and a level of community support or understanding for the increase.

A total of 30 applications for special variations were submitted for consideration in 2008-09. Of these, 18 were approved and 10 were declined and 2 were withdrawn. These approvals relate to the 2009-10 financial year.

One application, from City of Auburn, was considered under s508A of the Local Government Act for increases in multiple years. The Council's application was declined.

The following tables list the councils that applied for a special variation in 2008/09 (to apply in 2009/10 and beyond).

The amounts sought and approved include the rate-pegging percentage of 3.5%. Where applications were not approved, councils will be able to increase their general income by the rate-peg amount (3.5%) and any other adjustments only.

2009/10 SPECIAL VARIATION APPLICATIONS – SECTION 508(2)

Council	Amount Sought (%)	Period of Years	Purpose	Amount Approved (%)	Period of Years
Ashfield	7.50	On-going	Infrastructure maintenance/renewal	7.50	5 years
Ballina Shire	6.08	On-going	Infrastructure maintenance/renewal, new infrastructure investment and to maintain existing services	Not approved	N/A
Bega Valley	8.76	On-going	Infrastructure maintenance/renewal of sporting recreational and community facilities (funds for economic development and tourism not approved).	6.51	5 years
Camden	12.24	On-going	Infrastructure maintenance/renewal and to maintain existing services	Not approved	N/A
Canada Bay	9.50	On-going	Infrastructure maintenance and renewal	Not approved	N/A
Dungog Shire	9.88	On-going	Maintain Council's current level of service	Not approved	N/A
Eurobodalla	8.46	On-going	Infrastructure maintenance/renewal, environmental works and to maintain existing services	Not approved	N/A
Great Lakes	10.69	On-going	Environmental works, maintain existing services and tourism (funds for tourism not approved).	9.51	5 years
Guyra Shire	8.43	On-going	Rural road maintenance and village plans	8.43	5 years
Junee Shire	13.50	On-going	Rural road maintenance and reseal	13.50	5 years
Kempsey Shire	11.50	On-going	Maintain road maintenance/renewal expenditure levels	Not approved	N/A
Kiama	6.50	On-going	Infrastructure maintenance and renewal	6.50	5 years
Ku-ring-gai	8.50	6 years	New infrastructure investment. North Turramurra Recreation area was approved, while West Pymble pool was not.	6.65	1 year
Lake Macquarie	6.29	5 years	A program of sustainability activities/works	6.29	1 year
Lithgow	8.51	On-going	Infrastructure maintenance/renewal, new infrastructure investment and library resources (increase for library resources not approved).	8.27	10 years
Liverpool City	12.50	On-going	Infrastructure maintenance/renewal and new infrastructure investment.	12.50	5 years
Liverpool Shire	10.47	On-going	Infrastructure maintenance/renewal – road re-sheeting, resealing and drainage.	10.47	5 years
Moree Shire	9.73	On-going	Road infrastructure maintenance/renewal	9.73	5 years
Mosman	8.50	On-going	Extension of Council's Community Environmental Contract to fund further environmental works.	8.50	8 years
Muswellbrook	9.54	On-going	Road maintenance and capital renewal	Not approved	N/A

2009/10 SPECIAL VARIATION APPLICATIONS – SECTION 508(2) (continued)					
Council	Amount Sought (%)	Period of Years	Purpose	Amount Approved (%)	Period of Years
Nambucca Shire	4.67	On-going	Urban and rural roads/streets rehabilitation and bridge reconstruction (loan repayments)	4.67	10 years
North Sydney	11.87	On-going	Maintain existing service levels	Not approved	N/A
Randwick	9.81	5 years	Environmental works	9.81	5 years
Wakool	3.93	On-going	Road infrastructure upgrading work and the Timber Bridge Partnership Program	Withdrawn	N/A
Woollahra	6.04	On-going	To fund NSW Fire Brigade contributions and street lighting charges.	Not approved	N/A

2009/10 SPECIAL VARIATION APPLICATIONS – SECTION 548(3) Minimums Only					
Council	Amount Sought (%)	Period of Years	Purpose	Amount Approved (%)	Period of Years
Cabonne	Minimum for ordinary rates	N/A	No increase to general income	Withdrawn	N/A
Snowy River	Minimum for special rate only	N/A	No increase to general income	Minimum rates	N/A
Sutherland	Minimum for ordinary rates	N/A	No increase to general income	Minimum rates	N/A
Wellington	Minimum for special rate only	N/A	No increase to general income	Minimum rates	N/A

2009/10 SPECIAL VARIATION APPLICATIONS – SECTION 508A

Council	Period of Years	% Sought Each Year	Purpose	Amount Approved (%)	Each Year (%)
City of Auburn	3	2009/10 – 7.20 2010/11 – 7.20 2011/12 – 7.20	Infrastructure and asset maintenance and renewal, including roads, parks and community buildings and secure Council's financial sustainability into the future.	Not approved	

Rate Increases Over 7 Years – Section 508A

On 6 May 2004, legislation was passed (section 508A of the Local Government Act) enabling a council to apply for a special variation to increase its general income by more than the general variation (rate peg) each year for a number of years (up to a maximum of 7 years).

This has effectively given councils greater flexibility in generating enough income to implement a comprehensive long-term program of improvement for their community.

Approval for a special variation under the legislation will only be granted if the council can demonstrate that it has made significant progress in both planning and operational performance, policy development and benchmarking of its activities. The council will need to make a submission to the Minister addressing a number of criteria including a detailed financial plan for at least the next 10 years, a detailed capital works program and evidence of community support for the proposal.

Since the additional income is generated through a council's rating structure, the assessment process is extremely rigorous. Approvals have conditions and strict reporting requirements.

COMMUNITY EDUCATION – SAFE PETS OUT THERE (SPOT) PROGRAM

The SPOT program is an international first, developed by a partnership under the umbrella of the Australian Companion Animal Council. It educates children and their families about pet care and kindness and respect for all animals and incorporates a module on safe behaviour to reduce the incidence of serious dog bites in children.

On 1 August 2006, the Department entered into an agreement with the Australian Companion Animal Council, Animal Welfare League, the Australian Veterinary Association, Delta Society Australia and the RSPCA to fund the SPOT program. The Department initially allocated funding totalling \$1.86 million over three years to enable the program to reach 250,000 children in every NSW school over 2007–09.

As part of the Government's ongoing commitment to promoting and improving responsible pet ownership, this year the SPOT program continued classroom presentations. By the end of June 2009, the SPOT program had recruited over 300 volunteers and made presentations to over 150,000 schoolchildren across NSW.

At the close of the reporting period a tender process had commenced to allocate future funds for companion animals community education program.

THE SPOT COMMITTEE

The SPOT Committee met quarterly throughout the year and also held a number of extraordinary meetings to progress urgent business.

At the end of the reporting year the SPOT Committee members were:

- Dr Kersti Seksel (chairperson), President – Australian Companion Animal Council
- Dr Joanne Rhigetti, Delta Society Australia
- Ms Maryann Dalton, Animal Welfare League NSW
- Ms Paige Gibbs, RSPCA NSW
- Dr Mark Lawrie, Australian Veterinary Association.

The Department's representative in accordance with the SPOT funding agreement is Michelle Squire, Director Relationship Management.

COMPANION ANIMALS

NSW COMPANION ANIMALS REGISTER

The NSW Companion Animals Register was introduced in 1999 to record details of microchipped and registered cats and dogs in NSW and financial transactions between animal owners, councils and the Department.

The register provides a state-wide, online database of cats and dogs that can be accessed 24 hours a day on the internet. It is used by councils, vets and authorised identifiers, and animal welfare organisations to, for example, reunite lost pets with their owners. The costs of operating the register are met from the Companion Animals Fund.

At 30 June 2009, there were 1,822,292 animals included on the register. This represents a 10 per cent increase on the previous year. Of these animals, 777,616 were identified only (microchipped) and 1,044,676 were both identified and registered.

The registration fees collected are paid into the Companion Animals Fund. Operating expenses and funding for ongoing community education programs are charged to the fund and the balance is reimbursed to councils. In the 12 months to 30 June 2009, the revenue from animal registrations totalled \$5.78 million. Distributions to councils for the entire 12-month period totalled \$4.40 million. This equates to approximately a 76 per cent return to councils.

The Register also records the issuing of dangerous dog orders by councils and the courts and the identification of restricted breed dogs.

The Register was updated in February 2009 to include the online reporting of dog attacks by NSW councils.

ACCESS TO THE REGISTER

The Register is managed by the NSW Department of Local Government. It is not a public register. The Department ensures compliance with privacy laws concerning the protection of personal information from unauthorised disclosure and from any use not directly related to enforcing the provisions of the Companion Animals Act.

Authorised users of the Register are various persons and organisations approved by the Director General of the Department to access the Register for the purpose of exercising their functions under the Companion Animals Act and Regulation. These include Departmental staff; relevant staff from NSW local councils; registration agents such as animal welfare organisations; vets and other authorised identifiers (people authorised by the Department to implant microchips into companion animals), and police officers.

Access to the register is also available to approved persons for the purpose of re-uniting seized, lost or injured animals with their owner. Veterinary practitioners and their employees can apply to the Department to become approved persons. Also, certain Animal Welfare Organisations (RSPCA, Animal Welfare League and Cat Protection Society) are approved persons under the Act.

Access to information held on the Register is regulated by the Department. Potential users of the Register must apply in writing for access and the level of user access granted is dependent upon the role that the user performs.

Providing access to the Register for approved persons streamlines the process for re-uniting animals with their owners. Allowing Animal Welfare Organisations and vets access to the Register should reduce the costs to councils of managing lost, injured and straying animals by enabling them to quickly identify an animal's owner and return the animal to them and avoid the need to transfer animals to council pounds.

When an animal is delivered to approved premises, approved persons can search the Register using the animal's microchip number to obtain the owner's details so the animal can be re-united with its owner. The Guideline for Approved Persons to Access the NSW Companion Animals Register must be complied with by approved persons when they access the Register.

Since the provisions commenced approximately 885 approved persons have been granted access to the Register.

DOG ATTACK REPORT

The Companion Animals Regulation was amended in February 2009 to require councils to report dog attacks to the Department of Local Government within 72 hours of receiving information about an attack. A dog attack can include any incident where a dog rushes at, attacks, bites, harasses or chases any person or animal (other than vermin), whether or not any injury is caused to the person or animal.

To facilitate the new reporting requirement, the NSW Companion Animals Register was updated to include a new Dog Attack Reporting module. Councils previously reported dog attack data to the Department by way of an electronic spreadsheet.

The uptake of the new reporting system has been successful. 591 attacks were reported by councils in the first quarter of 2009, which represented a 24% increase on the 452 attacks reported in the first quarter of 2008, and 774 dog attacks were reported by councils in the second quarter of 2009.

We publish dog attack data on our website on a quarterly and annual basis, and more detailed reports will be produced from time to time.

WHAT WE PLAN TO DO IN 2008 – 09

- Complete further promoting better practice reviews.
- Continue our red tape review.
- Implement the new integrated planning and reporting framework for local government in NSW.
- Commence a further program of companion animal community education, following the conclusion of the SPOT funding agreement.



OUR VISION IS OF A STRONG AND SUSTAINABLE LOCAL GOVERNMENT SECTOR THAT WORKS TOGETHER TO MEET COMMUNITY NEEDS. ”

FOSTER COLLABORATION

Our aim is to strengthen and develop collaborative relationships with and between stakeholders across the local government sector to ensure optimal use of resources for the benefit of the community.

WHAT WE DID IN 2008–09

- Fostered relationships across all tiers of government by working with government agencies and peak bodies on local government matters.
- Strengthened communication with stakeholders.
- Identified, enabled and encouraged opportunities for strategic collaboration and resource sharing between councils.

HOW WE ACHIEVED OUR AIM

<p>Fostered relationships across all tiers of government by working with government agencies and peak bodies on local government matters.</p>	<ul style="list-style-type: none"> • Participated in inter-departmental committees covering areas such as brothels, caravan parks, companion animals and the State Plan. • Participated in Local Government Joint Officers Group. • Attended and participated in the Local Government Managers Australia (NSW) Governance Network and Corporate Planning Network meetings. • Gave presentations at the Auditors Association conference, the Finance Professionals conference, Rating Professionals conference and the Institute of Public Works Engineers Australia conference. • Chaired the Local Government Accounting Advisory Group.
<p>Strengthened communication with our stakeholders.</p>	<ul style="list-style-type: none"> • Continued to update and enhance our website to be more user-friendly and consistent with the NSW Government's standards. • Made all publications available on our website and, on request, in large print or an alternative media format. • Issued 64 circulars to councils on a variety of subjects.
<p>Identified, enabled and encouraged opportunities for strategic collaboration and resource sharing between councils.</p>	<ul style="list-style-type: none"> • Continued to encourage the local government Strategic Alliance Network. • Completed Promoting Better Practice reviews of two strategic alliances

RESOURCE SHARING AND STRATEGIC ALLIANCES

There are now a range of collaborative arrangements complementing the work of Regional Organisations of Councils and county councils across the state.

This includes 23 city/country partnerships. These partnerships have moved well beyond the original concept of culture exchanges and many now focus on important aspects of business development, including skills and staff exchanges. Councils have advised that collaborative arrangements have been able to improve financial savings and service standards and enable the completion of projects that would not otherwise have been achievable.

Strategic Alliance Network

The Strategic Alliance Network was established following the first Strategic Alliance Conference in May 2006. A second conference was convened in September 2007. The Network consists of councils committed to developing and sharing initiatives in council collaboration.

The network is supported by an Executive Committee comprising representatives from the Local Government and Shires Associations, Local Government Managers Australia NSW, Cabonne Shire Council, Coffs Harbour City Council, Fairfield City Council, Hunters Hill Council, Eurobodalla Council, Holroyd City Council, Regional Organisations of Councils, and MidCoast Water County Council.

The emphasis of the Executive Committee has been continuing the development of a strategic framework for council collaboration. This included the release by the Minister at the 2007 Strategic Alliance Conference of *Collaboration and Partnerships between Councils: A guidance paper*.

This paper includes a comprehensive analysis of the resource sharing initiatives councils are involved in. All councils in NSW are involved in at least one type of collaborative arrangement, that is, county council, Regional Organisation of Councils, strategic alliance, city/country partnership or some other type of arrangement.

The Division of Local Government will be surveying councils in late 2009 to update its database of collaborative arrangements.

The Department completed a Promoting Better Practice Review of the Wellington Blayney Cabonne Strategic Alliance. This review has assisted this Alliance to better focus its strategic and business planning. The Alliance has now employed a coordinator and a strategic planner and completed a number of projects that strengthen the governance of member councils.

The Division has also completed a Promoting Better Practice Review of the New England Strategic Alliance of Councils. This review has made a range of recommendations that if implemented would strengthen the capacity of the Alliance to produce real long terms benefits for communities.

These Promoting Better Reviews have informed the development of a guidance paper titled *Workforce Relations: A Critical Component in Effective Collaboration between Councils*. This additional guidance paper is being developed in collaboration with local government representatives and the United Services Union.

These reviews continue to assist the Division of Local Government to inform the development of additional guidance resources in the areas of partnership governance and benefits realisation.

PUBLIC/PRIVATE PARTNERSHIPS

The Local Government Amendment (Public Private Partnerships) Act 2004 came into operation on 1 September 2005 together with procedural guidelines that councils must follow when entering into a public/private partnership (PPP).

Councils must certify that an assessment of a PPP has been carried out in accordance with these guidelines.

Local Government Project Review Committee

The Department chairs the Local Government Project Review Committee, which reviews all PPPs valued at more than \$50 million, or where council contribution is more than 25 per cent of its annual revenue, or where the project is high risk, to ensure that project risks are clear and understood by the parties.

The members of the committee during 2008–09 were:

- Ms Gail Connolly Department of Planning
- Mr John Dermody Department of Premier and Cabinet
- Mr Danny Graham Treasury
- Mr Greg McDowall Department of Premier and Cabinet
- Mr Ross Woodward Department of Local Government.

PUBLICATIONS

All publications are available on the internet at www.dlg.nsw.gov.au. We can also provide copies of our publications in large print or in an alternative media format. Please contact the Executive Branch on 02 9289 4000 for this service.

The 20 publications made available on the website during 2008–09 were:

- Evaluation of Alcohol Free Zones in NSW - The NSW Government Response to the Recommendations
- Social Justice Framework 2008-2012
- Draft Investment Policy Guidelines
- Review of Swimming Pools Act 1992
- Local Government Filming Protocol - 2009
- Report of the Review of Gosford City Councils Asset Management and Record Management Systems

- Report on the Section 430 Investigation into Cessnock City Council
- Guidelines for the Preparation of an Application for a Special Variation to General Income 2009/2010
- Ministerial Guidelines on Alcohol Free Zones - February 2009
- Self-Help Guide For The Completion Of Returns Disclosing Interests Of Councillors And Designated Persons Required Under Section 449 Of The Local Government Act 1993
- NSW Department of Local Government Annual Report 2007-08
- Directory Of Policy Advice For Councils - Online
- Directory of Information for Councillors - Online
- Councillor Guide
- Guidelines for Council When Notification of an Intention to Use Fireworks is Received
- Internal Audit Guidelines For Councils And County Councils - October 2008
- Guidelines for the Model Code of Conduct for Local Councils in NSW - October 2008
- Councillor Induction And Professional Development Guide
- Section 430 Investigation Report - Auburn Council - Auburn Central Development - August 2008
- Implementing the Principles of Multiculturalism Locally - A planning framework for councils

Circulars to Councils

During 2008-09 we issued 64 circulars to councils on a wide range of issues affecting the sector. The full text of these circulars is available in pdf format on our website.

CIRCULARS TO COUNCILS

23-Jun-2009	Land Under Roads
Circular 09-25	
19-Jun-2009	Companion Animals Forms Review 2009
Circular 09-24	
19-Jun-2009	Alcohol Free Zone Evaluation Report
Circular 09-23	
16-Jun-2009	Allegations of a Breach of the Pecuniary Interest Provisions of the Local Government Act 1993
Circular 09-22	
29-May-2009	Revised Borrowing Order
Circular 09-21	
25-May-2009	Draft Investment Policy Guidelines For Consultation
Circular 09-20	
11-May-2009	Integrated Planning And Reporting – Release Of Draft Legislation And Guidelines For Consultation
Circular 09-19	
4-May-2009	Review Of The Swimming Pools Act 1992 – Release Of Act Review Report And Options Paper
Circular 09-18	
1-May-2009	Information About Rating For 2009/10 – Maximum Interest Rate On Overdue Rates And Charges
Circular 09-17	
1-May-2009	Review Of Business Continuity Plans
Circular 09-16	
16-Apr-2009	Walk Safely To School Day – Friday 15 May 2009
Circular 09-15	
3-Apr-2009	Variation Of General Income For 2009/2010
Circular 09-14	
3-Apr-2009	Proposed Borrowing Return 2009/2010
Circular 09-13	
25-Mar-2009	Official Notification Of The Making Of Statutory Instruments – Parliamentary Counsel's Office
Circular 09-12	
23-Mar-2009	Local Government Filming Protocol
Circular 09-11	
18-Mar-2009	Info About Rating For 2009/10 – Fee For Section 603 Certificates And Boarding House Tariffs For Residential Rating
Circular 09-10	
17-Mar-2009	Recognition Of Certain Assets At Fair Value
Circular 09-09	
19-Feb-2009	Companion Animals Amendment (Reporting Dog Attacks) Regulation 2009
Circular 09-08	
18-Feb-2009	Applications For Ministerial Approval For A Special Variation To General Income
Circular 09-07	
16-Feb-2009	Retirement Of The Director General
Circular 09-06	
5-Feb-2009	Alcohol Free Zones – Update Of Ministerial Guidelines
Circular 09-05	
5-Feb-2009	Adjustments To Notional Income In 2009/10 For Newly Rateable Crown Land
Circular 09-04	
4-Feb-2009	Internal Audit Committees
Circular 09-03	
30-Jan-2009	Dog Attack Reporting – Companion Animals Register
Circular 09-02	
30-Jan-2009	Tendering And Waste Workers Regulation
Circular 09-01	
23-Dec-2008	Graffiti Control Act 2008
Circular 08-78	
19-Dec-2008	2009 Ministers Awards For Women In Local Government
Circular 08-77	
11-Dec-2008	Alcohol Free Zones – Amendments To Legislation
Circular 08-76	
8-Dec-2008	Crown Land Information Capture Initiative
Circular 08-75	
3-Dec-2008	Comparative Information On NSW Local Government Councils 2006/07
Circular 08-74	
2-Dec-2008	Companion Animals Registration Exempt Organisations - Companion Animals Regulation 2008
Circular 08-73	
28-Nov-2008	Circulars To Councils Mailing List – Inclusion Of Elected Members Of Councils
Circular 08-72	

CIRCULARS TO COUNCILS

10-Nov-2008 Circular 08-71	Self-Help Guide To Complete Section 449 Returns Of Interests
6-Nov-2008 Circular 08-70	Reporting Of Dog Attacks To The Department Of Local Government
29-Oct-2008 Circular 08-69	Recovery Of Outstanding Water Charges From Residential Tenants
27-Oct-2008 Circular 08-68	Directory Of Policy Advice For Councils
23-Oct-2008 Circular 08-67	Grants To Local Government For Playground Upgrades: Round 2
22-Oct-2008 Circular 08-66	Guidelines for Firework Events
17-Oct-2008 Circular 08-65	Annual Reporting, Social/Community Planning And State Of The Environment Reporting Requirements Of Local Councils
14-Oct-2008 Circular 08-64	Internal Audit Guidelines For Councils And County Councils
3-Oct-2008 Circular 08-63	Updated Guidelines For The Model Code Of Conduct For Local Councils In NSW
29-Sep-2008 Circular 08-62	Councillor Induction And Professional Development Guide
19-Sep-2008 Circular 08-61	Plumbing Inspections: NSW Plumbing and Drainage Code of Practice (2006)
18-Sep-2008 Circular 08-60	Pecuniary Interest Returns
16-Sep-2008 Circular 08-59	Council Investments Related To Lehman Brothers Holdings Inc.
16-Sep-2008 Circular 08-58	Kit To Assist Councils To Implement The Principles Of Multiculturalism
11-Sep-2008 Circular 08-57	2008/09 Rating Return – Comprising The Statement Of Compliance And Rates And Charges – 7 November 2008
10-Sep-2008 Circular 08-56	Companion Animals Act 1998 – Amendments To Approved Form: Notice Of Intention To Declare Dog To Be A Restricted Dog
9-Sep-2008 Circular 08-55	Councillor Information Seminars – Schedule Of Dates And Locations And Registration Process
8-Sep-2008 Circular 08-54	2008 Local Government Elections – Survey Of Candidates And Councillors
1-Sep-2008 Circular 08-53	2008/09 Council Claims For Payment Of Pensioner Concession Subsidies
27-Aug-2008 Circular 08-52	Commencement Of Companion Animals Regulation 2008
27-Aug-2008 Circular 08-51	Swimming Pools Regulation 2008
21-Aug-2008 Circular 08-50	Impounding Regulation 2008
20-Aug-2008 Circular 08-49	Amendment To The Local Government Act 1993 – Rating Of Land Partially Subject To A Conservation Agreement
18-Aug-2008 Circular 08-48	Revised Ministerial Investment Order
18-Aug-2008 Circular 08-47	Strategic Tasks Guide 2008/09
11-Aug-2008 Circular 08-46	Mayors Role After Ordinary Election
11-Aug-2008 Circular 08-45	Commencement Of The Local Government And Planning Legislation Amendment (Political Donations) Act 2008
7-Aug-2008 Circular 08-44	Funding Of Council Litigation By A Third Party
7-Aug-2008 Circular 08-43	Reporting The Fair Value Of Investments For 2008
31-Jul-2008 Circular 08-42	End Of Year Financial Reporting 2008
21-Jul-2008 Circular 08-41	Council Data Collection System For Seizures Of Cats And Dogs For 2008-2009
11-Jul-2008 Circular 08-40	Making NSW Film Friendly

WHAT WE PLAN TO DO IN 2009 – 10

- Continue to encourage collaboration between councils.
- Continue development of the guidance paper *Workforce Relations – a critical component in effective collaboration between councils*. In collaboration with local government representatives and the United Services Union.
- Continue to work on an evaluation framework to assess the benefits of council collaboration.



OUR VISION IS OF A STRONG AND SUSTAINABLE LOCAL GOVERNMENT SECTOR THAT WORKS TOGETHER TO MEET COMMUNITY NEEDS. ”

SUPPORT EFFECTIVE DECISION-MAKING BY ADVISING GOVERNMENT

Our aim is to provide quality information and advice to support sound government decisions for the local government sector.

WHAT WE DID IN 2008–09

- Provided a clear policy and legislative framework for local government.
- Coordinated and provided advice on issues affecting local government.
- Provided advice and information to councils.
- We monitored and advised on compliance matters.

HOW WE ACHIEVED OUR AIM

<p>Provided a clear policy and legislative framework for local government.</p>	<ul style="list-style-type: none"> • Continued work on the Swimming Pools Act Review and associated legislative amendments. • Introduced new misbehaviour and political donation complaints handling processes.
<p>Coordinated and provided advice on issues affecting local government.</p>	<ul style="list-style-type: none"> • Provided support to the Local Government Boundaries Commission. • Supported the Local Government Grants Commission and administered the financial assistance grants. • Prepared briefing and speech notes for the Minister within set timeframes.
<p>Provided advice and information to councils.</p>	<ul style="list-style-type: none"> • Prepared a self help guide for preparation of interests return. • Provided online directories of policy advice and information for councils and councillors. • Published the Local Government Filming Protocol. • Published the NSW Government response to the recommendations of the evaluation of alcohol free zones in NSW and Ministerial Guidelines on alcohol free zones. • Released a councillor induction and professional development guide. • Released guidelines for the model code on conduct for local councils in NSW. • Released <i>Implementing the Principles of Multiculturalism Locally – a planning framework for councils</i>.
<p>Monitored and advised on compliance matters.</p>	<ul style="list-style-type: none"> • Assisted councils improve their financial reporting through training and release of relevant circulars. • Responded to 1208 complaints about councils, councillors and council officials. • Monitored council compliance with the rate-peg limit and compliance with conditions attached to approved special rate variations.

NSW LOCAL GOVERNMENT BOUNDARIES COMMISSION

The Local Government Boundaries Commission is a statutory body set up under section 260 of the *Local Government Act 1993*. It is responsible for examining and reporting on any matter referred to it by the Minister for Local Government regarding the boundaries of local government areas and the areas of operation of county councils.

Section 263(3) specifies the factors that the Commission must take into account when considering amalgamation proposals.

The Commission is appointed by the Governor and has four members. One member, the chairperson, is nominated by the Minister for Local Government and one is an officer of the Department of Local Government nominated by the Director General.

The two other members are appointed from the panel constituted under section 262(1) of the *Local Government Act 1993*. The members of this panel are nominated by the Local Government and Shires Associations of NSW.

The current members of the Commission are:

- Mr E I Dickson (chairperson)
- Clr Leo Kelly OAM
- Clr Phyllis Miller OAM
- Ms Michelle Squire.

There were four matters before the Commission during 2008–09:

- On 18 March 2008, the Minister for Local Government referred a proposal to the Commission for the alteration of the boundary between the Gosford City and Hornsby Shire local government areas.

- On 12 March 2008, the Minister for Local Government referred a proposal for the alteration of the boundary between the Palerang and Queanbeyan City local government areas.
- On 3 June 2007, the Minister for Local Government referred a proposal for the alteration of the boundary between the Palerang and Goulburn Mulwaree local government areas.
- The Commission has one other matter before it, a proposal affecting the Council of the City of Botany Bay, Marrickville Council, Randwick City Council and Rockdale City Council. The proposal was submitted in August 2003 by the Council of the City of Botany Bay and seeks to transfer to the Council of the City of Botany Bay those parts of the areas of the other councils forming part of Sydney Airport and Port Botany.

The proposal does not have the unanimous support of the affected councils.

The Commission is currently considering the abovementioned proposals.

MINOR BOUNDARY ALTERATION PROPOSALS

The *Local Government Act 1993* enables the Minister to refer boundary alteration or variation proposals of a minor nature to the Director General of the Department of Local Government for examination and report.

Three minor boundary alterations considered by the former Director General were finalised in 2008–09. They are:

- Area of Mid-Western Regional and Area of Warrumbungle Shire – gazetted 9 April 2009
- Area of Mid-Western Regional and Area of City of Lithgow – gazetted 1 May 2009

- Area of Walgett Shire and Area of Narrabri Shire – gazetted 6 March 2009 – Erratum 19 June 2009

For more information about the work of the Boundaries Commission, visit www.dlg.nsw.gov.au.

NSW LOCAL GOVERNMENT GRANTS COMMISSION

The Local Government Grants Commission operates under sections 613 to 618 of the Act. It makes recommendations on the distribution of general purpose funding to local government in accordance with the Commonwealth *Local Government (Financial Assistance) Act 1995*.

The Commission has three part-time members plus the deputy chairperson, who is a fulltime officer of the Division, as are the Commission's two full-time support staff.

The membership for 2007–08 was:

- Mr Richard Colley, chairperson
- Mr Grahame Gibbs, deputy chairperson
- Dr Elizabeth Coombs
- Mr Frank Pangallo.

Local government funding has two components – a general purpose component and a local roads component. However, the total funds are paid to councils as unconditional general purpose grants.

The general purpose component aims to equalise the financial capacity of councils. The objective is to ensure that each council is able to function, by reasonable effort, at a standard not lower than the average standard of other local governing bodies in NSW. The calculations take into account councils' expenditure needs for the provision

of services and their relative capacity to raise revenue. A minimum grant safety net applies.

The local roads component is based on a formula involving population, road length and bridge length.

The total national entitlement for 2008-09 was \$1,861,006,425. This was made up of \$1,289,027,144 for the general purpose component and \$571,979,281 for the local roads component. These amounts were adjusted to take into account the actual changes in the annual CPI to March 2009, and the share of the national population to 31 December 2007, compared to those forecast by the Commonwealth.

The NSW share of the national entitlements was \$422.07 million for the general purpose component and \$165.95 million for the local roads component – a total of \$588.02 million. This represents a 4.07 per cent increase on the previous year's entitlement.

The grant funds are generally paid to councils each quarter by electronic transfer on the first business day following their receipt by the State. However, the Commonwealth brought forward the first quarterly payment of the 2009-10 grant entitlements to June 2009. The payment to local authorities was based on the 2008-09 entitlement relativities. The balance of the funds will be paid with corresponding reductions to the quarterly instalments during 2009-10. Adjustments will be made to take into account: CPI adjustments for the 2008-09 grants; the Commission's recommended entitlements for 2009-10; and revised funding levels for the national pool compared to the estimates that the advance payment was based on.

The NSW Government funds the running costs of the Commission.

The Commission's business meetings are generally held in conjunction with council meetings.

During 2008– 09 the Commission:

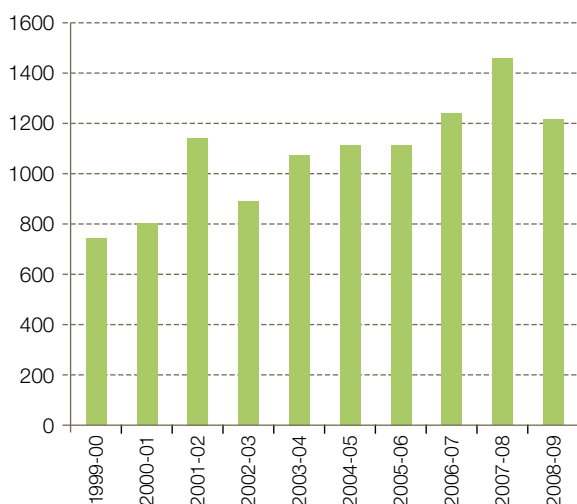
- Held 22 public meetings with councils to explain how grants are determined and give councils the opportunity to raise issues about the grant process (one of those meetings was with H Division of the NSW Shires Association, which was attended by eight member councils)
- Undertook one council road and bridge audit to check the validity of data used in the grant calculations
- Attended the National Conference of Grants Commissions, hosted by the Queensland Grants Commission in October 2008.

For details of the 2008–09 financial assistance grant entitlements, see pages 82-86.

COMPLAINTS ABOUT COUNCILS

Local councils are independent bodies, elected by and accountable to their communities. With this in mind, we encourage councils to resolve most complaints at the local level.

COMPLAINTS/ALLEGATIONS RECEIVED FOR FINANCIAL YEAR – TEN-YEAR TREND



The complaints we do receive about councils help us to proactively monitor council operations and identify emerging issues and trends. Analysis of this information enables us to better direct our resources in conducting promoting better practice reviews and initiating investigations. Analysis also helps us to identify the need for changes to local government legislation or policy or a need for training, guidance or other best practice advice.

We received 1208 complaints in 2008 - 09, compared to 1450 in 2007–08. These complaints were spread over 126 councils. Over half of all complaints/allegations related to 21 councils, or just 13.8% of all general purpose councils in NSW. We did not receive any complaints about 26 councils.

The total number of complaints received this year represents a notable decrease over the number received last year (in the order of 16.6%).

Shoalhaven City Council received the most complaints. We do however note, a 59% decrease in reported complaints since last financial year. Predominantly the complaints related to land use planning, including Council's consideration of Development Control Plans and proposed land sales. The Division, with the assistance of an officer from the Department of Planning, carried out a Promoting Better Practice review. The report issued in February 2009 made 26 recommendations to improve a range of operational areas including land use planning.

In second place, with significantly less complaints, was Gosford City Council. These complaints related primarily to mismanagement.

It is encouraging to note that Tweed Shire Council recorded significantly less complaints (55%) to move from fourth place to third place this financial year. The most complained about issue was the development at Hastings Point. A number of

TOP 27 COUNCILS BY COMPLAINTS

Council	2008–09	% of total	2007–08	Increase (decrease)
Shoalhaven City Council	75	6.2	127	(52)
Gosford City Council	48	4.0	27	21
Tweed Shire Council	40	3.3	73	(33)
Ku-ring-gai Council	34	2.8	17	17
Sydney City of	28	2.3	22	6
Wollongong City Council	28	2.3	91	(63)
Mid-Western Regional Council	27	2.2	10	18
Wyong Shire Council	23	1.9	25	(2)
Bega Valley Shire Council	23	1.9	20	3
Shellharbour City Council	23	1.9	44	(21)
Lithgow City Council	22	1.8	20	2
Byron Shire Council	22	1.8	14	8
Blue Mountains City Council	21	1.7	9	12
Newcastle City Council	21	1.7	22	(1)
Greater Taree City Council	21	1.7	4	17
Warringah Council	20	1.7	12	8
Coffs Harbour City Council	20	1.7	20	0
Sutherland Shire Council	19	1.6	13	6
Rockdale City Council	19	1.6	12	7
Strathfield Council	18	1.5	10	8
Nambucca Shire Council	18	1.5	7	11
Eurobodalla Shire Council	18	1.5	23	(5)
Central Darling Shire Council	17	1.4	2	15
Blacktown City Council	16	1.3	9	7
Port Stephens Council	16	1.3	41	(25)
Palerang Council	16	1.3	6	10
Liverpool City Council	16	1.3	10	6

Note 1. The actual number of complaints is not necessarily an effective indicator of the seriousness of the matters raised. In some cases the council may be the subject of campaigns, usually about a single controversial issue. This can distort the council's reputation if there is in fact no maladministration on the council's part and the issues relate more to concerns about a particular decision. We generally will not investigate such issues, provided the council's decision is lawful and proper processes are followed.

Note 2. The Division also received 32 complaints which did not specify the name of the council that the matter related to.

complaints were also received about Council's role in the Repco Rally Australia.

We also note the significant drop in the number of complaints (63) received during Wollongong City Council's first year of administration. Shellharbour City Council also decreased its complaint number (21) under administration.

OUR COMPLAINTS HANDLING PROCESS

The Division has three statutory complaint handling roles. First, we examine complaints for breaches of the pecuniary interest provisions of the Act. Second, we examine protected disclosures made to the Director General alleging serious and substantial waste of council money under the *Protected Disclosure Act 1994*. Third, the Director General can investigate councillors for misbehaviour.

The types of matters the Division routinely investigates are:

- pecuniary interests / failure to disclose
- misbehaviour (repeated breaches of Model Code of Conduct including political donations)
- serious misconduct
- systemic and serious deficiencies in councils function and operation
- serious non compliance with the Act and regulations

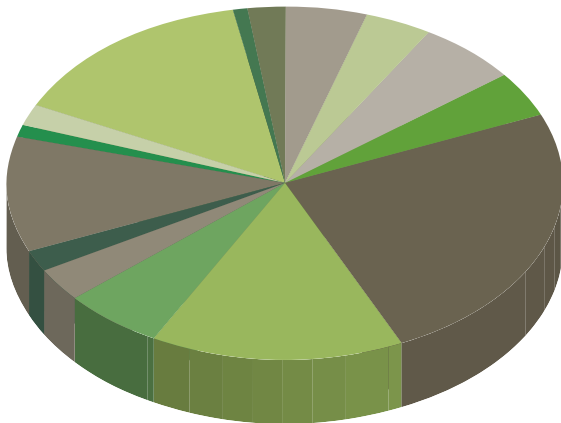
Our investigative priorities are to focus on councils where there is evidence of systemic breakdowns in councils operations. We assess all complaints based on their individual merits and a number of criteria including whether:

- the complaint falls within the Division's jurisdiction to investigate
- there is insufficient prima facie evidence to substantiate the complaint
- the complaint raises an issue that on the Division's further assessment, may warrant further action
- the matter is frivolous, vexatious or is not made in bad faith
- there are alternative means of resolving the issue
- the issues raised need to be investigated by another appropriate body
- it is in the public interest to investigate such an issue
- the matter occurred some time ago and it is unlikely the Division's intervention would provide resolution
- it is in line with the Division's priorities and objectives

For 934 out of the total 1208 complaints received during 2008–09 (or 77 percent), we decided not to carry out more detailed review or preliminary enquiries after assessment. This proportion indicates a decrease on 2007/08.(268).

A total of 274 out of the 1208 complaints received during 2008–09 or 23% of the total proceeded to fuller review and, where appropriate, preliminary enquiries.

MATTERS THAT WERE THE SUBJECT OF COMPLAINTS IN 2008–09



CATEGORIES OF COMPLAINTS

We categorise complaints according to the subject matter of the allegations. This enables us to monitor not only complaint numbers, but also trends in the areas of council operations that give rise to the greatest level of concern.

Most complaints in 2008-09 were about issues such as:

- land use planning - these include complaints from applicants for development consent and from objectors and complaints about rezoning issues
- misconduct by councils includes - allegations of breaches of the council's code of conduct
- council governance issues - including issues about access to information and the conduct of council meetings.
- enforcement and regulatory powers these are complaints that a council is not enforcing development consent conditions, or not acting on evidence of development carried out without consent
- mismanagement and maladministration - including complaints about council's performance including employment practices and calls for dismissal
- financial management - including rating charges, budget issues and decisions on allocation of council funding
- complaints about operational services - including engineering services, environmental services and community services

PECUNIARY INTEREST MATTERS 2007–08 AND 2008–09

Pecuniary interest matters	2007 –08	2008–09
Complaints not determined at 1 July	2	0
Complaints received in year	0	2
Complaints determined in year	2	2
Complaints not determined at 30 June	0	0
Complaints declined	0	3
Complaints to investigation	4	0
Investigations not complete at 1 July	4	0
Investigations commenced in year	0	0
Investigations finalised in year	2	0
Investigations not complete at 30 June	2	0
Reports undetermined by PIDT at 1 July	2	2
Reports referred to PIDT in year	2	1
Reports determined by PIDT in year	1	3
Reports undetermined by PIDT at 30 June	2	2
Determination by PIDT– proven	1	2
Determination by PIDT– not proven	0	2

Pecuniary interest complaints

In 2008–09 we received 61 informal allegations of breaches of the pecuniary interest provisions of the Local Government Act 1993. No complaint met the requirements set out for a formal pecuniary interest complaint.

The Table below details the activity associated with formal pecuniary interest complaints and investigations during 2008/2009 compared to the previous year.

Sections 1 and 2 relate to formal complaints under section 460 of the Local Government Act 1993 received and determined in the period.

Section 3 relates to formal investigations of pecuniary interest complaints under section 462 of the Local Government Act 1993 commenced and determined in the period.

Section 4 relates to determination of reports of investigations into complaints referred to the Pecuniary Interest and Disciplinary Tribunal under section 468 of the Local Government Act 1993.

Section 5 relates to the outcome of complaints referred to the Pecuniary Interest and Disciplinary Tribunal under section 482 of the Local Government Act 1993.

The Pecuniary Interest and Disciplinary Tribunal determined four matters during 2008–09:

- Kyogle Council – Councillor Bryan Hannigan – An investigation into possible breaches of the pecuniary interest provisions of the Local Government Act 1993 on the part of Councillor Hannigan of Kyogle Council. Councillor Hannigan died on 2 August 2008. In accordance with the provisions of the Act,

it was necessary to complete a report and to refer it to the Pecuniary Interest and Disciplinary Tribunal. The Tribunal determined not to hold a hearing into the allegations.

- Hurstville City Council - Councillor Joanne Morris - In its decision of 1 October 2008 the Tribunal found that former Councillor Morris breached the Act. The Tribunal decided to reprimand the former Councillor Morris.
- Kyogle Council - Councillor Bennett – In its decision of 1 October 2008 the Tribunal found that Councillor Bennett had not breached the Act.

- Shoalhaven City Council - Councillor Finkernagel – In its decision of 1 October 2008 the Tribunal found that Councillor Finkernagel breached the Act and decided to disqualify him for a period of 1 year commencing on 5 June 2009.

OUTCOMES

As stated earlier, our focus has been on promoting the resolution of complaints at the local level by councils themselves. The majority of the complaints received during the 2008/2009 financial year did not warrant preliminary enquiries or investigation. For instance, half of the complaints related to local issues which were better resolved at the local level and almost one third had no utility (did not fall within

OUTCOMES OF MATTERS FINALISED IN 2008–09

COUNT OF OUTCOME	REPLY NECESSARY	REPLY NECESSARY
OUTCOME	YES	YES
Advice/explanation provided - local issue	50.0%	609
Advice/explanation provided - no evidence of maladministration	6.0%	73
Alternative redress available	2.4%	29
Information noted for monitoring role	0.8%	10
Matter to be the subject of investigation/inquiry	0.2%	3
No utility	29.4%	358
Pecuniary interest - trivial or does not warrant investigation	5.6%	68
Premature - complainant referred to council directly	0.2%	2
Referred to another authority	0.7%	8
Referred to council for investigation	0.8%	10
Resolved by agency prior to intervention	0.1%	1
Resolved to Minister's or Department's satisfaction	1.6%	19
Pecuniary interest - matter to be investigated	0.2%	2
Section 11 Referrals – ICAC	1.2%	14
Pecuniary interest – frivolous/vexatious/not in good faith	0.1%	1
Pecuniary interest – other body investigating or subject of legal proceedings	0.1%	1
misbehaviour - referred to PIDT	0.1%	1
misbehaviour - trivial or does not warrant investigation	0.5%	6
misbehaviour - alternative redress	0.2%	2
Grand Total	100.0%	1217

the local government portfolio area of responsibility). Initial assessment of a complaint may result in one or more outcomes as listed in the table.

For more detailed information about our investigations and enquiries, including copies of associated reports, go to www.dlg.nsw.gov.au .

The website also has detailed information about our promoting better practice reviews.

COUNCILLOR MISBEHAVIOUR AND POLITICAL DONATION COMPLAINTS

The Minister and Division frequently receive complaints regarding councillor misbehaviour.

The standards of behaviour that the community expects of persons both in leadership positions and who are working for councils are set out in a comprehensive model code of conduct prescribed by the Local Government (General) Regulation 2005. All councils are required to adopt and apply the model code of conduct.

The council's own independent conduct review committee or sole reviewer is generally responsible for making enquiries into allegations of breaches of the council's code of conduct and reporting its findings to the council.

Councils may vary the minimum requirements in the Model Code of Conduct, provided that the varied provisions are in effect more onerous than those provisions in the Model Code. Councils must continue to review their code after each election to ensure that it is consistent with the Model Code.

Recent amendments to the Act now define the types of acts or omissions that amount to misbehaviour. Such acts or omissions include:

- a contravention of the *Local Government Act 1993* or the Regulations
- a failure to comply with applicable requirements of the council's code of conduct, and
- acts of disorder that are committed by councillors during council or committee meetings.

Councils, the Ombudsman and the Independent Commission Against Corruption each have the power to request that the Deputy Director General take suspension action on the basis that grounds exist to warrant a councillor's suspension.

The Deputy Director General has the power, on becoming aware of possible misbehaviour, to request that the council provide him with a report on that matter.

The Deputy Director General may, following consideration of an investigation report, suspend the councillor from civic office for up to one month. While suspended, a councillor is not entitled to exercise official functions or be paid the annual fee or other remuneration to which he or she would have usually been entitled to during the suspension period.

Alternatively a matter may be referred back to the council with recommendations as to how the council might otherwise deal with the matter or no action may be warranted.

The Deputy Director General may refer the more serious cases of councillor misbehaviour to the Pecuniary Interest and Disciplinary Tribunal.

In most respects, the Tribunal deals with matters in much the same way as it deals with pecuniary interest matters. The Tribunal has been given additional powers to deal with issues of misbehaviour.

The Tribunal has the power to:

- suspend a councillor from civic office for up to six months
- suspend a councillor's right to be paid any fee or remuneration to which the councillor would otherwise be entitled for a period of up to six months, without actually suspending the councillor from civic office
- counsel the councillor
- reprimand the councillor.

Requests for suspension

Since the commencement of the misbehaviour legislation, the Department has received a number of suspension requests. This year, one matter was referred to the Tribunal. On 7 May 2009 the Tribunal found that Councillor Ticehurst of Lithgow Shire Council was in breach of misbehaviour provisions of the Act.

REVIEW OF THE MODEL CODE

The Division undertook a review of the Model Code of Conduct for Local Councils in NSW. This involved engaging Ms Libby Darlison of The Miller Group to carry out and analyse results of a survey of councils, as well as additional consultation and the preparation of a report to identify issues in the operation of the Model Code. A reference group made up of representatives of local councils, peak bodies and other stakeholders oversaw the review.

The revised Model Code of Conduct came into effect from 27 June 2008. The Division is currently reviewing the implementation of the revised Model Code and may make further refinements to address implementation issues that have been identified.

POLITICAL DONATIONS COMPLAINTS

The Local Government Act 1993 now requires that where a general manager reasonably suspects that a councillor has failed to comply with his or her obligation to disclose and manage a conflict of interests arising from a political donation, the general manager must refer the matter to the Director General.

The Deputy Director General may refer the matter to the Pecuniary Interest and Disciplinary Tribunal in accordance with the misbehaviour provisions of the Act. Such a referral can be made without the councillor concerned having previously been suspended for misbehaviour.

LEGISLATION

LEGISLATION ADMINISTERED

Carlingford Drainage Improvement (Land Exchange) Act 1992

City of Sydney Act 1988

Collarenebri Water Supply Act 1968

Companion Animals Act 1998

Country Towns Water Supply and Sewerage (Debts) Act 1937

Glen Davis Act 1939 (except part, Minister for Commerce)

Grafton Water Supply Act 1956

Impounding Act 1993

Local Government Act 1993

Local Government Areas Amalgamation Act 1980

Local Government Associations Incorporation Act 1974

Local Government (City of Sydney Boundaries) Act 1967

Newcastle (Miscellaneous Lands) Act 1979

Newcastle National Park Enabling Act 1924

Queen Victoria Building Site Act 1952

Roads Act 1993 section 178(2)

Swimming Pools Act 1992

Walgett Water Supply Act 1959

CHANGES IN ACTS AND SUBORDINATE LEGISLATION

There were one amendments to the *Local Government Act 1993* between 1 July 2008 and 30 June 2009.

Local Government Amendment (Legal Status) Act 2008

This Act commenced operation on 25 November 2008.

The Workplace Relations Act 1996 (Cth) as amended by Work Choices (now repealed) was intended to exclusively cover those employers that are 'constitutional corporations', ie foreign corporations, trading corporations and financial corporations.

One of the key practical effects of that legislation was the forcible transfer of employees of constitutional corporations into the federal relations sphere.

The purpose of the proposed amendments was to remove the corporate status of local councils, thereby excluding local councils from the definition of "employer" in section 6(1) of the Workplace Relations Act.

Removal from the federal jurisdiction made it clear that local government is covered by the NSW Industrial Relations Act 1996. This in turn made it clear that the source of terms and conditions for the majority of the local government employees is the Local Government (State) Award 2007.

CHANGES TO SUBORDINATE LEGISLATION

There were three amendments to the Local Government (General) Regulation 2005 between 1 July 2008 and 30 June 2009.

Local Government (General) Amendment (Rates for Irrigable Land) Regulation 2008

This Regulation commenced on 13 June 2008.

The Local Government (General) Regulation 2005 has been amended to clarify rating options available to those councils that have been affected by the separation and removal of the value of water access entitlements from land titles due to the enactment of the Local Government and Valuation of Land (Water Rights) Act 2005.

The effect of the amendment is to clarify that clause 120A of the Regulation can only be used by councils

that are still in receipt of supplementary valuations for those properties that have been subject to the removal of water, and that have not yet received a general revaluation for all the properties in their area.

It also, and most importantly, clarifies that a council can utilise clause 120B of the Regulation for the full life of its next general valuation cycle.

Local Government (General) Amendment (Code of Conduct) Regulation 2008

This Regulation commenced on 27 June 2008.

The object of this Regulation is to prescribe a new model code of conduct applicable to councillors, members of staff of councils and delegates of councils. Section 440 of the Local Government Act 1993 requires each council to adopt a code of conduct that incorporates the provisions of the model code.

Local Government (General) Amendment (Elections) Regulation 2008

This Regulation commenced on 27 June 2008.

The object of this Regulation is to make a series of amendments to the Local Government (General) Regulation 2005 (the 2005 Regulation) in relation to local government elections.

The amendments include:

- (a) to transfer various electoral functions from councils and returning officers to the Electoral Commission, and to change the terminology used in connection with electoral officers so as to refer to “election officials” (comprising returning officers, polling place managers and other election officials),
- (b) to make it the responsibility of the Electoral Commission to undertake advertising in connection with elections and to provide greater flexibility as to when and how advertisements may be published,

- (c) to require information about an election, including the list of candidates, to be published on the internet,
- (d) to enable nomination proposals, nomination withdrawals, certain applications and other material to be transmitted by facsimile or email,
- (e) to provide how and when ward changes impinge on approaching elections,
- (f) to change the date for close of nominations (“nomination day”) to the fifth Wednesday before election day, and to change the time by which nomination proposals must be lodged or may be withdrawn to 12 noon,
- (g) to enable the deposit for a nomination proposal to be lodged by and refunded to a person on behalf of the person proposed for nomination,
- (h) to require only the suburb, town or other locality of a candidate’s residential address to be publicly displayed,
- (i) to remove the restriction on appointing a polling place after nomination day,
- (j) to require election officials to initial the front, rather than the back, of ballot-papers,
- (k) to revise the provisions regarding the supply of ballot-papers at a polling place that does not have or runs out of ballot-papers,
- (l) to provide that a silent elector (ie an elector whose place of living is not included on a roll because of a request made under section 739 of the Act) is qualified to vote by post,
- (m) to change the time and date by which an elector must be registered as a general postal voter to 6 pm on the day the rolls close,
- (n) to provide for the eligibility of silent electors, pregnant electors or disabled electors to apply for pre-poll votes,

- (o) to set out the procedures that apply to voting at nursing homes and other declared institutions, rather than applying provisions of the Parliamentary Electorates and Elections Act 1912 with various modifications,
- (p) to enable pre-poll voting at mobile booths in remote local government areas,
- (q) to change the form of the question that an election official may (or must if required by a scrutineer) put to an elector from “Are you 18 years of age or older?” to “What is your date of birth?”,
- (r) to require an elector to vote for at least half the number of candidates that equals the number of vacancies,
- (s) to provide that a ballot-paper is not informal just because the elector has placed one or more numbers, a tick or one or more crosses adjacent to but outside a square or squares if, in the opinion of the returning officer, the elector’s intention is clearly indicated,
- (t) to provide further options for notifying candidates of the results of an election,
- (u) to revise the provisions in Part 11 of the 2005 Regulation regarding activities during the period (the “regulated period”) before and on election day, and replace them with a new Division 9A containing the following:
 - (i) offences applicable during the regulated period, regarding posters and other electoral material,
 - (ii) additional offences applicable on pre-poll voting days, regarding posters and canvassing at pre-poll voting offices,
 - (iii) additional offences applicable on election day, regarding posters and canvassing at polling places and distribution of unregistered electoral material,
 - (iv) registration of electoral material for distribution or display on election day,
 - (v) definitions and other miscellaneous provisions,
 - (v) to provide for ballot-papers to be issued in Braille format,
 - (w) to require the Electoral Commission to be notified, by close of nominations, of the question to be asked at a constitutional referendum or council poll and to publicise the referendum or poll when publishing a notice of the election after close of nominations,
 - (x) to remove references, in the context of postal voting, to claiming to vote where an elector’s name is not on the roll of electors, without affecting such claims in the context of other kinds of voting,
 - (y) to provide separate forms for a claim to vote before election day and for a claim to vote on election day, where the elector’s name is not on the roll of electors.

MINISTERIAL ORDERS

Ministerial Borrowing Order

Under the Local Government Act 1993, councils have the power to borrow at any time for any purpose.

Section 622 of the Act allows a council to borrow by way of overdraft or loan or by any other means approved by the Minister for Local Government.

Section 624 of the Act allows the Minister to impose limitations or restrictions on borrowings by a particular council or councils generally.

The Ministerial Borrowing Order, which imposed restrictions on all council borrowings, was last updated in 1993.

The new Borrowing Order requires councils to:

- borrow from within the Commonwealth of Australia; and
- borrow in Australian currency only.

The changes to the Borrowing Order will provide greater flexibility to councils to borrow money especially for matching Nation Building funding for projects.

The intention of these changes is to ensure that the Borrowing Order reflects current financial practice.

The revised Order was signed by the Minister for Local Government on 13 May 2009 and was gazetted on 29 May 2009.

Ministerial Investment Order

The Review of NSW Local Government Investments (“the Cole Report”) investigated the impact on councils that invested in structured financial products. The NSW Government adopted all the recommendations from the report.

One recommendation was to amend the Ministerial Investment Order dated 15 July 2005.

The changes to the Order include:

- including both principal and investment income in the definition of investment instruments
- removal of investments with specific credit ratings under items (k) and (l) of the previous Order. This decision will be reviewed after 31 December 2009

- removal of item (g) in the previous Order, which identified purchase of land as a form of investment. This removal does not preclude a council from acquiring land for the purpose of exercising any of its functions (s186(1) Local Government Act 1993)
- streamlining the wording around investing in public funds and securities issued by or guaranteed by the Commonwealth or Territory (part (a))
- restricting mortgages over land to first mortgages with a Loan to Value ratio of no greater than 60% (part (c))
- excluding subordinated obligations (part (d))
- improving the wording for investments and bills of exchange with authorised deposit-taking institutions (part (e))
- transitional arrangements regarding existing investments (grandfathering provisions).

The Minister for Local Government issued a revised Order pursuant to section 625 of the Local Government Act 1993. The Order was signed by the Minister on 31 July 2008 and was gazetted on 15 August 2008.

WHAT WE PLAN TO DO IN 2009–10

- Continue to provide support to the Local Government Boundaries Commission and the Local Government Grants Commission and administer financial assistance grants.
- Introduce new legislation following the review of the Swimming Pools Act 1992 and Regulation.
- Develop legislative amendments for major projects and capital expenditure.
- Complete a review of expenses and facilities policies.



OUR VISION IS OF A STRONG AND SUSTAINABLE LOCAL GOVERNMENT SECTOR THAT WORKS TOGETHER TO MEET COMMUNITY NEEDS. ”

MANAGE OUR ORGANISATION RESPONSIBLY

Our aim is to support an organisational culture that:

- values and respects its people
- encourages continuous learning, innovation and efficiency
- upholds principles of accountability.

WHAT WE DID IN 2008–09

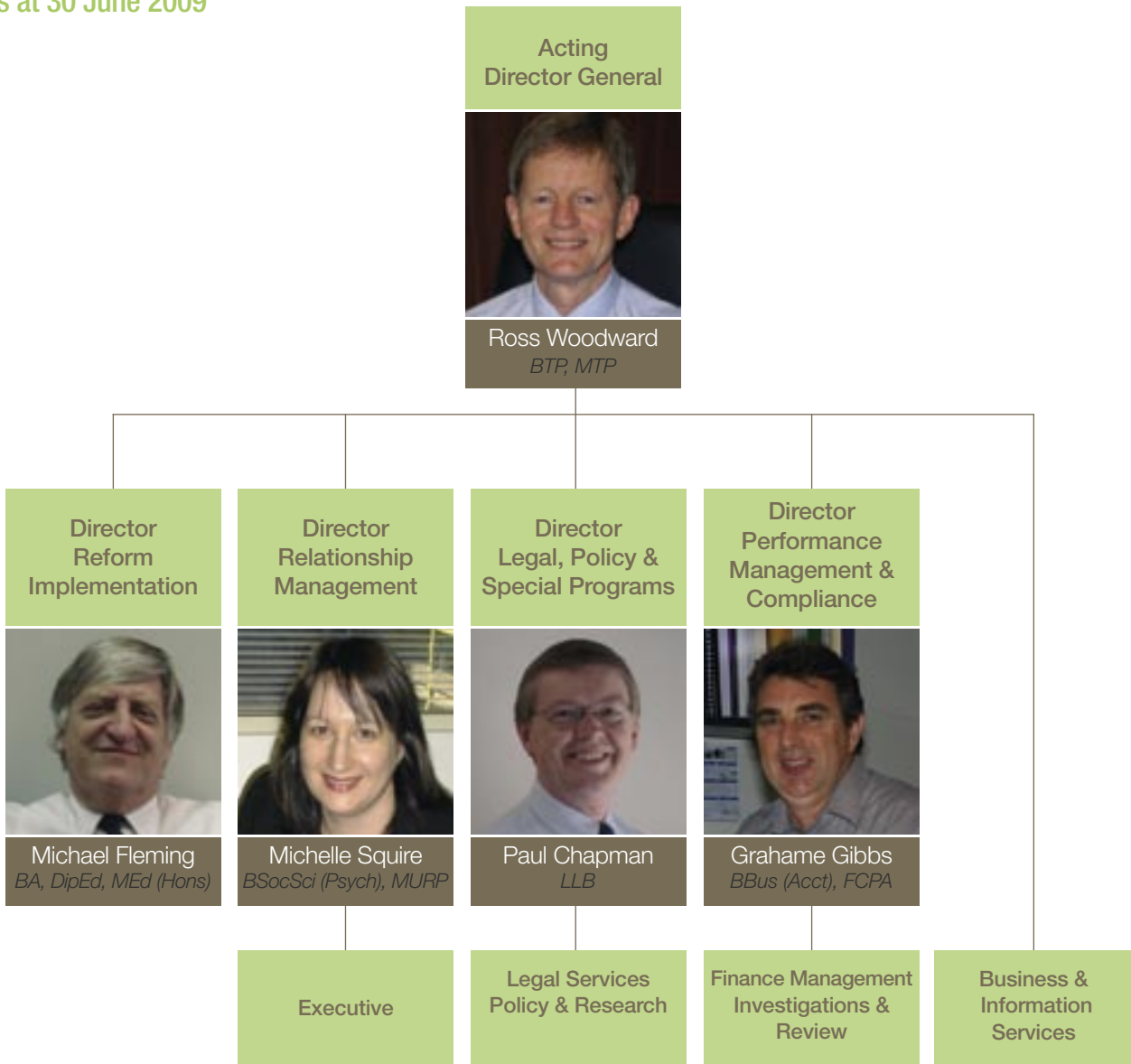
- Continued to improve the governance framework of our organisation.
- Provided professional development opportunities for our staff.
- Managed our resources as efficiently, effectively and economically as possible.
- Endeavoured to provide a safe, fair, equitable, representative and inclusive work environment for our staff.
- Integrated risk management principles and practices into all our activities.

HOW WE ACHIEVED OUR AIM

<p>Maintained a sound governance framework.</p>	<ul style="list-style-type: none"> • Continued ongoing development and review of our policies and procedures. • Ensured that our key committees – Occupational Health and Safety Committee, Social Justice Committee, Joint Consultative Committee, and Internal Audit and Risk Management Committee, met regularly and fulfilled their terms of reference.
<p>Provided professional development opportunities for staff.</p>	<ul style="list-style-type: none"> • Facilitated interbranch transfers and secondments. • Assisted and supported staff attendance at relevant training and development courses.
<p>Managed our resources efficiently, effectively and economically.</p>	<ul style="list-style-type: none"> • Delivered our programs within the approved budget appropriation. • Continued to upgrade our electronic document and records management system and operating environment to provide staff with improved functionality.
<p>Provided a safe, fair, equitable, representative and inclusive work environment.</p>	<ul style="list-style-type: none"> • Undertook quarterly workplace inspections and addressed any occupational health and safety issues identified. • Ensured our Occupational Health and Safety Committee met regularly and reviewed the outcomes of workplace inspections and incident/injury reports.
<p>Integrated risk management principles and practices into all our activities.</p>	<ul style="list-style-type: none"> • Ensured that our Internal Audit and Risk Management Committee met regularly to determine our internal audit plan and monitor and review the findings of internal audits. • Ensured that a risk assessment was undertaken for all our major projects.

OUR ORGANISATION

As at 30 June 2009



SUMMARY OF OPERATIONS

As at 30 June 2009, the former Department of Local Government had six branches that worked together to provide a policy and legislative framework for the local government sector. These branches were: Executive, Business and Information Services, Legal Services, Policy and Research, Finance Management, and Investigations and Review.

On 1 July 2009 all branches of the former Department of Local Government were transferred to the Department of Premier and Cabinet to form the new Local Government Division.

During 2008-09, our operational branches were grouped within two directorates.

DIRECTOR REFORM IMPLEMENTATION

The Director Reform Implementation provides high level strategic advice and research services to the Director General and the Minister on various issues affecting the local government sector. A key responsibility is to provide liaison, support and training services for new councils to ensure the successful implementation of our reform program.

DIRECTOR RELATIONSHIP MANAGEMENT

The Director Relationship Management has a key quality control role and is responsible for ensuring the quality and standards of our strategic advice to the Minister and the Government and our communications and consultative mechanisms with key stakeholders and the community. The role also includes developing corporate strategies, plans and work programs to meet key outcomes and ensuring client services are delivered within agreed deadlines.

Executive

Our Executive Branch coordinates strategic directions, corporate planning, ministerial and other services relating to briefings and correspondence, public inquiries, customer services, publicity and information. We also provide support services for the Executive.

Business and information services

Our Business and Information Services Branch provides infrastructure coordination and management for human resources including EEO and training, financial services, information and communications technology, advisory and support services, records management and administrative services such as insurance, fleet management and accommodation.

The branch also:

- manages the pensioner concession subsidy scheme
- develops and maintains computing systems to support our mission and objectives
- coordinates all data collection activities for our business units
- maintains our website
- maintains computer systems infrastructure to support business objectives.

LEGAL, POLICY AND SPECIAL PROGRAMS DIRECTORATE

Legal services

Our Legal Services Branch identifies and reviews the need for changes to local government legislation and formulates legislative proposals.

It also:

- provides high level legal policy advice to the Government on a wide range of issues affecting local government
- processes leases and land acquisitions for councils
- provides support to the Local Government Boundaries Commission
- prepares briefs on and presents pecuniary interest matters before the Local Government Pecuniary Interest and Disciplinary Tribunal.

Policy and research

Our Policy and Research Branch identifies critical issues in local government management, develops policy, and conducts research to promote best practice in local government.

It also:

- conducts extensive interagency consultation to make sure that local government issues are considered in the relevant context
- helps councils successfully implement local government legislation
- manages programs in councils that deal with social planning, multicultural issues, EEO, state of the environment reports and annual reporting
- co-manages the Companion Animals Program, which aims to promote responsible pet ownership in accordance with the *Companion Animals Act 1998*.

PERFORMANCE MANAGEMENT AND COMPLIANCE DIRECTORATE

Finance management

Our Finance Management Branch monitors local government financial matters including the financial position of councils, rates and charges, rebates, loan borrowings and capital expenditure reviews.

It also:

- collects information and conducts research and policy development on financial and rating issues
- advises the Minister on rate pegging levels and applications by councils for exemption from rate limitations
- manages the development and application of the Local Government Accounting Code
- identifies benchmarking standards to encourage councils to adopt best practice opportunities
- prepares a report each year comparing the performances of councils using key performance indicators.

Investigations and review

Our Investigations and Review Branch assesses and investigates complaints and allegations about the conduct and activities of councils, elected members and council staff.

It also:

- completes special investigations and reviews into councils and inquiries on pecuniary interest matters
- identifies areas of local government administration that need more effective control procedures
- provides best practice advice and educational information for elected members and staff on a range of matters relating to complaints and probity
- liaises with the Independent Commission Against Corruption and the NSW Ombudsman in relation to the Department's investigative function.

OUR MANAGEMENT TEAM

As at 30 June 2009, the management team of the former Department of Local Government was as follows:

CHIEF EXECUTIVE OFFICER

Acting Director General Mr Ross Woodward
BTP, MTP

SENIOR STAFF

Director Performance Management and Compliance Mr Grahame Gibbs
BBus (Acct), FCPA

Director Legal, Policy and Special Programs Mr Paul Chapman
LLB

Director Relationship Management Ms Anne Guzman (acting)
BA, MPS

*Ms Michelle Squire
BSocSci (Psych), MURP*

Director Reform Implementation Mr Michael Fleming
BA, DipEd, MEd (Hons)

BRANCH MANAGERS

Manager Business and Information Services Mr Dennis Amey BA,
GradDip InfSys

Manager Executive Support Ms Anne Guzman
BA, MPS

Manager Investigations and Review Mr David Alderman

Acting Manager Finance Management Mr John Canadi
BBus, MBA

Manager Legal Services Ms Alice Leslie BA,
DipLaw, GradDip
Environmental Law

Manager Policy and Research Ms Karen Paterson BA,
MSocSci (Hons),
MPolStud, DipCommPsych

ACTING DIRECTOR GENERAL'S PERFORMANCE STATEMENT 2008–09

Name: Mr Ross Woodward

Position: Acting Director General, Senior
Executive Service Level 6

Period: 17/2/2009 - 30/6/2009

KEY ACCOUNTABILITY:

Strengthen local government capacity

- Develop a strong policy framework for local government in NSW
- Provide advice, support and direction to local government
- Develop resources and programs for local government
- Work with councils to monitor, review and continuously improve local government performance
- Set standards with the sector
- Take action as required to assist councils
- Promote professional development and continuous learning for local government

Outcomes

- Following extensive public consultation, developed the Local Government Act Local Government (Amendment Planning and Reporting) Bill 2009, which was introduced into Parliament in June 2009. The amendments are designed to strengthen and streamline the way in which councils plan for the future and report to stakeholders

- As part of the review of the Swimming Pools Act an Options Paper was released for public consultation. Over 100 submissions were received and considered
- A Councillor Development Strategy was developed and delivered which included 46 half day councillor information seminars across NSW and the provision of resources for councillors to assist them undertake their roles and responsibilities. The strategy included the release of a councillor guide; the development of a web-based Information Directory for Councillors; the publication of a councillor induction and professional development guide for councillors; and the distribution of a CD of resources to all councillors
- Delivered on the Government's 2007 election commitment in 'Delivering for working families' by allocating the second tranche of \$2 million playground grants to councils. This money was allocated to councils throughout NSW, to be spent on upgrading playgrounds to encourage children to undertake more physical activity
- Reviewed the Promoting Better Practice Program to streamline and improve the process and reporting. Promoting Better Practice Reviews of 9 councils completed and 10 other reviews partially completed
- Released the revised Model Code of Conduct and supporting Guidelines providing to further assist councils with the implementation of the Model Code of Conduct for Local Councils in NSW
- Released a revised Local Government Filming Protocol

- Developed and released Internal Audit Guidelines for councils to assist councils implement good governance practices
- Assessed applications for special rate variations in accordance with the provisions of the Local Government Act

KEY ACCOUNTABILITY

Foster Collaboration with and between local government sector stakeholders

- Foster relationships across all tiers of government and peak bodies on local government matters
- Coordinate implementation of National Intergovernmental Agreement in NSW
- Communicate effectively with stakeholders
- Identify and facilitate opportunities for strategic collaboration between councils

Outcomes

- Continued to support the Local Government and Planning Ministers' Council and the Local Government Joint Officers Group
- Continued liaison with a number of industry groups
- Collaborated with the Community Relations Commission of NSW on the release of a planning framework resource for councils entitled Implementing the Principles of Multiculturalism Locally. This resource will assist councils with the development and implementation of their multicultural policies and services

- Held the inaugural meeting of the Joint Ministerial Advisory Council on Women in Local Government, an initiative of the Minister for Local Government and the Minister for Women; and devised action plans to reflect outcomes of the meeting
- Released Guidelines on Alcohol Free Zones following an amendment of the Local Government Act to give the Commissioner of Police the power to authorise council officers to enforce alcohol free zones
- Maintained relationships with the sector and relevant State and Federal agencies to achieve desired outcomes
- Continued to be involved with and assist other agencies as required on the development of joint publications on issues of strategic relevance to local government
- Gave presentations and participated in conferences and public forums including:
 - LGMA NSW General Managers Forum "Hot Topic" - address
 - 2009 CLAIR Sydney Local Government Seminar - Panel Discussion Concluding Remarks
 - Institute of Internal Auditors Australia (IIA) Local Government Forum - Opening Address
 - LGMA NSW Finance Professionals Conference - Opening Address
 - LGMA NSW 2009 Forum - Opening Address
 - Shires Association of NSW Conference - address on asset management
 - Australian Institute of Local Government Rangers Conference - opening address

KEY ACCOUNTABILITY

Support Effective Decision Making by Advising Government

- Provision of a clear policy and legislative framework for local government
- Coordination and provision of advice to the State Government on local government issues
- Ensure that advice reflects social justice principles
- Monitor and advise on compliance matters

Outcomes

- Continued monitoring of council finances to identify those that may be experiencing financial difficulties to whom additional assistance was provided as required
- Assisted councils to improve financial reporting through the issue of the accounting code and circulars. Draft Investment Policy Guidelines were issued for comment. Circulars were issued on the valuation of land under roads; recognition of certain assets at fair value and rating issues
- Issued a revised Borrowing Order designed to update and simplify the borrowing process and ensuring that councils only borrow from within Australia and in Australian currency

- Issued a Self-Help Guide to assist Councillors with the completion of Returns Disclosing Interests as required under Section 449 of the Local Government Act
- Developed a web based policy directory for councils. This enables ready access to policy advice and information provided to councils by the Department through circulars, guidelines and practices notes arranged under relevant topic areas
- Supported the Grants Commission and the Boundaries Commission
- Issued Circulars to councils to provide them with advice and information on a variety of topics relevant to their operations
- Continued to respond to and investigate complaints and allegations about councils and council officials
- Considered 30 applications for special variations submitted under section 508 for 2008-09. Of these 18 were approved, 10 were declined and 2 were withdrawn. One application was considered under section 508A for increases in multiple years. This was declined

KEY ACCOUNTABILITY

Responsible Management of the Department

- Support a strong, equitable and accountable organisational culture
- Maintain a sound governance framework for the Department
- Manage our resources efficiently effectively and economically
- Provide a safe and equitable work environment
- Integrate risk management principles and practices into our activities
- Ensured sound financial management within budget
- Maintained a sound occupational health and safety framework and ensured that EEO, privacy and freedom of information requirements were understood and complied with by all staff
- Regularly monitored and reviewed achievements against the Department's operational and corporate plans. Undertook quarterly business reviews with all managers
- Undertook a review of corporate credit card usage and recommendations to amend and update relevant policy

Outcomes

- Initiated and supported a leadership development program for middle management
- Reviewed and amended the internal audit and risk management committee charter to ensure the committee has an independent chair and independent committee members
- Undertook a competitive tender process to select an internal audit provider for the Department for the next three years
- Developed a compliance policy and guidelines for the Department
- Reviewed and updated the intranet for staff to facilitate ready access to Departmental policies, procedures and information
- Released the Social Justice Framework 2008-2010 that sets out the corporate plans, priorities and actions on diversity and equity issues over the next four years for the Department.
- Developed a policy for managing complaints about the Department or its staff
- Commenced a review of the Department's staff code of conduct

HUMAN RESOURCES

STAFF EMPLOYED IN VARIOUS CATEGORIES 2004–05 TO 2008–09

Category	2004–05	2005–06	2006–07	2007–08	2008–09
CES/SES	2	2	2	2	1
Senior Officers	3	3	3	3	2
Clerks 7-12	37	35	37	37	40
Clerks 1-6	11	11	13	14	16
Clerical Officers	6	6	3	5	-
Legal Officers	7	7	6	7	6
Total	66	64	64	68	65

As at 30 June 2009

The average sick leave for 2008–09 was 7.03 days, compared to 5.11 days and 5.82 days in each of the two previous years.

CHIEF AND SENIOR EXECUTIVE OFFICERS 2005–06 TO 2008–09

Remuneration Level	CES/SES 2005-06	CES/SES 2006-07	CES/SES 2007-08	CES/SES 2008-09
1				
2				
3				
4	1	1	1	1
5				
6				
7	1	1	1	1
8				
Totals	2	2	2	2

The total remuneration package for Mr Garry Payne AM, former Director General of the Department of Local Government, SES Level 7 was \$383,747. The total remuneration package for Mr Ross Woodward, Acting Director General of the former Department of Local Government, SES Level 4 was \$292,051.

No SES positions were held by women in the years reported.

NEW FLEXIBLE WORKING HOURS AGREEMENT

This year we finalised negotiations on the renewal of our three-year flexible working hours agreement. We anticipate the new agreement coming into force early in 2009/10.

The Division of Local Government is committed to fostering flexible working arrangements under the agreement for the benefit of staff and the achievement of the Division's goals. We acknowledge that an appropriate balance between work and personal commitments can be achieved through the implementation of this agreement. This requires a flexible and responsible approach by staff and management in determining mutually agreeable working hours and working arrangements, while ensuring appropriate levels of service are provided.

NEW INTRANET

We completed development of a new intranet site that provides easy access to Departmental

documents and information resources for staff. The site contains updated policies, guidelines and forms.

INDUSTRIAL RELATIONS

The Crown Employees (Public Sector - Salaries 2008) Award provided for a 4 per cent increase in salaries effective from 1 July 2008.

The Statutory and Other Officers Remuneration Tribunal made its annual determination in relation to the Chief Executive Service (CES) and Senior Executive Service (SES). The Tribunal determined a general increase to CES and SES remuneration packages of 2.5 per cent. This increase took effect from 1 October 2008.

No industrial disputes were notified during the reporting period.

There were no formal grievances lodged in 2008-09. Minor concerns were resolved in accordance with our grievance handling procedures.

EQUAL EMPLOYMENT OPPORTUNITY

TRENDS IN THE REPRESENTATION OF EEO GROUPS FOR FULL-TIME STAFF

EEO Group	Government target	Public sector 2007-08	DLG 2005-06	DLG 2006-07	DLG 2007-08	DLG 2008-09
Women	50%	60%	62%	61%	62%	61%
Aboriginal people and Torres Strait Islanders	2%	2.1%	-	-	-	1.5%
People whose language first spoken as a child was not English	20%	15%	8%	6%	9%	3%
People with a disability	12%	5%	5%	5%	4%	5%
People with a disability requiring work-related adjustment	7%	1.7%	3.1%	3.1%	1.5%	1.5%

TRENDS IN THE DISTRIBUTION OF EEO GROUPS FOR FULL-TIME STAFF

EEO Group	Government target	2005-06	2006-07	2007-08	2008-09
Women	100	83	84	83	86
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a	n/a
People whose language first spoken as a child was not English	100	n/a	n/a	n/a	n/a
People with a disability	100	n/a	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a	n/a

Interpretation

A distribution index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at the lower levels. Where n/a appears, the sample was not sufficient to draw a conclusion. The distribution index is automatically calculated by the software provided by the Public Employment Office.

OCCUPATIONAL HEALTH AND SAFETY

We are committed to providing a safe and healthy work environment for all employees and visitors.

To assist with meeting this commitment, our Occupational Health and Safety Committee meets regularly to advise on the best ways to ensure

the health, safety and welfare of staff, visitors and contractors. The committee plays a key role in encouraging employees to work together to establish a safe and healthy working environment. It conducts regular workplace inspections and reports any risks identified to management, along with recommendations for remedial action.

During 2008–09 we:

- ran fire warden training and regular building evacuation drills
- provided WorkCover-accredited OH&S consultation training for our OH&S Committee representatives
- conducted ergonomic assessments on workstations.
- conducted lunch time information sessions as part of our Employee Assistance Program on a range of health and welfare issues, such as self care and resilience, enhanced communications and handling difficult people.

RISK MANAGEMENT AND INSURANCE ACTIVITIES

During 2008–09 we conducted an organisation-wide risk assessment to develop our new three-year internal audit program for 2008 to 2011 and ensure effective internal control over the financial and related operations of the Department.

Our Internal Audit Committee meets at least quarterly and oversees the conduct of the internal audit and risk management program and the implementation of recommendations arising from the reviews.

This year we:

- completed a review of our purchasing and procurement practices and developed new purchasing and procurement guidelines
- reviewed the operational support provided by the Department to the NSW Grants Commission
- reviewed the effectiveness of the companion animals registration process
- conducted a compliance review of the annual report financial statements
- reviewed petty cash management.

Our insurance coverage is provided by the Treasury Managed Fund.

GOVERNMENT ENERGY MANAGEMENT POLICY

We are committed to policies and practices that aim to achieve low and sustainable levels of energy use and reduce greenhouse emissions.

Our head office at Nowra office has a range of energy-efficient features such as T5 luminaries with electronic ballasts for internal lighting, high tint glass and shade screens above the windows to reduce the solar heating load. The building design uses heat generated by computers within the building to reduce the need for additional heating. Movement sensors in offices deactivate lighting when the offices are unoccupied.

The Cleaner NSW Government Fleet Program encourages the use of smaller, cleaner and less polluting vehicles. This year we achieved an average fleet environment score of 12.1 out of 20, which meets the government target of 11 out of 20.

WASTE REDUCTION

We integrate waste reduction and purchasing policy principles into all our operational policies and practices.

Ongoing strategies to minimise our impact on the environment include:

- communicating with councils via email
- using email and our intranet to distribute information to staff
- reducing the volume of hardcopy publications by publishing on CD and making extensive use of our internet site
- using recycled content paper stocks for our publications
- actively encouraging staff to recycle all waste paper and cardboard and providing facilities for this
- recycling used toner cartridges
- receiving and distributing faxes electronically
- producing electronic forms and publications.

OUR BUSINESS OPERATIONS

We purchase products that contain recycled content whenever it is possible and cost-effective to do so. We also use photocopy paper that has at least 80 per cent recycled content.

DISABILITY PLANS

We are committed to ensuring that all our policies, procedures, guidelines and advice to government enhance opportunities for people with disabilities to participate fully in society. We also work to ensure that the local government sector is aware of its role in actively promoting the participation of people with disabilities in all areas, including local government decision-making.

Our offices provide access to staff and visitors with disabilities including reserved car parking, appropriate ramps, lifts, appropriate toilets and adjustable work stations. In 2008–09 we employed 65 staff, of whom 4 had a disability.

Information is promoted and readily available to all staff on our intranet to help them to consider the needs of people with disabilities when providing advice about local government issues.

In 2007–08 the Social Justice Committee completed the Social Justice Framework for the Department, which includes the *Disability Action Plan for 2008–2012*. The plan establishes strategies to ensure that:

- our buildings and facilities are physically accessible
- information is provided in a range of formats
- quality services are provided
- opportunities are available to people with disabilities to participate in public consultations

- employment of people with disabilities in the Department is increased.

The plan, which is available on the intranet, also includes strategies to help councils better meet the needs of people with disabilities.

ETHNIC AFFAIRS PRIORITY STATEMENT

Our ethnic affairs priorities statement (EAPS) shows how we address the needs of culturally and linguistically diverse (CALD) communities within NSW according to our charter. Our new EAPS 2007–2011 forward plan was approved in 2007–08.

The Department is designated an 'EAPS key agency' by the NSW Community Relations Commission because of our role in providing the legislative and policy framework for the local government sector. This role includes encouraging local councils to practise and promote the principles of multiculturalism within their local communities.

During the year the Department's Social Justice Committee coordinated the implementation of EAPS activities in the Department. Initiatives included:

- encouraging people from CALD communities to stand for the 2008 local government elections through publishing, in conjunction with the Local Government and Shires Associations, *Becoming a councillor*, which includes a section on encouraging diverse representation
- completing the *Implementing the principles of multiculturalism locally: A Planning Framework for Councils* resource kit, developed jointly with the Community Relations Commission. The kit was launched by the Minister for Local Government in July 2008

- completing the biennial Social Justice Initiatives Survey of councils which includes questions about specific CALD plans.

NSW GOVERNMENT ACTION PLAN FOR WOMEN

We are committed to being an equitable and inclusive place of work where women's participation and representation at all levels is supported and actively encouraged.

As the Department has a role in providing the legislative and policy framework for the local government sector, we also work to actively promote women's participation within the sector, particularly in decision-making roles such as councillor and senior management positions.

The Department has a Spokeswomen's program and elects two Spokeswomen each year.

Their role is to:

- develop and implement the annual Spokeswomen's plan
- collect and disseminate information concerning EEO and career development to female colleagues
- provide information to management on issues relating to women in their agency and act as a communication link between the Director of Employment Equity (the Deputy Director General) and all women in the agency
- organise and attend regular meetings with women and with management and participate as a member on the Social Justice Committee
- talk to and offer information and support to female colleagues about work-related issues
- organise special purpose meetings, training and information days.

The Spokeswomen are supported in their role by a Women's Liaison Officer, who acts as a contact point between management and the Spokeswomen, and by the Director for Employment Equity.

During the year the Department's Social Justice Committee and Spokeswomen's program coordinated activities that encouraged participation, representation and development for women employees of the Department including:

- holding regular morning teas for female staff to network and raise issues of concern
- supporting participation by female staff at forums and seminars
- keeping the Spokeswomen's intranet page up-to-date

KEY INTERNAL COMMITTEES

INTERNAL AUDIT AND RISK MANAGEMENT COMMITTEE

Membership as at 30 June 2009:

Ms Myra Craig (Chairperson since 3 June 2009)

– joined 2 December 2008

Dr Kym Boon – joined 3 June 2009

Mr Grahame Gibbs

Other members during 2008-09:

Mr Ross Woodward (chairperson)

– 1 July 2008 to 10 February 2009

Ms Alice Leslie – 1 July 2008 to 2 December 2010

Function:

To assist and support the Director General in the oversight and monitoring of the Department's internal audit function and to provide independent assurance on the adequacy and quality of internal controls, risk management and the Department's compliance framework.

JOINT CONSULTATIVE COMMITTEE

Membership as at 30 June 2009:

Mr Grahame Gibbs

(Chairperson since joining on 3 April 2009)

Mr Felix Bronneberg, PSA Industrial Officer

Mr John Canadi, management representative

Mr Mark Hely, PSA delegate

Ms Tempe Lees, executive officer

Ms Alice Leslie, Women's Liaison Officer

Mr Stephen Spencer, PSA Industrial Officer

Ms Mehtap Stanfield, PSA delegate

Ms Sophie Vassiliou, Human Resources

Other members during 2008-09:

Mr Ross Woodward

(chairperson) until 13 November 2008

Function:

To provide a structure and process by which the Department and members of the Public Service Association can discuss, negotiate and resolve industrial issues affecting Association members employed by the Department.

OCCUPATIONAL HEALTH AND SAFETY COMMITTEE

Membership as at 30 June 2009:

Mr John Davies (Chairperson since 17 March 2009)

Ms Margie Laird (Secretary)

Ms Sue Anderson

Mr Dennis Amey

Ms Tempe Lees

Mr Chris Rowe

Ms Tracey Waters (from 29 September 2008)

Ms Patty Rogers (from 11 March 2009)

Other members during 2008-09:

Ms Marilyn McAuliffe (chairperson from 29 September 2008 to 11 March 2009)

Function:

To advise the Department on the best ways to ensure the health, safety and welfare of staff, visitors and contractors; to provide a forum for discussing all matters affecting the occupational health and safety of employees and visitors on premises used by the Department; to enable all people employed by the Department and covered by the legislation to refer matters to the committee for advice and assistance as appropriate.

SOCIAL JUSTICE COMMITTEE

Membership as at 30 June 2009:

Ms Karen Paterson (chairperson)

Ms Lyn Brown

Mr Glen Colley

Mr Michael Fleming

Ms Alice Leslie (Women's Liaison Officer)

- joined 15 April 2009

Ms Tempe Lees

Ms Lorraine Taylor

Mr Bruce Wright

Ms Anita Gambhir

- joined 18 December 2008

Other members during 2008-09:

Ms Sue Hartley - 1 July 2008 to December 2008

Function:

To more effectively coordinate and monitor the Department's corporate responsibilities in relation to social justice initiatives, planning and reporting; promote social justice within the Department; and provide recommendations to management about the implementation of social justice initiatives.

FREEDOM OF INFORMATION

Our freedom of information (FOI) policy and procedures are aligned with the objectives of the *Freedom of Information Act 1989* and the Ombudsman's policies and guidelines.

We consider any request for access to the documents we hold and, wherever possible, give access to these documents free of charge. However, sometimes there are inhibiting factors

such as the time and resources that may be involved in providing access, the rights of others who may be affected by the disclosure of the information, and the effect of disclosing the documents on the functions of the Department.

The following tables show how many FOI requests we received in 2008–2009, what happened to the requests we completed, why we restricted some requests and how long it took us to process them.

SECTION A – NUMBER OF FOI REQUESTS

FOI requests	Personal	Other	Total
A1 New (including transferred in)	2	8	10
A2 Brought forward	1	0	1
A3 Total to be processed	-	-	-
A4 Total completed	1	8	9
A5 Transferred out	1	-	1
A6 Withdrawn	0	1	3
A6 Total processed*	1	9	10
A6 Unfinished (carried forward)	-	-	-

*Note: Does not include withdrawn or redirected requests.

SECTION B – WHAT HAPPENED TO COMPLETED REQUESTS

Completed requests are those in line A4

Result of FOI request	Personal	Other
B1 Granted in full	-	4
B2 Granted in part	0	1
B3 Refused	0	1
B4 Deferred	1	1
B5 Transferred out	-	3
B5 Completed	1	10

SECTION C – MINISTERIAL CERTIFICATES (NIL)

SECTION D – FORMAL CONSULTATIONS

Result of FOI request	Issued	Total
D1 Number of requests requiring formal consultations	-	-

SECTION E – AMENDMENT OF PERSONAL RECORDS (NO REQUEST)

SECTION F – NOTATION OF PERSONAL RECORDS (NONE IN THE PAST TWO YEARS)

SECTION G – FOI REQUESTS GRANTED IN PART OR REFUSED

Number of times each reason cited in relation to completed requests that are granted or refused

Basis of disallowing or restricting access	Personal	Other
G2 Section 19 (application incomplete, wrongly directed)	-	-
G3 Section 22 (deposit not paid)	-	-
G4 Section 25(1)(a1) (diversion of resources)	-	-
G5 Section 25(1) (a) exempt	-	1
G6 Section 25 (1) (b), (c), (d) (otherwise available)	-	1
G7 Section 28(1) (b) (documents not held)	-	-
G8 Section 24(2)—deemed refused, over 21 days	-	-
G9 Section 31(4) (released to medical practitioner)	-	-
G10 Total	-	2

SECTION H – COSTS AND FEES OF REQUESTS PROCESSED

Result of FOI request	Assessed costs	FOI fees received
H1 All completed requests	\$258	\$258

Note: Does not include costs and fees for unfinished requests or returned or refunded fees.

SECTION I – DISCOUNTS ALLOWED

Personal	1
Other	1

SECTION J – DAYS TO PROCESS

Number of completed requests by calendar days (elapsed time) taken to process.

Elapsed time	Personal	Other
J1 0–21 days	-	4
J2 22–35 days	-	2
J3 Over 35 days	-	0
J4 Total	-	6

Note: Does not include withdrawn request.

SECTION J – DAYS TO PROCESS

Number of completed requests by hours taken to process.

Process hours	Personal	Other
K1 0–10 hours	-	6
K2 11–20 hours	-	2
K3 21–40 hours	-	0
K4 Over 40 hours	-	0
K5 Total	-	8

Note: Does not include withdrawn or unprocessed application.

SECTION L – REVIEWS AND APPEALS

L1 Number of internal reviews finalised	-	
L2 Number of Ombudsman reviews finalised	-	
L3 Number of Administrative Decisions Tribunal appeals finalised	-	

GUARANTEE OF SERVICE AND CONSUMER RESPONSE

We are committed to improving our performance in relation to our guarantee of service by:

- improving the quality of correspondence prepared by staff and making sure it is accessible to, and appropriate for, a wide range of audiences
- effectively managing the large volume of correspondence we receive

We continue to receive a high volume of correspondence due to increasing community interest in local government issues. During 2008–09 we processed 6130 items of Departmental correspondence (down from 6427 in 2007–08), and 3860 items of Ministerial correspondence (down from 4426 in 2007–08).

We aim to provide accurate, consistent advice to our clients in a polite and courteous way.

Our staff try to respond to telephone inquiries immediately and reply to correspondence within four weeks, although complex matters may take longer to finalise.

We always include a contact name and telephone number in letters and encourage clients to contact us if they need more information. We consult on changes to policies or legislation affecting the local government sector and keep our clients up-to-date with any changes.

GUARANTEE OF SERVICE

Service quality measure	2007–08 Target %	2007–08 Actual %	2008–09 Target %	2008–09 Actual %	2009–10 Target %
% of Departmental correspondence answered within 4 weeks	70	60.3	70	62.1	70
% of land acquisition notices approved within 90 days ¹	90	99	90	99	90
% of leases and licences for community land granted within 60 days ¹	90	99	90	99	90
% of annual accounts extensions granted within 21 days	85	94.1	85	90.9	85

¹ Processing time measured from full receipt of all documentation.

PRIVACY MANAGEMENT PLAN

The Department's Governance Coordinator undertakes the role of privacy officer and, in this capacity, advises and informs staff about privacy matters, receives and processes privacy complaints in relation to the Department's activities and conduct, and updates our privacy management plan as required.

Our privacy management plan is publicly available on our website. It sets out what is private and personal information and how we deal with the information we collect. It also provides for the establishment of an ethics committee. The committee reviews each research project to be undertaken by the Department to ensure it complies with the *Privacy and Personal Information Protection Act 1998* (PPIP Act).

The NSW Privacy Commissioner made a direction under section 41 of the PPIP Act exempting public sector agencies from compliance with some sections of the Act. This direction applies to the collection, storage, use and disclosure of personal information by agencies as part of their investigative functions. The exemption covers our investigations where compliance with those sections would detrimentally affect the conduct of the investigation.

WHAT WE PLAN TO DO IN 2009–10

- Update our intranet for staff.
- Provide professional development opportunities for staff
- Implement a sound governance framework which integrates risk management principles
- Ensure that resources are utilised efficiently, effectively and economically within budget

SECTION FOUR

Financial Management





OUR VISION IS OF A STRONG AND SUSTAINABLE LOCAL GOVERNMENT SECTOR THAT WORKS TOGETHER TO MEET COMMUNITY NEEDS. ”

FINANCIAL OVERVIEW

The Department of Local Government incurred expenses of \$86.4 million in 2008–09 in four main categories:

- Grants and subsidies \$71.0 million (82 per cent)
- Salary and related payments \$6.7 million (8 per cent)
- Payments from the companion animals fund \$5.4 million (6 per cent)
- Other departmental costs \$3.3 million (4 per cent).

Revenues collected totalled \$6.1 million, including \$5.8 million in registration fees paid to the companion animals fund. The net cost of services was \$80.3 million.

At 30 June 2009 the total value of assets was \$7.4 million. This represents mainly receipts held in the companion animals fund pending disbursement to councils.

The Department leased its accommodation and, other than computer equipment, owned no substantial assets.

Finance assistance grants transferred to councils during 2008–09 amounted to \$748 million.

MAJOR ASSETS

The Department of Local Government held no individual major assets. The collective net value of plant and equipment at 30 June 2009 was \$450,000 (\$599,000 in 2007–08). Computer and communication equipment form the majority of the value.

CREDIT CARD CERTIFICATION

In accordance with Treasurer's Direction 205.01, it is certified that credit card usage in 2008–09 by officers of the Department of Local Government was in line with government requirements.

GRANTS TO NON-GOVERNMENT ORGANISATIONS

During 2008–09 the Department of Local Government made six payments of \$2,500

each to the following councils under the General Scholarship Program:

Berrigan Shire Council,
Blacktown City Council,
Moree Plains Shire Council,
Riverina Eastern Regional Organisation of Councils (REROC),
Tumbarumba Shire Council, and
Wellington / Blayney / Cabonne Strategic Alliance

A further three payments of \$4,166 each were made on behalf of the Department of Planning under the Planning Scholarship Program to:

Wyong Shire Council
Blacktown City Council
Narromine Shire Council

During 2008-09 the Department of Local Government also allocated \$1.1 million in grants to 57 councils under the Playground Grants Program:

2008/09 PLAYGROUND GRANT ALLOCATIONS

No	LGA	Project Address	Type of Work	\$
1.	Urana	MackKnight Park, Urana	Permanent shade structure	20,000
2.	Richmond Valley	Regional Park, Casino	Equipment, surface & landscape	20,000
3.	Gilgandra	Merri Park, Gilgandra	Equipment, surface & shade sails	20,000
4.	Lachlan	Maurice O'Conner Park, Lake Cargelligo	Shade	20,000
5.	Walgett	Gray Park, Walgett	Equipment, surface & shade	20,000
6.	Murrumbidgee	Curlew Park, Coleambally	Surface softfall	20,000
7.	Temora	Springdale Recreation Reserve	New facility – equipment & surface	20,000
8.	Bland	Bing Walder Park, Ungarie	Shade	20,000
9.	Wentworth	Coomealla Lions Park, Dareton	Upgrade equipment & softfall	20,000
10.	Forbes	Lions Park, Forbes	New equipment	20,000

No	LGA	Project Address	Type of Work	\$
11.	Harden	Newsoms Park, Harden	Replace & upgrade equipment & softfall	20,000
12.	Wellington	Tom Culkin Oval, Geurie	New equipment & softfall	20,000
13.	Gwydir	Upper Horton Showground, Upper Horton	Replace equipment	20,000
14.	Liverpool Plains	Wallabadah Park, Wallabadah	Upgrade equipment	18,982
15.	Gunnedah	Memorial Park, Tambar Springs	Equipment & surfacing	20,000
16.	Upper Lachlan	Breadalbane Park, Breadalbane	New equipment & surface	19,711
17.	Cootamundra	Palmer Park, Wallendbeen	New facility – equipment/surface	18,196
18.	Cobar	Murrin Street, Eubalong West	Replace equipment	20,000
19.	Boorowa	Recreation Park, Boorowa	Equipment & safety fencing	19,916
20.	Uralla	Kingstown Road, Kingstown	New facility – equipment/surface	20,000
21.	Narromine	Rotary Park, Narromine	Upgrade equipment, softfall & shade	20,000
22.	Bombala	Eden Street, Cathcart	New facility – equipment & surface	20,000
23.	Leeton	Central Park, Leeton	New facility – equipment & surface	20,000
24.	Balranald	Greenham Park, Balranald	Equipment & surface	19,630
25.	Kempsey	Belgrave Street, Kempsey	Upgrade skate park to safety standards	20,000
26.	Cooma-Monaro	Cooma North Playground, Binalong Street	Upgrade equipment & softfall	20,000
27.	Blacktown	Glendenning Reserve, Glendenning	Replace equipment, surface & landscaping	20,000
28.	Moree Plains	Memorial Park, Boggabilla	Replace equipment, surface & shade	20,000
29.	Tumut	Richmond Park, Tumut	Liberty swing	20,000
30.	Yass Valley	Riverbank Park, Yass	New equipment, landscaping & surface	20,000
31.	Lithgow	Vale of Clwydd Recreation Park, Lithgow	New facility – equipment & surface	20,000
32.	Mid Western Regional	Showground, Cudgegong Street, Rylstone	Equipment, surface, bike track, & shade	20,000
33.	Murray	Moama Adventure Playpark Perricoota Rd Moama	New equipment for disabled children	20,000
34.	Jerilderie	Monash Park Jerilderie	Upgrade – Surfacing	20,000
35.	Junee	Memorial Park Junee	Upgrade - surfacing	20,000
36.	Conargo	Conargo Rec Ground Conargo	Upgrade - Fencing	16,072
37.	Gundagai	Yarri Park Gundagai	Upgrade – Equipment; landscaping surfacing & shade	20,000

No	LGA	Project Address	Type of Work	\$
38.	Bellingen	Dorrigo Recreation Ground	Upgrade Existing facility	20,000
39.	Blayney	Heritage Park Blayney	Upgrade – shade	20,000
40.	Dungog	Vacy Memorial Green Vacy	New Facility – Equipment; surfacing & shade	20,000
41.	Gloucester	Farley gates – Gloucester District Park Gloucester	New equipment – climbing frame and surfacing	20,000
42.	Griffith	Beilby Park Griffith	Upgrade of equipment	20,000
43.	Orange	Newman Park Orange	Upgrade equipment, shade and surfacing	20,000
44.	Dubbo	Dubbo Recreational Precinct	Purchase of equipment to assist with equal access playground equipment purchase	20,000
45.	Tamworth	ANZAC Park Tamworth	Upgrade equipment	20,000
46.	Wagga Wagga	Osbourne Street Galore	Equipment & Surfacing	20,000
47.	Taree	Johns River	Equipment & Surfacing	20,000
48.	Upper Hunter	Wilson Memorial Park Mayne Street Murrurundi	Upgrade equipment	20,000
49.	Maitland	Sophia Jane Ave Woodberry (suburb of Maitland)	Upgrade	20,000
50.	Bathurst	Perthville Community Hall Perthville	New facility equipment surfacing and shade	20,000
51.	Bankstown	Roberts Park Acacia Avenue Greenacre	Equipment, landscaping & surfacing	20,000
52.	Wollongong	Harry Baggot Park Cowper Street Port Kembla	Upgrade - surfacing	18,000
53.	Cessnock	Wollombi Road Bellbird	Upgrade - surfacing	15,000
54.	Wyong	Ewen Howlett Reserve Berkeley Vale	Upgrade equipment	20,000
55.	Penrith	Werrington Lake Burton Street Werrington	Replace and upgrade equipment	20,000
56.	Liverpool	Snowy Park South Liverpool Road Heckenberg	Upgrade and replace equipment	10,000
57.	Canada Bay	Roberts Reserve, Noble Street, Rodd Point	Playground equipment and surfacing	20,000
			Total	\$1,115,507

CONSULTANTS

In 2008–09 the Department of Local Government spent a total of \$83,864 on consultants. Two consultants were engaged during the year, both of which exceeded \$30,000 as shown in the table below.

CONSULTANCIES OVER \$30,000

Consultant	Cost \$	Details
PriceWaterhouseCoopers	50,000	Preparation of update to the Code of Accounting Practice and Financial Reporting
The Miller Group	30,900	Preparation of materials for Councillor Training Sessions.

The difference between the total cost of consultants in 2008-09 (\$83,864) and the cost of consultants engaged in 2008-09 (\$80,900) relates to consultant expenditure from 2007-08 financial year, which had been under-accrued.

PAYMENT PERFORMANCE

AGED ANALYSIS AT THE END OF EACH QUARTER

Quarter	Current (ie within due date) \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
At 30 September 2008	943,606	357	6,398	6,210	27,985
At 31 December 2008	2,008,928	4,443	11,414	7,062	587
At 31 March 2009	837,426	72,314	29,450	3,918	114
At 30 June 2009	1,493,354	18,083	541,504	931	909

ACCOUNTS PAID ON TIME EACH QUARTER

Quarter	Accounts paid on time		Amount Paid on time \$	Amount Paid \$
	Target %	Actual %		
At 30 September 200	85	95.84	943,606	984,557
At 31 December 200	85	98.84	2,008,928	2,032,435
At 31 March 2009	85	88.78	837,426	943,222
At 30 June 2009	85	72.68	1,493,354	2,054,781

Actual payment performance for the year exceeded the Department of Local Government's targets. No interest was paid on overdue accounts.

The above format is in accordance with Treasury Circular TC 01/12.

FINANCIAL ASSISTANCE GRANT ENTITLEMENTS

The grant entitlements in the following table have been adjusted for variations in the estimates of CPI and the states' shares of the national population.

FINANCIAL ASSISTANCE GRANT ENTITLEMENTS

Local governing body	2006–07	2007–08	2008–09
Albury City	4,941,061	5,299,936	5,568,276
Armidale Dumaresq	3,331,816	3,569,322	3,727,799
Ashfield Municipal	1,149,699	1,204,180	1,264,815
Auburn City	2,101,635	2,301,578	2,499,152
Ballina Shire	2,981,692	3,046,639	3,074,183
Balranald Shire	2,105,291	2,250,382	2,365,637
Bankstown City	4,900,766	5,350,286	5,763,557
Bathurst Regional	4,475,744	4,881,495	5,224,550
Bega Valley Shire	5,187,657	5,426,077	5,809,879
Bellingen Shire	2,465,403	2,609,817	2,736,669
Berrigan Shire	2,991,986	3,232,332	3,440,644
Blacktown City	14,980,209	15,802,071	16,084,396
Bland Shire	4,496,052	4,768,789	4,979,769
Blayney Shire	1,716,224	1,833,221	1,908,286
Blue Mountains City	6,760,204	7,034,441	7,258,581
Bogan Shire	2,296,016	2,427,190	2,527,693
Bombala	1,274,637	1,358,936	1,440,173
Boorowa	1,052,038	1,121,589	1,179,877
Botany Bay City	985,562	1,017,103	1,018,301
Bourke Shire	3,151,212	3,337,692	3,431,953
Brewarrina Shire	2,047,028	2,167,950	2,247,000
Broken Hill City	3,639,211	3,918,756	4,167,757
Burwood	716,831	753,964	810,066
Byron Shire	2,246,996	2,294,805	2,315,174
Cabonne	3,239,867	3,413,328	3,548,180
Camden	1,966,290	2,002,905	2,015,542
Campbelltown City	8,519,281	8,671,482	8,821,153
Canada Bay City	1,564,136	1,670,161	1,759,856

Local governing body	2006–07	2007–08	2008–09
Canterbury City	4,205,464	4,599,536	4,912,753
Carrathool Shire	3,225,182	3,405,925	3,535,969
Central Darling Shire	2,909,988	3,075,752	3,178,028
Cessnock City	5,412,335	5,659,885	5,865,990
Clarence Valley	8,813,768	9,048,167	9,269,447
Cobar Shire	3,081,769	3,278,756	3,466,402
Coffs Harbour City	5,751,108	5,937,496	6,019,567
Conargo Shire	1,804,839	1,918,185	2,037,408
Coolamon Shire	2,265,996	2,389,500	2,478,739
Cooma-Monaro Shire	2,576,548	2,782,344	2,955,471
Coonamble Shire	2,444,730	2,609,039	2,716,843
Cootamundra Shire	1,840,345	2,003,253	2,134,371
Corowa Shire	3,152,296	3,368,910	3,536,759
Cowra Shire	3,056,497	3,276,985	3,446,562
Deniliquin	1,657,432	1,808,568	1,935,347
Dubbo City	5,150,695	5,531,272	5,830,701
Dungog Shire	1,681,274	1,774,020	1,835,695
Eurobodalla Shire	5,369,437	5,438,328	5,539,114
Fairfield City	8,989,489	9,550,962	9,830,146
Forbes Shire	3,769,840	4,008,591	4,173,532
Gilgandra Shire	2,124,269	2,269,551	2,364,435
Glen Innes Severn	2,695,968	2,896,774	3,057,737
Gloucester Shire	1,478,629	1,582,797	1,686,106
Gosford City	8,089,714	8,185,589	8,196,678
Goulburn Mulwaree	3,665,108	3,821,260	3,959,832
Great Lakes	5,456,956	5,555,538	5,666,755
Greater Hume Shire	3,645,591	3,953,548	4,229,186
Greater Taree City	5,518,883	5,807,069	6,009,575
Griffith City	2,912,041	3,162,491	3,383,993
Gundagai Shire	1,324,199	1,415,507	1,484,694
Gunnedah Shire	2,954,602	3,192,297	3,357,097
Guyra Shire	1,662,392	1,770,896	1,840,452

Local governing body	2006–07	2007–08	2008–09
Gwydir Shire	2,889,029	3,114,696	3,223,661
Harden Shire	1,826,402	1,929,299	1,854,652
Hawkesbury City	4,210,303	4,273,159	4,299,178
Hay Shire	1,742,176	1,867,707	1,989,069
Hills Shire	4,129,230	4,345,005	4,620,445
Holroyd City	2,772,151	3,028,203	3,265,412
Hornsby Shire	3,839,549	4,014,389	4,167,123
Hunters Hill Municipal	348,744	364,117	378,664
Hurstville City	1,754,940	1,846,564	1,928,583
Inverell Shire	4,014,967	4,280,575	4,492,820
Jerilderie Shire	1,501,787	1,593,865	1,679,769
Junee Shire	1,943,400	2,057,135	2,132,376
Kempsey Shire	4,358,691	4,554,723	4,708,984
Kiama Municipal	1,129,424	1,183,247	1,190,508
Kogarah City	1,304,172	1,382,874	1,408,131
Ku-ring-gai	2,672,307	2,786,573	2,842,923
Kyogle	2,900,854	3,124,501	3,306,016
Lachlan Shire	5,197,760	5,499,230	5,853,434
Lake Macquarie City	12,729,043	13,108,537	13,713,054
Lane Cove Municipal	752,504	787,534	805,606
Leeton Shire	2,553,118	2,779,038	2,984,994
Leichhardt Municipal	1,327,279	1,346,199	1,365,946
Lismore City	5,283,857	5,637,014	5,922,710
Lithgow City	3,353,098	3,552,481	3,840,359
Liverpool City	7,194,471	7,294,794	7,304,515
Liverpool Plains Shire	2,375,929	2,554,708	2,683,657
Lockhart Shire	2,531,998	2,665,840	2,766,190
Lord Howe Island Board	135,361	142,938	148,554
Maitland City	5,184,731	5,554,912	5,828,190
Manly	893,453	940,703	983,032
Marrickville	3,094,018	3,126,067	3,114,697
Mid-Western Regional	4,455,987	4,699,310	4,988,323

Local governing body	2006–07	2007–08	2008–09
Moree Plains Shire	4,223,792	4,504,628	4,783,931
Mosman Municipal	661,967	692,956	709,455
Murray Shire	2,472,820	2,682,717	2,869,121
Murrumbidgee Shire	1,120,974	1,204,729	1,289,473
Muswellbrook Shire	2,475,488	2,665,010	2,824,586
Nambucca Shire	2,826,000	2,966,880	3,078,891
Narrabri Shire	4,191,381	4,478,714	4,771,341
Narrandera Shire	2,879,782	3,045,473	3,164,443
Narromine Shire	2,794,105	2,956,658	3,086,962
Newcastle City	11,185,655	11,467,118	11,617,010
North Sydney	1,381,054	1,461,431	1,530,408
Oberon	1,729,374	1,841,437	1,899,053
Orange City	3,470,757	3,779,724	3,990,685
Palerang	2,232,855	2,334,990	2,426,898
Parkes Shire	3,988,498	4,262,099	4,487,063
Parramatta City	5,527,799	6,079,247	6,553,269
Penrith City	9,539,925	10,106,153	10,549,465
Pittwater	1,425,352	1,501,800	1,526,450
Port Macquarie-Hastings	6,451,607	6,796,034	7,180,820
Port Stephens	4,332,301	4,440,522	4,566,870
Queanbeyan City	2,603,163	2,724,523	2,849,453
Randwick City	2,832,271	3,000,204	3,106,221
Richmond Valley	3,742,458	3,939,350	4,103,778
Rockdale City	2,212,862	2,334,886	2,445,780
Ryde City	2,360,304	2,483,172	2,612,435
Shellharbour City	3,658,653	3,805,029	4,017,464
Shoalhaven City	9,272,291	9,441,585	9,454,671
Silverton Village Committee	22,673	23,976	24,908
Singleton	2,571,859	2,707,567	2,824,691
Snowy River Shire	2,136,596	2,329,946	2,509,987
Strathfield Municipal	733,526	785,590	855,351
Sutherland Shire	5,176,184	5,395,857	5,568,326

Local governing body	2006–07	2007–08	2008–09
Sydney City	3,921,114	4,298,712	4,693,095
Tamworth Regional	8,400,431	8,905,504	9,177,056
Temora Shire	2,207,534	2,354,378	2,462,056
Tenterfield Shire	2,982,875	3,228,117	3,376,221
Tibooburra Village Committee	50,916	53,841	55,934
Tumbarumba Shire	1,327,792	1,424,023	1,511,735
Tumut Shire	2,277,404	2,479,784	2,647,932
Tweed Shire	7,492,740	7,790,126	8,093,974
Upper Hunter (S)	3,279,199	3,464,066	3,596,539
Upper Lachlan	2,665,221	2,842,664	3,023,213
Uralla Shire	1,683,489	1,807,443	1,883,240
Urana Shire	1,431,925	1,503,760	1,559,712
Wagga Wagga City	7,278,121	7,858,405	8,345,747
Wakool Shire	2,422,022	2,622,271	2,772,082
Walcha	1,310,290	1,398,715	1,441,511
Walgett Shire	3,733,698	4,018,711	4,235,909
Warren Shire	1,604,924	1,706,170	1,783,133
Warringah	3,340,040	3,523,188	3,632,446
Warrumbungle Shire	4,510,225	4,792,930	5,022,827
Waverley	1,936,400	1,957,308	1,962,166
Weddin Shire	1,808,225	1,916,584	2,014,732
Wellington	2,731,679	2,907,256	3,036,043
Wentworth Shire	3,554,722	3,783,542	3,962,848
Willoughby City	1,514,189	1,604,869	1,729,654
Wingecarribee Shire	3,615,293	3,690,714	3,719,054
Wollondilly Shire	2,567,887	2,616,297	2,645,223
Wollongong City	13,080,738	13,369,428	13,549,890
Woollahra Municipal	1,203,884	1,264,227	1,325,251
Wyong Shire	8,841,725	9,127,122	9,340,717
Yass Valley	2,377,281	2,444,294	2,492,910
Young Shire	2,583,673	2,766,640	2,927,604
Total Entitlements	536,342,643	565,042,249	588,015,590

PENSIONER REBATE PAYMENTS

PENSIONER REBATE PAYMENTS 2008–09

Council	Total Paid in October 2008
Albury	\$777,439.05
Armidale Dumaresq	\$250,442.30
Ashfield	\$284,918.34
Auburn	\$432,949.17
Ballina	\$529,691.96
Balranald	\$34,879.59
Bankstown	\$1,715,810.79
Bathurst Regional	\$515,616.95
Bega Valley	\$695,351.73
Bellingen	\$270,360.59
Berrigan	\$199,536.32
Blacktown	\$1,656,752.77
Bland	\$89,529.93
Blayney	\$91,120.23
Blue Mountains	\$764,564.45
Bogan	\$42,884.52
Bombala	\$51,439.12
Boorowa	\$40,341.00
Botany Bay	\$339,585.44
Bourke	\$24,818.74
Brewarrina	\$8,777.75
Broken Hill	\$418,786.67
Burwood	\$213,361.32
Byron	\$392,687.16
Cabonne	\$153,543.26
Camden	\$271,121.07
Campbelltown	\$817,195.81
Canada Bay	\$554,349.02

Council	Total Paid in October 2008
Canterbury	\$1,290,904.80
Carrathool	\$29,238.66
Central Darling	\$10,172.06
Central Tablelands County	\$14,464.67
Cessnock	\$667,086.14
Clarence Valley	\$1,114,616.19
Cobar	\$58,297.53
Coffs Harbour	\$1,179,099.67
Coolamon	\$64,883.72
Cooma-Monaro	\$172,684.99
Coonamble	\$58,889.34
Cootamundra	\$161,642.94
Corowa	\$278,154.00
Cowra	\$221,759.47
Deniliquin	\$171,295.36
Dubbo	\$442,101.00
Dungog	\$97,708.18
Eurobodalla	\$977,200.55
Fairfield	\$1,585,448.26
Forbes	\$188,624.04
Gilgandra	\$70,137.76
Glen Innes Severn	\$181,680.28
Gloucester	\$105,209.50
Goldenfields Water County	\$24,826.98
Gosford	\$2,633,634.63
Goulburn Mulwaree	\$465,298.71
Great Lakes	\$670,052.64
Greater Hume	\$140,010.58
Greater Taree	\$752,114.13
Griffith	\$229,779.08
Gundagai	\$48,136.38
Gunnedah	\$196,470.19

Council	Total Paid in October 2008
Guyra	\$81,436.42
Gwydir	\$125,076.75
Harden	\$89,845.87
Hawkesbury	\$417,115.42
Hay	\$57,604.31
Hills	\$797,109.19
Holroyd	\$807,757.78
Hornsby	\$874,954.09
Hunters Hill	\$59,354.49
Hurstville	\$694,244.92
Inverell	\$342,199.25
Jerilderie	\$22,267.09
Junee	\$78,556.48
Kempsey	\$696,902.24
Kiama	\$215,894.37
Kogarah	\$439,850.95
Ku-ring-gai	\$423,996.30
Kyogle	\$145,738.59
Lachlan	\$106,284.44
Lake Macquarie	\$2,400,477.40
Lane Cove	\$143,228.19
Leeton	\$169,652.60
Leichhardt	\$257,222.37
Lismore	\$599,395.14
Lithgow	\$453,294.88
Liverpool	\$896,626.65
Liverpool Plains	\$164,865.78
Lockhart	\$37,985.72
Maitland	\$658,664.74
Manly	\$190,569.80
Marrickville	\$506,487.84
Mid-Western Regional	\$404,168.37

Council	Total Paid in October 2008
MidCoast County	\$199,466.14
Moree Plains	\$121,368.18
Mosman	\$83,248.08
Murray	\$129,002.96
Murrumbidgee	\$21,804.43
Muswellbrook	\$169,569.05
Nambucca	\$414,584.55
Narrabri	\$180,276.94
Narrandera	\$124,277.17
Narromine	\$99,758.14
Newcastle	\$1,773,621.96
North Sydney	\$178,782.80
Oberon	\$55,518.96
Orange	\$539,024.72
Palerang	\$110,577.36
Parkes	\$268,504.36
Parramatta	\$1,063,461.02
Penrith	\$1,187,204.85
Pittwater	\$346,064.56
Port Macquarie-Hastings	\$1,480,047.04
Port Stephens	\$707,379.32
Queanbeyan	\$382,678.93
Randwick	\$730,670.37
Richmond Valley	\$330,516.39
Riverina Water County	\$75,372.43
Rockdale	\$971,610.56
Rous Water	\$9,659.77
Ryde	\$759,626.87
Shellharbour	\$682,667.22
Shoalhaven	\$1,735,934.84
Singleton	\$215,186.29
Snowy River	\$167,392.55

Council	Total Paid in October 2008
Strathfield	\$185,359.27
Sutherland Shire	\$1,716,819.59
Sydney	\$332,904.32
Tamworth Regional	\$1,175,923.60
Temora	\$110,924.53
Tenterfield	\$124,410.39
Tumbarumba	\$56,320.77
Tumut	\$227,230.71
Tweed	\$1,700,694.73
Upper Hunter	\$211,966.43
Upper Lachlan	\$103,006.48
Uralla	\$94,555.17
Urana	\$16,695.77
Wagga Wagga	\$605,533.54
Wakool	\$74,730.63
Walcha	\$48,270.33
Walgett	\$83,832.83
Warren	\$41,368.71
Warringah	\$1,025,927.82
Waverley	\$329,633.32
Weddin	\$65,637.65
Wellington	\$172,624.10
Wentworth	\$84,369.98
Willoughby	\$292,491.27
Wingecarribee	\$554,616.58
Wollondilly	\$285,998.10
Wollongong	\$2,155,319.50
Woollahra	\$135,909.86
Wyong	\$3,054,870.14
Yass Valley	\$136,693.83
Young	\$231,966.11
Totals	\$70,049,770.78

AUDITED FINANCIAL STATEMENTS



New South Wales Government
Department of Premier and Cabinet

Statement by Department Head

Year ended 30 June 2009

Statement by Department Head

Pursuant to section 45F of the *Public Finance and Audit 1983*, I state that:

- (a) the accompanying financial statements have been prepared in accordance with provisions of the *Public Finance and Audit Act 1983*, the Financial Reporting Code for Budget Dependent General Government Sector Agencies, the applicable clauses of the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions.
- (b) The statements exhibit a true and fair view of the financial position and transactions of the Department of Local Government.
- (c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'John Lee'.

John Lee
Director General



GPO BOX 12
Sydney NSW 2001

**INDEPENDENT AUDITOR'S REPORT
DEPARTMENT OF LOCAL GOVERNMENT**

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Department of Local Government (the Department), which comprises the balance sheet as at 30 June 2009, the operating statement, statement of recognised income and expense, cash flow statement, service group statements and a summary of compliance with financial directives for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Department as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

My opinion should be read in conjunction with the rest of this report.

Department Head's Responsibility for the Financial Report

The Department Head is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Department's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Department Head, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

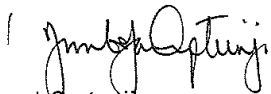
My opinion does *not* provide assurance:

- about the future viability of the Department,
- that it has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



A Oyetunji
Director, Financial Audit Services

20 October 2009
SYDNEY

OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	NOTES	ACTUAL 2009 \$'000	BUDGET 2009 \$'000	ACTUAL 2008 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	6,734	7,005	6,865
Other operating expenses	2(b)	8,300	7,258	8,463
Depreciation and amortisation	2(c)	309	285	281
Grants and subsidies	2(d)	71,010	77,500	72,642
Total expenses excluding losses		86,353	92,048	88,251
Revenue				
Sale of goods and services	3(a)	–	21	2
Investment revenue	3(b)	289	360	362
Retained taxes, fees and fines	3(c)	5,775	5,500	5,840
Other revenue	3(d)	32	30	15
Total Revenue		6,096	5,911	6,219
Gain/(loss) on disposal	4	–	–	3
Net Cost of Services	19 & 21	80,257	86,137	82,029
Government Contributions				
Recurrent appropriation	5	79,743	85,667	80,687
Capital appropriation	5	150	150	150
Acceptance by the Crown Entity of employee benefits and other liabilities	6	495	340	453
Total Government Contributions		80,388	86,157	81,290
Surplus/(deficit) for the year	16	131	20	(739)

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2009

	NOTES	ACTUAL 2009 \$'000	BUDGET 2009 \$'000	ACTUAL 2008 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	9 & 22	5,772	5,975	5,839
Receivables	10	1,133	1,246	1,247
Total Current Assets		6,905	7,221	7,086
Non-Current Assets				
Plant and equipment				
– Plant and equipment	11	329	345	365
Total Plant and equipment		329	345	365
Intangible assets	12	121	119	234
Total Non-Current Assets		450	464	599
Total Assets		7,355	7,685	7,685
LIABILITIES				
Current Liabilities				
Payables	14	1,530	1,803	1,823
Provisions	15(a)	832	999	999
Total Current Liabilities		2,362	2,802	2,822
Non-Current Liabilities				
Provisions	15(b)	8	9	9
Total Non-Current Liabilities		8	9	9
Total Liabilities		2,370	2,811	2,831
Net Assets		4,985	4,874	4,854
EQUITY				
Accumulated funds	16	4,985	4,874	4,854
Total Equity		4,985	4,874	4,854

The accompanying notes form part of these financial statements.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2009

	NOTES	ACTUAL 2009 \$'000	BUDGET 2009 \$'000	ACTUAL 2008 \$'000
Total Income And Expense Recognised Directly In Equity		-	-	-
Surplus/(Deficit) for the year	16	131	20	(739)
Total Income And Expense Recognised For The Year		131	20	(739)
Effect Of Changes In Accounting Policies And Correction Of Errors		-	-	-

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	NOTES	ACTUAL 2009 \$'000	BUDGET 2009 \$'000	ACTUAL 2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(6,387)	(6,665)	(6,358)
Grants and subsidies		(71,011)	(77,500)	(72,643)
Other		(9,068)	(7,518)	(8,872)
Total Payments		(86,466)	(91,683)	(87,873)
Receipts				
Sale of goods and services		–	21	2
Retained taxes, fees and fines		5,898	5,771	5,763
Interest received		390	360	349
Other		353	-	446
Total Receipts		6,641	6,152	6,560
Cash Flows from Government				
Recurrent appropriations	5	79,743	85,667	80,687
Capital appropriation	5	150	150	150
Net Cash Flows from Government		79,893	85,817	80,837
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	21	68	286	(476)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment		–	–	5
Purchases of plant and equipment		(135)	(150)	(153)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(135)	(150)	(148)
NET INCREASE/(DECREASE) IN CASH		(67)	136	(624)
Opening cash and cash equivalents		5,839	5,839	6,463
CLOSING CASH AND CASH EQUIVALENTS	9 & 22	5,772	5,975	5,839

The accompanying notes form part of these statements.

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

	2009			
	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000
Original Budget Appropriation/ Expenditure				
Appropriation Act	85,667	79,143	150	150
Additional appropriations	–	–	–	–
s26 PF&AA – Commonwealth specific purpose payments	–	747,988	–	–
	85,667	827,131	150	150
Other Appropriations/ Expenditure				
Treasurer's Advance	600	600	–	–
	600	600	–	–
Total Appropriations/Expenditure/ Net Claim on Consolidated Fund (includes transfer payments)	86,267	827,731	150	150
Amount drawn down against Appropriation		827,731		150
Liability to Consolidated Fund		–		–

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed)

2008				
Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund	
\$'000	\$'000	\$'000	\$'000	\$'000
84,545	80,687	150	150	
-	-	-	-	
-	556,888	-	-	
84,545	637,575	150	150	
-	-	-	-	
-	-	-	-	
84,545	637,575	150	150	
	637,575		150	
	-		-	

SERVICE GROUP STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

DEPARTMENT'S EXPENSES AND INCOME	Service Group 1 *		Service Group 2 *	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	6,241	6,479		–
Other operating expenses	2,912	2,838		–
Depreciation and amortisation	309	281		–
Grants and subsidies	960	53	70,050	72,589
Total expenses excluding losses	10,422	9,651	70,050	72,589
Revenue				
Sale of goods and services	–	2	–	–
Investment revenue	189	262	–	–
Retained taxes, fees and fines	–	–	–	–
Other revenue	32	15	–	–
Total revenue	221	279	–	–
Gain/(loss) on disposal	–	3	–	–
Net Cost of Services	10,201	9,369	70,050	72,589
Government contributions **	–	–	–	–
NET EXPENDITURE/(REVENUE) FOR THE YEAR	10,201	9,369	70,050	72,589
DEPARTMENT'S ASSETS AND LIABILITIES				
Current assets				
Cash and cash equivalents	3,481	3,420	–	–
Receivables	278	273	–	–
Total current assets	3,759	3,693	–	–
Non-current assets				
Plant and equipment	329	365	–	–
Intangible assets	121	234	–	–
Total non-current assets	450	599	–	–
TOTAL ASSETS	4,209	4,292	–	–

	Service Group 3 *		Not Attributable		Total	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	493	386	–	–	6,734	6,865
	5,388	5,625	–	–	8,300	8,463
	–	–	–	–	309	281
	–	–	–	–	71,010	72,642
	5,881	6,011	–	–	86,353	88,251
	–	–	–	–	–	2
	100	100	–	–	289	362
	5,775	5,840	–	–	5,775	5,840
	–	–	–	–	32	15
	5,875	5,940	–	–	6,096	6,219
	–	–	–	–	–	3
	6	71	–	–	80,257	82,029
	–	–	80,388	81,290	80,388	81,290
	6	71	(80,388)	(81,290)	(131)	739
	2,291	2,419	–	–	5,772	5,839
	855	974	–	–	1,133	1,247
	3,146	3,393	–	–	6,905	7,086
	–	–	–	–	329	365
	–	–	–	–	121	234
	–	–	–	–	450	599
	3,146	3,393	–	–	7,355	7,685

SERVICE GROUP STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2009

DEPARTMENT'S EXPENSES AND INCOME	Service Group 1 *		Service Group 2 *	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
DEPARTMENT'S ASSETS AND LIABILITIES				
Current liabilities				
Payables	290	452	–	–
Provisions	816	975	–	–
Total current liabilities	1,106	1,427	–	–
Non-current liabilities				
Provisions	8	9	–	–
Total non-current liabilities	8	9	–	–
TOTAL LIABILITIES	1,114	1,436	–	–
NET ASSETS	3,095	2,856	–	–
ADMINISTERED EXPENSES AND INCOME				
Administered Expenses				
Transfer payments (Note 7)	–	–	–	–
Total Administered Expenses	–	–	–	–
Administered Income				
Transfer receipts (Note 7)	–	–	–	–
Consolidated Fund	–	–	–	–
Total Administered Income	–	–	–	–
Administered Income less Expenses	–	–	–	–

* The name and purpose of each service group is summarised in Note 8

** Appropriations are made on an agency basis and not to individual service groups. Consequently, government contributions must be included in the 'Not Attributable' column.

	Service Group 3 *		Not Attributable		Total	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	1,240	1,371	-	-	1,530	1,823
	16	24	-	-	832	999
	1,256	1,395	-	-	2,362	2,822
	-	-	-	-	8	9
	-	-	-	-	8	9
	1,256	1,395	-	-	2,370	2,831
	1,890	1,998	-	-	4,985	4,854
	-	-	(747,988)	(556,888)	(747,988)	(556,888)
	-	-	(747,988)	(556,888)	(747,988)	(556,888)
	-	-	747,988	556,888	747,988	556,888
	-	-	-	-	-	-
	-	-	747,988	556,888	747,988	556,888
	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) REPORTING ENTITY

The Department of Local Government as a reporting entity comprises all the entities under its control.

The Department of Local Government is a NSW government department. The Department of Local Government is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements have been authorised for issue by the Director General on 19 October 2009.

(B) BASIS OF PREPARATION

The Department's financial report is a general purpose financial report, which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the Public Finance and Audit Act 1983 and Regulation and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Plant and equipment are measured at fair value through profit or loss (note 1(h) (iii)). Other financial report items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(C) STATEMENT OF COMPLIANCE

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(D) ADMINISTERED ACTIVITIES

The Department administers, but does not control, Commonwealth transfer payments through the Local Government Grants Commission (refer Note 7). It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the Department's own objectives.

Transactions relating to the administered activities are not recognised as the Department's income and expenses, but are disclosed in the accompanying schedules as "Administered Income" and "Administered Expenses".

The accrual basis of accounting and applicable accounting standards have been adopted.

(E) INCOME RECOGNITION

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary Appropriations and Contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenue when the Department obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash. Appropriations are not recognised as revenue in the following circumstances:

- Unspent appropriations are recognised as liabilities rather than revenue, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

The Department had no unspent appropriations and no liability in respect of transfer payments at year end.

(ii) Sale of Goods

Revenue from the sale of goods is recognised as revenue when the Department transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of Services

Revenue is recognised when the service is provided.

(iv) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

(v) Companion Animals

Under the Guidelines sent out to Councils with DLG Circular 00/09, there is a requirement that councils pay to the Department monthly the total amount of Registration fees for transactions that have been successfully entered on the Companion Animals Register. Collections recorded in the Register by Councils at year end totalled \$5.8m (\$5.8m in 2008), which is recorded as retained taxes, fees and fines.

A quarterly reimbursement is made to councils based on Register Reports for the quarter. A total of \$5.9m (\$6.0m in 2008) in expenses are recorded as other operating expenses and employee related expenses in the Operating Statement.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(F) INSURANCE

The Department's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

(G) ACCOUNTING FOR GOODS AND SERVICES TAX (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Department as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables which are stated with the amount of GST included.

Cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(H) ASSETS

(i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Department. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation Thresholds

Plant and equipment and intangible assets costing \$5,000 and above individually or forming part of a network costing more than \$5,000 are capitalised.

(iii) Revaluation of Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

Currently the Department's plant and equipment consists primarily of computer equipment which have useful lives of three years. The Department considers that as these are non-specialised assets with short useful lives their depreciated historical cost is a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation is separately restated.

For other assets, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset account to which they relate. The net asset accounts are increased or decreased by the revaluation increments or decrements.

Revaluation increments are directly credited to an asset revaluation reserve, where applicable, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as an expense in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve, where applicable, in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(iv) Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, the Department is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Depreciation of Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Department.

All material separately identifiable component assets are recognised and depreciated over their shorter useful lives.

The following useful lives have been determined for each class of assets.

	2009 Years	2008 Years
Office Furniture	10	10
Plant and Equipment	7	7
Computer	3	3
Leasehold Improvements	5	5

(vi) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

(vii) Leased Assets

Operating lease payments are charged to the Operating Statement in the periods in which they are incurred.

(viii) Intangible Assets

The Department recognises intangible assets only if it is probable that future economic benefits will flow to the Department and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is the fair value as at the date of acquisition.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Department's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Department's intangible assets, which consist of computer software, are amortised using the straight line method over a period of 3 years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Department is effectively exempted from impairment testing (refer note (h) (iv)).

(ix) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less any allowance for any impairment of receivables. Any changes are accounted for in the Operating Statement when impaired, derecognised or through the amortisation process.

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(x) Impairment of Financial Assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Operating Statement. Any reversals of impairment losses are reversed through the Operating Statement, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xi) De-recognition of Financial Assets and Financial Liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Department transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the Department has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the Department has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Department's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(xii) Other assets

Other assets are recognised on a cost basis.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) LIABILITIES

(i) Payables

These amounts represent liabilities for goods and services provided to the Department and other amounts, including interest. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits. The Department has no long-term annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(b) Long Service Leave and Superannuation

The Department's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Department accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 09/04) to employees with 5 or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(c) Other Provisions

Other provisions exist when: the Department has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted at 7%, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(J) BUDGETED AMOUNTS

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations under s 21A, s 24 and/or s 26 of the Public Finance and Audit Act 1983.

The budgeted amounts in the Operating Statement and the Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Balance Sheet, the amounts vary from the Budget papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts ie per the audited financial statements (rather than carried forward estimates).

(K) NEW AUSTRALIAN ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE

At reporting date a number of Australian Accounting Standards have been issued by the Australian Accounting Standards Board but are not yet operative. These have not been early adopted by the department. The following is a list of those standards that will have an impact on the financial report:

AASB 101 Presentation of Financial Statements – prescribes the basis for presentation of the financial statements.

AASB 2007-8/10 Amendments to Australian Accounting Standards arising from AASB 101.

AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project – prescribes small amendments to a number of existing Australian Accounting Standards.

These standards will be implemented for the 2009/10 financial year.

(L) COMPARATIVE INFORMATION

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. EXPENSES EXCLUDING LOSSES

	2009 \$'000	2008 \$'000
(a) EMPLOYEE RELATED EXPENSES		
Salaries and wages (including recreation leave)	5,459	5,621
Superannuation – defined benefit plans	142	125
Superannuation – defined contribution plans	364	346
Long service leave	362	330
Workers' compensation insurance	33	35
Payroll tax and fringe benefits tax	361	393
Overtime and meal allowance	13	15
	6,734	6,865
(b) OTHER OPERATING EXPENSES		
Operating lease rental expense		
– minimum lease payments	641	592
Auditor's Remuneration		
– Audit or review of financial reports	37	39
Travelling and Subsistence	108	173
Motor Vehicle Expenses	97	111
Advertising and Publicity	12	28
Fees for Services (excl. Consultants)	1,070	522
Contractors	410	531
Consultants	84	249
Insurance	13	24
Maintenance	39	26
Postal and Telephones	92	133
Printing	8	71
Companion Animals Payments	5,388	5,625
Other	301	339
	8,300	8,463

2. EXPENSES EXCLUDING LOSSES (CONT'D)

	2009 \$'000	2008 \$'000
(c) DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation – Plant and equipment		
Office furniture	21	21
Other Plant and equipment	47	48
Computer equipment	94	59
	163	128
Amortisation		
Computer software	134	120
Leasehold improvements	12	33
	146	153
Total depreciation and amortisation	309	281
(d) GRANTS AND SUBSIDIES		
Private–Public Partnerships	–	53
Pensioner Rebate Subsidies	70,050	72,589
Other	960	–
	71,010	72,642

NOTES TO THE FINANCIAL STATEMENTS

3. REVENUE

	2009 \$'000	2008 \$'000
(a) SALE OF GOODS AND SERVICES		
Rendering of services		
User Charges	–	2
	–	2
Total sale of goods and services	–	2
(b) INVESTMENT REVENUE		
Interest from financial assets not at fair value through profit or loss	289	362
	289	362
(c) RETAINED TAXES, FEES AND FINES		
Fees		
Companion Animals registration fees	5,775	5,840
	5,775	5,840
(d) OTHER REVENUE		
Miscellaneous revenue	32	15
	32	15

4. GAIN ON DISPOSAL

	2009 \$'000	2008 \$'000
Gain on disposal of plant and equipment		
Proceeds from disposal	–	5
Written down value of assets disposed	–	(2)
Net gain on disposal of plant and equipment	–	3
Gain on disposal	–	3

5. APPROPRIATIONS

	2009 \$'000	2008 \$'000
Recurrent appropriations		
Total recurrent draw-downs from Treasury (per Summary of Compliance)	827,731	637,575
Less: Liability to Consolidated Fund (per Summary of Compliance)	–	–
	827,731	637,575
Comprising:		
Recurrent appropriations (per Operating Statement)	79,743	80,687
Transfer payments (refer Note 7)	747,988	556,888
Total	827,731	637,575
Capital appropriations		
Total capital draw-downs from Treasury (per Summary of Compliance)	150	150
Less: Liability to Consolidated Fund (per Summary of Compliance)	–	–
Total	150	150
Comprising:		
Capital appropriations (per Operating Statement)	150	150
Transfer payments	–	–
Total	150	150

6. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES

The following liabilities and/or expenses have been assumed by the Crown Entity or other government agencies:

	2009 \$'000	2008 \$'000
Superannuation	142	125
Long Service Leave	345	321
Payroll tax	8	7
	495	453

NOTES TO THE FINANCIAL STATEMENTS

7. TRANSFER PAYMENTS

Financial assistance grants are provided to municipalities and shires under the Local Government (Financial Assistance) Act, 1995. The Department administers Commonwealth transfer payments through the Local Government Grants Commission.

The total amount disbursed to councils by way of financial assistance grants was \$748.0m (\$556.9m in 2008).

8. SERVICE GROUPS OF THE DEPARTMENT

a) Service Group 1: Capacity Building, Oversight and Provision of Advice for Local Government

Objective: Provide programs, resources, policy, guidelines and information to strengthen the capacity of local government to meet community needs.

b) Service Group 2: Pensioner Rebate Scheme

Objective: Provide rebates to local councils of up to 55 per cent of eligible pensioner council rates.

c) Service Group 3: Companion Animals Program

Objective: Regulate the ownership, care and management of companion animals, maintain a record of registered cats and dogs, and promote appropriate care and management of companion animals.

9. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2009 \$'000	2008 \$'000
Cash at bank and on hand	5,772	5,839
	5,772	5,839
For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash at bank and cash on hand.		
Cash assets recognised in the Balance Sheet are reconciled to cash at the end of the financial year as shown in the Cash Flow Statement as follows:		
Cash and cash equivalents (per Balance Sheet)	5,772	5,839
Closing Cash and Cash Equivalents (per Cash Flow Statement)	5,772	5,839

Refer Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

10. CURRENT ASSETS-RECEIVABLES

	2009 \$'000	2008 \$'000
Interest receivable from Crown Entity	90	191
Retained taxes, fees and fines	844	967
Other receivables	199	89
	1,133	1,247

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 22.

11. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Plant and Equipment \$'000
At 1 July 2008 – fair value	
Gross carrying amount	1,750
Accumulated Depreciation and impairment	(1,385)
Net Carrying Amount	365
At 30 June 2009 – fair value	
Gross carrying amount	1,889
Accumulated Depreciation and impairment	(1,560)
Net Carrying Amount	329
Reconciliation	
A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current reporting period are set out below (the Department does not own any property):	
Year ended 30 June 2009	
Net carrying amount at start of year	365
Additions	139
Disposals	-
Depreciation expense	(175)
Net carrying amount at end of year	329

NOTES TO THE FINANCIAL STATEMENTS

11. NON-CURRENT ASSETS – PLANT AND EQUIPMENT (CONT'D)

	Plant and Equipment \$'000
At 1 July 2007 – fair value	
Gross carrying amount	1,678
Accumulated Depreciation and impairment	(1,227)
Net Carrying Amount	451
At 30 June 2008 – fair value	
Gross carrying amount	1,750
Accumulated Depreciation and impairment	(1,385)
Net Carrying Amount	365
Reconciliation	
A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the previous reporting period are set out below (the Department does not own any property):	
Year ended 30 June 2008	
Net carrying amount at start of year	451
Additions	77
Disposals	(2)
Depreciation expense	(161)
Net carrying amount at end of year	365

As discussed in Note 1(h) (iii) plant and equipment consists primarily of computer equipment which have useful lives of three years. As such the Department considers that depreciated historical cost is a surrogate for fair value.

12. INTANGIBLE ASSETS

	Software \$'000
At 1 July 2008	
Cost (gross carrying amount)	577
Accumulated amortisation and impairment	(343)
Net Carrying Amount	234
At 30 June 2009	
Cost (gross carrying amount)	597
Accumulated amortisation and impairment	(476)
Net Carrying Amount	121
Reconciliation	
Year ended 30 June 2009	
Net carrying amount at start of year	234
Additions	21
Amortisation (recognised in "depreciation and amortisation")	(134)
Net Carrying Amount	121
At 1 July 2007	
Cost (gross carrying amount)	501
Accumulated amortisation and impairment	(223)
Net Carrying Amount	278
At 30 June 2008	
Cost (gross carrying amount)	577
Accumulated amortisation and impairment	(343)
Net Carrying Amount	234
Reconciliation	
Year ended 30 June 2008	
Net carrying amount at start of year	278
Additions	76
Amortisation (recognised in "depreciation and amortisation")	(120)
Net Carrying Amount	234

NOTES TO THE FINANCIAL STATEMENTS

13. RESTRICTED ASSETS

The Department has no assets over which any externally imposed restrictions on usage apply.

14. CURRENT LIABILITIES – PAYABLES

	2009 \$'000	2008 \$'000
Accrued salaries, wages and on-costs	85	65
Creditors	1,445	1,758
	1,530	1,823

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 22.

15. CURRENT/NON-CURRENT LIABILITIES – PROVISIONS

	2009 \$'000	2008 \$'000
(a) CURRENT		
Employee benefits and related on-costs		
Recreation leave	674	825
Long service leave on costs	158	174
	832	999
Total Provisions	832	999

Provision for recreation leave is expected to be settled within twelve months and unconditional long service leave on costs are expected to be settled beyond twelve months.

(b) NON-CURRENT		
Long service leave on costs	8	9
	8	9
Total Provisions	8	9
Aggregate employee benefits and related on-costs		
Provisions – current	832	999
Provisions – non-current	8	9
Accrued salaries, wages and on-costs (Note 14)	85	65
	925	1,073

In addition to this the Department has a total liability of \$1.5m (\$2.0m in 2008) for long service leave for which the Crown assumes liability.

16. CHANGES IN EQUITY

	ACCUMULATED FUNDS		TOTAL EQUITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of the financial year	4,854	5,593	4,854	5,593
Total	4,854	5,593	4,854	5,593
Changes in equity – other than transactions with owners as owners				
Surplus/(deficit) for the year	131	(739)	131	(739)
Total	131	(739)	131	(739)
Balance at the end of the financial year	4,985	4,854	4,985	4,854

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There is presently an unresolved dispute where legal action has been taken against the Department of Local Government. The Department is respondent in a matter before the Industrial Relations Commission in relation to allegations of unfair dismissal. It is not practical to estimate the financial effect of this dispute on the Department at this time.

There are a number of other matters where litigation claims have been made against the Department. Claims comprise of matters relating to local government and the Minister for Local Government. The total contingent liabilities are \$141,000.

There are no known contingent assets as at 30 June 2009.

NOTES TO THE FINANCIAL STATEMENTS

18. COMMITMENTS FOR EXPENDITURE

	2009 \$'000	2008 \$'000
(a) Grants to Local Government for Playground Upgrades Commitments		
Aggregate expenditure contracted for at balance date and not provided for:		
Not later than one year	182	–
Later than one year and not later than 5 years	–	–
Later than 5 years	–	–
Total (including GST)	182	–
(b) Operating Lease Commitments		
Future non-cancellable operating leases not provided for and payable:		
Not later than one year	609	683
Later than one year and not later than 5 years	309	482
Later than 5 years	–	–
Total (including GST)	918	1,165

The total operating lease commitments above include input tax credits of \$83,411 (\$105,921 in 2008) that are expected to be recoverable from the Australian Taxation Office.

The Department has long term operating leases for the rental of office accommodation and motor vehicles. Details of these lease arrangements are:

Office Accommodation

The estimated total cost is based on current rentals continuing for the entire term of the lease.

Motor Vehicles

The operating lease is the standard Government arrangement for leasing motor vehicles from State Fleet Services. At 30 June 2009 this arrangement applied to the entire Departmental fleet of 7 vehicles.

These operating lease commitments are not recognised in the Financial Statements as liabilities.

There are no other expenditure commitments at 30 June 2009 (NIL 2008).

19. BUDGET REVIEW

(a) NET COST OF SERVICES

The net cost of services was lower than budget by \$5.9m. This was primarily due to the lower level of rebates on the Pensioner Rebate Program (\$5.9m) and higher than budgeted revenue from the Companion Animals Program (\$0.3m). Partially offsetting this were higher other operating expenses (\$1.0m).

(b) ASSETS AND LIABILITIES

Assets

The cash and cash equivalents are lower than budget by \$0.2m mainly due to higher than expected other operating payments.

(c) CASH FLOWS

The net cash flows from operating activities are \$0.2m lower than budget mainly due to higher than expected other operating payments.

20. MATERIAL ASSISTANCE PROVIDED

The Department has received no material assistance free of charge from any other party for the year ended 30 June 2009.

21. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO THE NET COST OF SERVICES

	2009 \$'000	2008 \$'000
Net Cash Flows (from)/used in Operating Activities	(68)	476
Cash Flows from Government/Appropriations	79,893	80,837
Acceptance by Crown Entity of employee benefits and other liabilities	495	453
Depreciation and amortisation	309	281
Increase/(decrease) in provisions	(168)	20
Increase/(decrease) in creditors	(318)	–
(Increase)/decrease in receivables	114	(35)
Net gain on sale of plant and equipment	–	(3)
Net Cost of Services	80,257	82,029

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS

The Department's principal financial instruments are outlined below. These instruments arise directly from the Department's operations or are required to finance its operations. The Department does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Department's main risks arising from financial instruments are outlined below, together with its objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Audit and Risk Management Committee of the Department of Local Government has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Department, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Management Committee on a continuous basis.

(a) FINANCIAL INSTRUMENT CATEGORIES

Class	Note	Category	Carrying Amount 2009 \$'000	Carrying Amount 2008 \$'000
Financial Assets				
Cash and cash equivalents	9	N/A	5,772	5,839
Receivables (excluding prepayments)	10	Loans and receivables (measured at amortised cost)	1,068	1,225
			6,840	7,064
Financial Liabilities				
Payables (excluding unearned revenue and taxes)	14	Financial liabilities (measured at amortised cost)	1,504	1,791
			1,504	1,791

(b) CREDIT RISK

Credit risk arises when there is the possibility of the Department's banker and debtors defaulting on their contractual obligations, resulting in a financial loss to the Department. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Department, including cash and receivables. No collateral is held by the Department.

Credit risk associated with the Department's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

22. FINANCIAL INSTRUMENTS (CONT'D)

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the Department will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Department is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2009: \$447,000; 2008: \$452,000) and less than 3 months past due (2009: \$177,000; 2008: \$251,000) are not considered impaired and together these represent 74% of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the balance sheet.

	Total \$'000	Past due but not impaired \$'000	Considered impaired \$'000
2009			
< 3 months overdue	177	177	–
3 months – 6 months overdue	219	219	–
> 6 months overdue	–	–	–
Total	396	396	–
2008			
< 3 months overdue	251	251	–
3 months – 6 months overdue	269	269	–
> 6 months overdue	–	–	–
Total	520	520	–

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7.

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (CONT'D)

(c) LIQUIDITY RISK

Liquidity risk is the risk that the Department will be unable to meet its payment obligations when they fall due. The Department continuously manages risk through monitoring future cash flows to ensure adequate holding of high quality liquid assets. The objective is to maintain continuity of funding and cash balances to maximise interest earnings and to meet payment commitments as they fall due.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Department's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was awarded in 2009 (\$nil in 2008).

The table below summarises the maturity profile of the Department's financial liabilities, together with the interest rate exposure.

	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non-interest Bearing \$'000	< 1 yr \$'000	1-5 yrs \$'000	> 5 yrs \$'000
2009								
Payables:								
Accruals	–	1,486	–	–	1,486	1,486	–	–
Creditors	–	18	–	–	18	18	–	–
Other	–	–	–	–	–	–	–	–
	–	1,504	–	–	1,504	1,504	–	–
2008								
Payables:								
Accruals	–	1,698	–	–	1,698	1,698	–	–
Creditors	–	93	–	–	93	93	–	–
Other	–	–	–	–	–	–	–	–
	–	1,791	–	–	1,791	1,791	–	–

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above may not reconcile to the balance sheet.

22. FINANCIAL INSTRUMENTS (CONT'D)

(d) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Department's exposures to market risk is limited to cash as it has no borrowings or unit priced investment facilities. The Department has no exposure to foreign currency risk, or other price risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Department operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Department's cash assets. This risk is minimised by placing all cash funds with the NSW Treasury Banking System. The Department does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore for these financial instruments a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Department's exposure to interest rate risk is set out below.

	Carrying amount \$'000	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2009					
Financial assets					
Cash and cash equivalents	5,772	-58	-58	58	58
2008					
Financial assets					
Cash and cash equivalents	5,839	-58	-58	58	58

(e) FAIR VALUE

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short term nature of many of the financial instruments.

23. AFTER BALANCE DATE EVENTS

- Since balance date, the Public Sector Employment and Management (Departmental Amalgamation) Order 2009 transferred all branches of the Department of Local Government to the Department of Premier & Cabinet and abolished the Department of Local Government.

END OF AUDITED FINANCIAL STATEMENTS

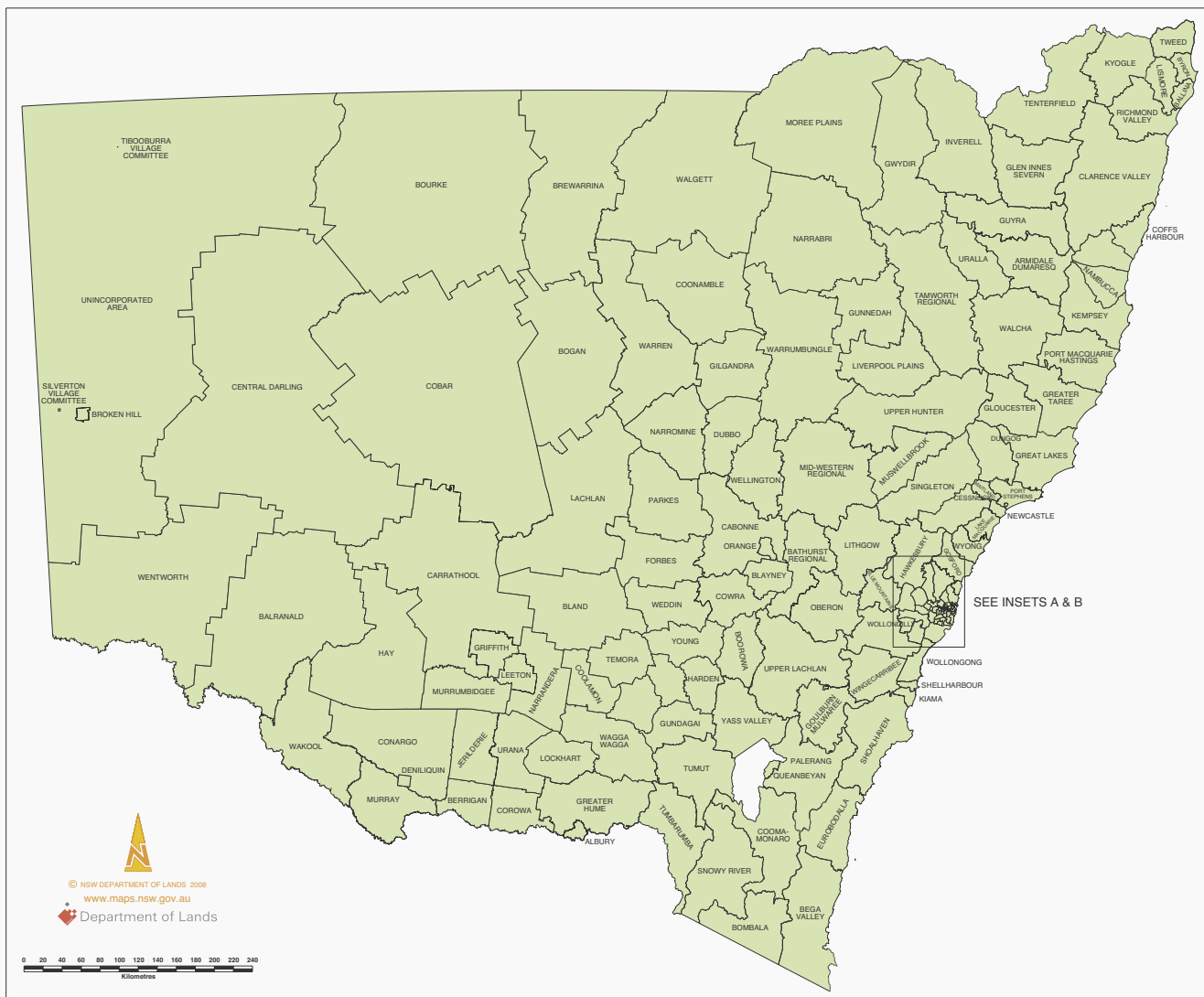
SECTION FIVE

Appendices



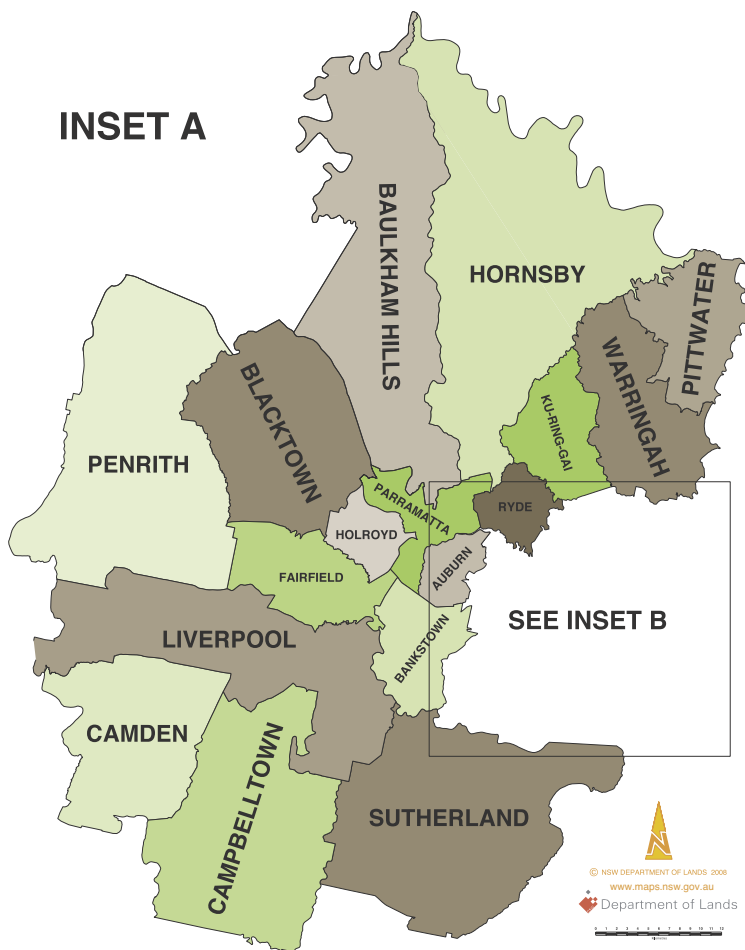
NSW COUNCILS

COUNCIL AREAS IN NSW



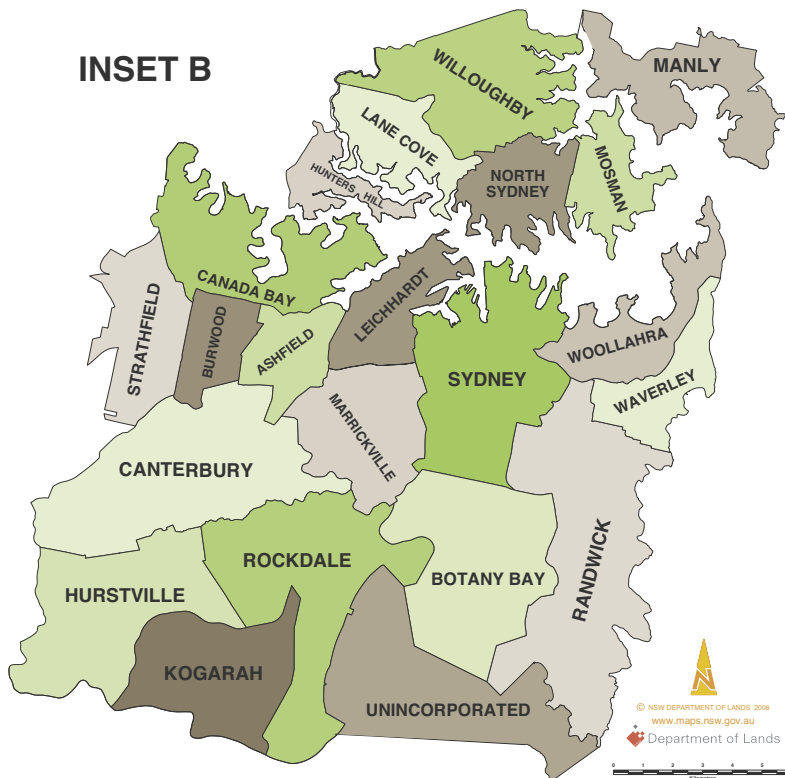
NSW COUNCIL AREAS
(SYDNEY OUTER)

INSET A



NSW COUNCIL AREAS
(SYDNEY INNER)

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ABBREVIATIONS

CALD	culturally and linguistically diverse
Clr	councillor
CPI	Consumer Price Index
DLG	NSW Department of Local Government
EAPS	ethnic affairs priority statement
EEO	equal employment opportunity
EFT	equivalent full-time
FOI	freedom of information
ICAC	Independent Commission Against Corruption
LGBC	Local Government Boundaries Commission
LGMA	Local Government Managers Australia
LGSA	Local Government and Shires Associations of NSW
OH&S	occupational health and safety
PIDT	Pecuniary Interest and Disciplinary Tribunal
PPIP Act	Privacy and Personal Information Protection Act 1998
PPP	public/private partnership
PSA	Public Service Association
ROCs	regional organisations of councils
SES	Senior Executive Service
SPOT	Safe Pets Out There

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