

EXTRAORDINARY  
BUSINESS PAPER

20  
18

CAMPBELLTOWN CITY COUNCIL



09 October

## COMMON ABBREVIATIONS

ACF	Animal Care Facility
AEP	Annual Exceedence Probability
AHD	Australian Height Datum
BASIX	Building Sustainability Index Scheme
BC	Building Certificate
BCA	Building Code of Australia
BPB	Buildings Professionals Board
CLEP	Campbelltown Local Environmental Plan
CBD	Central Business District
CPTED	Crime Prevention Through Environmental Design
CSG	Coal Seam Gas
DA	Development Application
DCP	Development Control Plan
DDA	Disability Discrimination Act 1992
DPE	Department of Planning and Environment
EIS	Environmental Impact Statement
EPA Act	<i>Environmental Planning and Assessment Act 1979</i>
EPA	Environmental Protection Authority
EPI	Environmental Planning Instrument
FA	NSW Food Authority
FPL	Flood Planning Level
FFTF	Fit for the Future
FSR	Floor Space Ratio
GRCCC	Georges River Combined Councils Committee
GSC	Greater Sydney Commission
HIS	Heritage Impact Statement
IDO	Interim Development Order
IHAP	Independent Hearing and Assessment Panel
IPR	Integrated Planning and Reporting
JRPP	Joint Regional Planning Panel
KPoM	Koala Plan of Management
LEC	Land and Environment Court
LEC Act	<i>Land and Environment Court Act 1979</i>
LEP	Local Environmental Plan
LEP 2002	Local Environmental Plan 2002
LGA	Local Government Area
LG Act	<i>Local Government Act 1993</i>
LPP	Local Planning Panel
LTFP	Long Term Financial Plan
MACROC	Macarthur Regional Organisation of Councils
MSB	Mine Subsidence Board
NGAA	National Growth Areas Alliance
NOPO	Notice of Proposed Order
NSWH	NSW Housing
OEH	Office of Environment and Heritage
OLG	Office of Local Government, Department of Premier and Cabinet
OSD	On-Site Detention
OWMS	Onsite Wastewater Management System
PCA	Principal Certifying Authority
PoM	Plan of Management
POEO Act	<i>Protection of the Environment Operations Act 1997</i>
PMF	Probable Maximum Flood
PN	Penalty Notice
PP	Planning Proposal
PPR	Planning Proposal Request
REF	Review of Environmental Factors
REP	Regional Environment Plan
RFS	NSW Rural Fire Service
RL	Reduced Levels
RMS	Roads and Maritime Services (incorporating previous Roads and Traffic Authority)
SEE	Statement of Environmental Effects
SEPP	State Environmental Planning Policy
SREP	Sydney Regional Environmental Plan
SSD	State Significant Development
STP	Sewerage Treatment Plant
TCP	Traffic Control Plan
TMP	Traffic Management Plan
TNSW	Transport for NSW
VMP	Vegetation Management Plan
VPA	Voluntary Planning Agreement
SECTION 149 CERTIFICATE	- Certificate as to zoning and planning restrictions on properties
SECTION 603 CERTIFICATE	- Certificate as to Rates and Charges outstanding on a property
SECTION 73 CERTIFICATE	- Certificate from Sydney Water regarding Subdivision



02 October 2018

You are hereby notified that the next Extraordinary Council Meeting will be held at the Civic Centre, Campbelltown on Tuesday 9 October 2018 at 6.30pm.

Lindy Deitz  
General Manager

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## Agenda Summary

### Extraordinary Council Meeting to be held on Tuesday 9 October 2018 at 6.30pm

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**1. ACKNOWLEDGEMENT OF LAND**

I would like to acknowledge the Traditional Custodians, the Dharawal people, whose Lands we are now meeting on. I would like to pay my respects to the Dharawal Elders, past and present and all other Aboriginal people who are here today.

**2. APOLOGIES**

**3. DECLARATIONS OF INTEREST**

**Pecuniary Interests**

**Non Pecuniary – Significant Interests**

**Non Pecuniary – Less than Significant Interests**

**Other Disclosures**

## 4. REPORTS FROM OFFICERS

### 4.1 Financial Statements 2017-2018

#### Reporting Officer

Executive Manager Corporate Services and Governance  
City Governance

#### Community Strategic Plan

Objective	Strategy
3 Outcome Three: A Thriving, Attractive City	3.7 - Public funds and assets are managed strategically, transparently and efficiently

#### Officer's Recommendation

That the financial reports and the Auditors reports for the period 1 July 2017 to 30 June 2018 be received and noted.

#### Purpose

To present Council's annual financial statements for the period 1 July 2017 to 30 June 2018.

#### Report

Council at its meeting held 14 August 2018 resolved to refer the 2017-2018 General Purpose Financial Reports and the 2017-2018 Special Purpose Financial Reports to audit. Following completion of the audit by Council's auditor, Audit Office of New South Wales, and in accordance with Section 417 of the *Local Government Act 1993*, Council was issued with an audit opinion as outlined in the Auditor's reports.

#### Presentation of Financial Reports

Section 415 to Section 421 of the *Local Government Act 1993* outlines Council's annual financial reporting and auditing requirements. Council must give notice of the public meeting at which the audited financial reports together with the Auditor's reports are to be presented. Initial public notice was given on Friday 21 September 2018 via Council's website followed by an advertisement in the Macarthur Advertiser.

In accordance with Section 420 of the *Local Government Act 1993*, any person may make written submissions to the Council with respect to the audited financial reports or the Auditor's reports. Council must ensure that copies of all submissions are referred to Council's Auditor together with any action that Council considers appropriate in response to submissions received. There have been no submissions received in regard to the Financial Reports at the time of writing this report.

In accordance with Section 418 of the *Local Government Act 1993*, Council is required to hold a public meeting to review the Financial Reports within five weeks of receiving the Auditor's reports. Section 419 of the *Local Government Act 1993* advises that Council's Auditor may attend the meeting at which the Financial Reports are presented. Ms Somaiya Ahmed, Director Financial Audit Services from the Audit Office of New South Wales, will be in attendance to discuss any matters that Council may wish to raise.

### **The Financial Report**

The Financial Reports have been prepared in accordance with the *Local Government Act 1993* and regulations thereunder, Australian Accounting Standards and other pronouncements, the Local Government Code of Accounting Practice and Financial Reporting (Update 26).

The Financial Statements are available on Council's website: <https://www.campbelltown.nsw.gov.au/CouncilandCouncillors/FinancialInformation>

### **Operational Result**

The operating result for the reporting period reflects a decrease in equity of \$162m, which includes depreciation of Council's infrastructure assets, capital grants and contributions and gains on revaluation of infrastructure, property, plant and equipment. The operating result before capital grants and contributions provided a surplus of \$13.4m. Capital grants and contributions amounted to \$70.3m, which results in an adjusted operating result after capital grants and contributions of a surplus of \$83.7m.

In complying with the Australian Accounting Standards, any income received during the year must be brought to account in that financial period. As such any grant income, developer contributions and other income is brought to account when received or raised as an account receivable. The subsequent expenditure required from this income may not be carried out until a future financial period which distorts the operating result. These funds are however, protected by placing a restriction over the income. Details of restricted funds are disclosed in Note 6c to the Financial Statements. For the 2017-2018 financial year externally restricted funds, which are required to be committed to the purposes for which they were provided, amount to \$49.5m.

### **Performance Measures**

The Office of Local Government requires a minimum number of prescribed indicators to be presented in Note 24 of the Financial Reports as follows:

#### **1. Operating Performance**

The operating performance percentage measures Council's achievement in containing operating expenditure within operating revenue. This indicator has steadily improved and Council continues to strive to meet the benchmark of >0.

<b>2018</b>	<b>2017</b>
8.35%	10.64%

**2a. Own Source Operating Revenue**

The own source operating revenue percentage measures fiscal flexibility and the degree of reliance on external funding sources such as grants and contributions. This indicator has remained consistent for 2017-2018 and remains above the benchmark of >60 percent.

2018	2017
56.2%	64.0%

**2b. Own Source Operating Revenue (exclusive of non-cash dedications)**

The own source operating revenue is distorted by non-cash revenues received through the dedication of non-current assets. This additional disclosure is provided to demonstrate that Council meets the benchmark of >60 percent after excluding \$48m in non-cash dedications which better reflects a fairer comparison to other NSW councils who may not receive material dedications revenue as a result of high levels of growth.

2018	2017
71.2%	72.3%

**3. Unrestricted Current Ratio**

The unrestricted current ratio assesses the adequacy of working capital and the ability to satisfy obligations in the short term from the unrestricted activities of Council. This ratio has consistently remained above the benchmark of 1.5:1 as a result of the retirement of debt and continued budget surpluses.

2018	2017
4.82:1	4.82:1

**4. Debt Service Cover Ratio**

The debt service cover ratio measures the availability of operating cash to service debt and lease repayments. It is Council's current policy to maintain a low ratio and has been consistently higher than the benchmark of >2

2018	2017
8.33:1	8.17:1

**5. Rates and Annual Charges Outstanding Percentage**

The rates and annual charges outstanding percentage is reported to Council on a monthly basis as part of the Rates Summary Report. The percentage has significantly improved over recent years.

2018	2017
3.36%	3.25%

**6. Cash Expense Cover Ratio**

Indicates the number of months Council can contribute paying immediate expenses without additional cash flow. Council is above the benchmark of >3 months.

2018	2017
19.62 months	17.99 months

## The Budget Result

The budget result for the year is aligned to funding and takes into consideration Council's total expenditure and revenue, including not only operational items but capital expenditure, loan borrowings and sale of assets. Council's original budget predicted a balanced budget for the 2017-2018 financial year, which was maintained through quarterly reviews. The final result was a small surplus of \$30k which is an excellent outcome for Council.

## Infrastructure Assets

Council's fixed assets continue to be re-valued in accordance with Australian Accounting Standards and as at 30 June 2018, all asset classes are stated at their fair value and will be re-valued every five years or as significant changes affect assets. Council should note that this significantly impacts depreciation which has a flow on effect, increasing the difficulty in maintaining a surplus operating result before capital grants and contributions.

Special Schedule 7 details the condition of Council's buildings and infrastructure and highlights a current backlog of \$17.1m. This backlog and future funding gaps is being addressed by the special rate variation and loan borrowings under the Local Infrastructure Renewal Scheme.

## Summary

Council as at 30 June 2018 remains in a sound and stable financial position for the short to medium term. After allowing for capital grants and contributions, the operational surplus of \$83.7m has now been consolidated into Council's total equity which now stands at \$2.4b.

Council's financial performance indicators continue to meet or exceed industry benchmarks. The ratios adequately provide for the delivery of the objectives set out in Council's Operational Plan. Council's financial indicators will be highlighted in the presentation at the Annual General Meeting.

Some of the items to note for the 2017-2018 financial period include:

- increase in rates revenues of \$5m largely attributable to residential rates growth;
- increase in capital grants and contributions in the amount of \$36m of which \$26m is attributable to road and other asset dedications and \$8m in developer contributions.
- increase in depreciation expense of \$1.2m as a result of a change in accounting policy for the method of calculating depreciation from a curved profile to straight line.
- Council's investment portfolio contributed \$5.4m in revenue to Council's operational result exceeding budget predictions despite a slowing of the economy and subsequent reductions in interest rates to record lows.

Overall, Council is proving its financial sustainability through meeting key financial performance indicators. These indicators underpin a Fit for the Future status and ensure Council is able to deliver quality services and infrastructure the community deserves and strengthen the system of local government.

## Attachments

1. Extract of Financial Statements 2017-2018 (contained within this report)



## Income statement for the year ended 30 June 2018

original unaudited budget 2018 \$,000		notes	actual 2018 \$,000	actual 2017 \$,000
<b>Income from continuing operations</b>				
<b>Revenue</b>				
105,230	Rates and annual charges	3a	105,116	99,880
14,388	User charges and fees	3b	12,731	12,822
5,256	Interest and investment revenue	3c	5,618	5,146
6,765	Other revenues	3d	5,690	5,947
24,981	Grants and contributions provided for operating purposes	3e,f	30,389	36,026
9,085	Grants and contributions provided for capital purposes	3e,f	70,321	33,527
<b>Other Income</b>				
0	Net gain from the disposal of assets	5	0	56,703
0	Fair value increment on investment properties	11	1,503	4,380
<b>165,705</b>	<b>Total income from continuing operations</b>		<b>231,368</b>	<b>254,431</b>
<b>Expenses from continuing operations</b>				
67,652	Employee benefits and on-costs	4a	61,595	60,391
1,020	Borrowing costs	4b	1,138	1,075
27,210	Materials and contracts	4c	26,123	25,320
20,291	Depreciation and amortisation	4d	21,814	20,582
0	Net loss from the disposal of assets	5	1,412	0
34,905	Other expenses	4e	35,545	35,456
<b>151,078</b>	<b>Total expenses from continuing operations</b>		<b>147,627</b>	<b>142,824</b>
<b>14,627</b>	<b>Operating result from continuing operations</b>		<b>83,741</b>	<b>111,607</b>
14,627	Attributable to Council		83,741	111,607
<b>5,542</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>13,420</b>	<b>78,080</b>

The above Income Statement should be read in conjunction with the accompanying notes



Statement of comprehensive income for the year ended 30 June 2018

	notes	actual 2018 \$,000	actual 2017 \$,000
<b>Net operating result for the year from Income Statement</b>		83,741	111,607
<b>Other comprehensive income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	10, 14	(245,956)	197,758
<b>Total comprehensive income for the year</b>		<b>(162,215)</b>	<b>309,365</b>
Attributable to Council		(162,215)	309,365

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes



## Statement of financial position for the year ended 30 June 2018

	notes	actual 2018 \$,000	restated 30 June 2017 \$,000	restated 1 July 2016 \$,000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	6a	7,765	2,710	3,123
Investments	6b	147,863	143,956	115,594
Receivables	7	13,264	7,755	6,511
Inventories	8	342	342	8,113
Other	8	98	0	25
Non-current assets classified as held for sale	9	0	222	222
<b>Total current assets</b>		<b>164,332</b>	<b>154,985</b>	<b>133,588</b>
<b>Non-current assets</b>				
Investments	6b	68,000	60,000	0
Infrastructure, property, plant and equipment	10	2,194,508	2,378,925	2,156,842
Investment property	11	21,192	19,689	15,309
<b>Total non-current assets</b>		<b>2,283,700</b>	<b>2,458,614</b>	<b>2,172,151</b>
<b>Total assets</b>		<b>2,448,032</b>	<b>2,613,599</b>	<b>2,305,739</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	12	6,455	6,395	5,402
Borrowings	12	3,275	3,551	3,743
Income received in advance	12	2,464	2,195	1,899
Provisions	13	19,578	19,632	19,690
<b>Total current liabilities</b>		<b>31,772</b>	<b>31,773</b>	<b>30,734</b>
<b>Non-current liabilities</b>				
Borrowings	12	12,882	15,691	19,157
Provisions	13	2,620	3,162	2,240
<b>Total non-current liabilities</b>		<b>15,502</b>	<b>18,853</b>	<b>21,397</b>
<b>Total liabilities</b>		<b>47,274</b>	<b>50,626</b>	<b>52,131</b>
<b>Net assets</b>		<b>2,400,758</b>	<b>2,562,973</b>	<b>2,253,608</b>
<b>EQUITY</b>				
Accumulated surplus	14	1,088,081	1,004,340	892,733
Revaluation reserves	14	1,312,677	1,558,633	1,360,875
<b>Total equity</b>		<b>2,400,758</b>	<b>2,562,973</b>	<b>2,253,608</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes



Statement of changes in equity for the year ended 30 June 2018

	accumulated surplus	IPPE revaluation reserve	other reserves	Council equity interest	non controlling interest	total equity
<b>2018</b>						
Opening balance	1,004,340	1,558,633	0	2,562,973	0	2,562,973
Corrections of errors	0	0	0	0	0	0
Changes in accounting policy	0	0	0	0	0	0
Restated opening balance	1,004,340	1,558,633	0	2,562,973	0	2,562,973
Net operating result for year	83,741	0	0	83,741	0	83,741
Other comprehensive income - Gain/(loss on revaluation of infrastructure, property, plant and equipment)	0	(245,956)	0	(245,956)	0	(245,956)
Total comprehensive income	83,741	(245,956)	0	(162,215)	0	(162,215)
<b>Closing Balance</b>	<b>1,088,081</b>	<b>1,312,677</b>	<b>0</b>	<b>2,400,758</b>	<b>0</b>	<b>2,400,758</b>
<b>2017</b>						
Opening balance	892,733	1,385,865	0	2,278,598	0	2,278,598
Corrections of errors	0	(24,990)	0	(24,990)	0	(24,990)
Changes in accounting policy	0	0	0	0	0	0
Restated opening balance	892,733	1,360,875	0	2,253,608	0	2,253,608
Net operating result for year	111,607	0	0	111,607	0	111,607
Other comprehensive income - Gain/(loss on revaluation of infrastructure, property, plant and equipment)	0	197,758	0	197,758	0	197,758
Total comprehensive income	111,607	197,758	0	309,365	0	309,365
<b>Closing Balance</b>	<b>1,004,340</b>	<b>1,558,633</b>	<b>0</b>	<b>2,562,973</b>	<b>0</b>	<b>2,562,973</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes



## Statement of cash flows for the year ended 30 June 2018

original unaudited budget 2018 \$,000		notes	actual 2018 \$,000	actual 2017 \$,000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts:</b>				
105,230	Rates and annual charges		105,013	100,255
18,090	User charges and fees		13,100	13,041
5,256	Investment revenue and interest		5,776	4,726
30,363	Grants and contributions		52,380	47,549
0	Deposits and retentions received		205	520
6,765	Other		4,171	4,779
<b>Payments:</b>				
(67,652)	Employee benefits and on-costs		(61,455)	(59,334)
(25,690)	Materials and contracts		(26,238)	(25,006)
(1,019)	Borrowing costs		(958)	(1,002)
0	Deposits and retentions refunded		(10)	(17)
(34,905)	Other		(35,635)	(35,414)
36,438	Net cash provided by/or used in operating activities	15(b)	56,349	50,097
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts:</b>				
1,191	Sale of infrastructure, property, plant and equipment		1,299	2,364
0	Sale of real estate assets		500	65,000
0	Sale of investments		47,315	53,820
<b>Payments:</b>				
0	Purchase of investments		(59,222)	(142,183)
(35,947)	Purchase of infrastructure, property, plant and equipment		(37,911)	(25,768)
0	Capital expenditure on investment properties		0	0
0	Purchase of real estate assets		0	0
(34,756)	Net cash provided by/or used in investing activities		(48,019)	(46,767)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts:</b>				
0	Borrowing and advances		0	0
0	Other		0	0
<b>Payments:</b>				
(3,551)	Borrowing and advances		(3,275)	(3,743)
	Other		0	0
(3,551)	Net cash provided by/or used in financing activities		(3,275)	(3,743)
(1,869)	Net increase/(decrease) in cash assets and cash equivalents		5,055	(413)
	Cash and cash equivalents at beginning of reporting period		2,710	3,123
<b>(1,869)</b>	<b>Cash and cash equivalents at end of reporting period</b>	<b>15(a)</b>	<b>7,765</b>	<b>2,710</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes



**5. URGENT GENERAL BUSINESS**

**6. PRESENTATIONS BY COUNCILLORS**