



Lithgow City Council

Annual Report

2006/2007

Contents

General Manager's Message	2
Financial Statements	4
Amount of Rates and Charges Written Off	4
Performance in Terms of Functions	4
State of the Environment Report	39
Condition of Public Works	39
Legal Proceedings	40
Fees, Expenses and Facilities Provided to the Mayor and Councillors	41
Overseas Visits	42
Senior Staff	42
Contracts Awarded Over \$150,000	42
Bushfire Hazard Reduction Activities	42
Programs that Promote Services and Access for People with Diverse Cultural and Linguistic Backgrounds	43
Activities to Develop and Promote Services and Programs that Provide for the Needs of Children	43
Access and Equity Activities	45
Summary of Resolutions Concerning Work Carried Out on Private Land and any Subsidies Related to the Work	46
Grants and Donations	47
Human Resource Activities Undertaken by Council	47
Activities Undertaken to Implement Council's Equal Employment Opportunity Management Plan	49
External Bodies Exercising Functions Delegated by Council	49
Companies in which Council held a Controlling Interest	49
Partnerships, Co-operatives or Joint Ventures to which Council was a Party	49
Categorisation of Council Business and the Implementation of Competitive Neutrality Principles	50
Stormwater Management Services	51
Companion Animals	51
Freedom of Information and Privacy	52
Planning Agreements	52
Appendix A – Financial Statements and Auditor's Report	
Appendix B – Payment of Expenses and provision of facilities to Councillors Policy	
Appendix C – Competitive Neutrality Policy	

General Manager's Message

The work undertaken by Council in 2006/07 has culminated in some pleasing results in terms of financial management, governance, asset management and on-the-ground activities. Some of these results are highlighted in the following:

- The net operating result for 2006/07 is a \$3,347,000 surplus which improves upon the Management Plan's 2006/07 – 2008/09 predicted deficit of \$365,441 and the surplus of \$959,000 in 2005/06.
- Council's water and sewer assets were revalued at 'fair value' and incorporated into the General Purpose Financial Statements for 2006/07 which increased the net assets held by \$9,243,000.
- The recruitment of Council's Executive and Corporate Management Teams was completed.
- Council's new planning and reporting framework was introduced which is based upon the visions created by the community and adopted by Council for the Strategic Plan.
- Council adopted in October 2006 a new Policy Register which guides Council's operations. During the remainder of the year, Council added numerous policies in addition to creating standard working practice guidelines for operational issues.
- The adoption of major corporate documents such as the Social Plan and Strategic Plan following community consultation.
- The strategic management and planning of our road infrastructure has commenced with the preparation of a Draft Strategic Roads Plan and an assessment of timber bridges. This work is carrying over into 2007/08.
- Council has participated in the Active Young Bowenfels Project which has delivered improvements to Emora Park and a school holiday activity program. This project illustrates Council's approach to working across the three tiers of government to deliver a community driven program.
- Development consent was issued for the Blackmans Flat Waste Management Facility with state of the art recycling and waste management principles incorporated and the Stage 2 upgrade of the Lithgow Sewerage Treatment Plant. Council also resolved to explore the feasibility of combining the Portland and Wallerawang Sewerage Treatment Plants, of which the study is expected to be finalised in 2007/08.
- A community attitude survey was conducted on the proposed Lithgow Aquatic Centre.
- Council adopted the Amended Marrangaroo Structure Plan as the plan identifying the highest and best use of lands within the Study Area and has also identified this area as a key component in the assessment of available land.
- The introduction of a new Occupational Health and Safety, Rehabilitation and Environment Management System which is being progressively implemented.
- Council has identified energy saving initiatives during the year and commenced Council's water saving scheme which provides rebates for rainwater tanks and water efficient dishwashers and washing machines. Also, under a separate program, Council provided 250 free AAA showerheads to residents.
- Improvement works to our roads were undertaken and included Dark Corner Road, Willowvale Lane, Blackheath Creek Road, Wallerawang/Rydal Road, Glen Davis Road and Range Road.
- A program to upgrade Council's aging plant and equipment commenced with the purchasing of major items such as a dog trailer and rollers.

- Council contributed \$200,623 to community organisations and groups.
- Council has increased its role in CENTROC with the Mayor currently the Deputy Chair and I sit on the Executive.
- The Central Tablelands Alliance between Lithgow City Council, Oberon Council and Mid-Western Regional Council continued to progress its Business Plan in 2006/07 with the following highlights and achievements:
 - Determination to appoint a Grants Officer shared between the three councils was resolved.
 - Appointment of a Road Safety Officer shared between Lithgow and Mid-Western councils was initiated.
 - Determination to share a trainee for geographic information systems with an integral focus on the graphical interface for assets management systems.
 - Assets management systems approaches were compared and reviewed.
 - An audit of each council's occupational health and safety systems and procedures was initiated to ensure each council is managing this crucial workforce issue effectively.
 - Review of the three salary systems and impacts of workchoices was considered in a workshop.
 - Review and investigation of potential to share policy development in human resources and information technology, training course for staff and councillors and potentially to develop packages and training materials for potential candidates for the September 2008 elections.
 - Review of recruitment processes with a particular focus on jointly promoting the councils to attract trainees.
 - Reviewed the impact of amalgamation on councils and provided feedback to the Department of Local Government on the issue.
 - Consideration of options for sharing information technology backbones and offering disaster recovery services for each other were reviewed.
 - Options for mentoring and strategic planning across the three councils in information technology were explored.
 - Review of internal and external plant hire rates was conducted to benchmark each council.
 - Development of processes were progressed to jointly tender for large plant items to provide costs saving.
 - Options for sharing resources for weeds management were investigated.

Paul Anderson
GENERAL MANAGER

Financial Statements

The Financial Statements for 2006/2007 and the Auditor's report can be found in Appendix A of this Report.

Amount of Rates and Charges Written Off

The amount of rates and charges written off during 2006/07 were \$31,926.00.

Performance in Terms of Functions

Council's performance in 2006/07 in terms of the functions identified in the Management Plan 2006/07 – 2008/09 are detailed in the following tables:

Function:	Library and Learning Centre	
Goal:	To assist in developing the learning needs of the Lithgow Local Government community.	
Activity/Indicators	Annual Achievement	
Operate the Library network using a mix of professional, technical and operational staff.	The Library was operated using a mixture of professional, technical and operational staff. In 2006/07 the Library Coordinator and Technology Centre positions were filled.	
Provide print material and state of the art technology to disseminate information for research and recreational purposes.	<p>A graphic novel collection for teenagers was introduced and the health and medical information was upgraded.</p> <p>The Technology Centre continued to offer research options.</p>	
Develop programs, activities and celebrate special events to promote the library and attract more customers.	<p>The following programs, activities and events were conducted:</p> <ul style="list-style-type: none"> • During July and August 2006 approximately 15 Korean students learnt English at the Lithgow Library Learning Centre as part of Operation Mobilisation. • The International Day for People with a Disability was celebrated with an art exhibition organised through Uniting Care. • A thank you afternoon tea was held to thank sponsors who have provided resources. • Santa Claus visited with stories and activities. • A Book Fair for discarded Library material 	

	<p>was re-established.</p> <ul style="list-style-type: none"> • A mothers feeding chair was introduced. • The Read Around Oz Program was conducted during the Christmas school holidays. • Library Lovers Day was held on 14 February 2007. • Exhibitions included: <ul style="list-style-type: none"> ○ An Australian Day exhibition about Lithgow's Australia Day Ambassador, Mary Moody. ○ Threatened Species ○ Lithgow Visitors Centre Promotion • A meeting with the Family History Society was held during Heritage Week. • The Easter Bunny visited with a special storytime. • Australia's Biggest Morning Tea was held. • A meeting was held to revitalise the Rydal Library. • A partnership with a youth transition representative was formed and weekly the representative was present to advise on career and education opportunities. <p>The following statistics are provided for the Lithgow Library Service in 2006/07:</p> <ul style="list-style-type: none"> • 80,690 resources were utilised • 24,333 persons used the computers • 144,131 persons visited the Library • 778 new borrowers • 1,759 children attended storytime.
Participate in community activities.	Spread the Word Community Literacy Program participated in Celebrate Lithgow promoting reading.
Apply for grants to enhance the services and facilities provided.	A grant application for the Library Council of NSW funding was prepared for new equipment, however, the result was unknown as at 30 June 2007
Network closely with the State Library of NSW and Country Public Libraries Association of NSW.	This activity was achieved.
Operate the Homework Centre.	The Homework Centre which is sponsored by Delta Electricity was operational 2 afternoons per week except during school holidays.
Furniture and fittings for Wallerawang Library.	This activity was achieved.
Conduct exhibitions.	Exhibitions included: <ul style="list-style-type: none"> • International Day for People with a Disability

	<p>art exhibition.</p> <ul style="list-style-type: none"> • An Australian Day exhibition on Lithgow's Australia Day Ambassador, Mary Moody. • Threatened Species • Lithgow Visitors Centre Promotion.
Preservation of materials.	This activity was achieved.
Lithgow Local Special Projects.	This activity was achieved with the purchase of popular new resources for all libraries.
Purchase new resources.	1,285 new resources were acquired.
Install the State Library Spydus Computer upgrade.	This activity was achieved.

Function:	Environment Management	
Goal:	To manage the natural environment according to the principles of Ecologically Sustainable Development and to enhance community wellbeing through public health programs.	
	Activity/Indicators	Annual Achievement
	<p>Provision of day to day services:</p> <ul style="list-style-type: none"> • Environmental education and inspections. • Recycling, waste collection and disposal. • Cleaning of buildings and streets. • Development approvals to protect the environment and public health. • Public health education, inspections and testing. • Companion animal education and regulation. 	<p>The following services were provided:</p> <ul style="list-style-type: none"> • Environmental inspections were undertaken and an education campaign conducted for the recycling of mobile phones. • Waste and recycling collection/disposal facilities were provided through a mixture of kerbside collection services, transfer stations and garbage depots. • Cleaning of buildings and streets was undertaken. • Development approvals were issued with conditions regarding the protection of the environment and public health where required. • 52 food inspections were undertaken and educational information provided. • Companion animal education and regulation was provided.
	Monitor and report on the State of the Environment.	The State of the Environment Report 2005/06 was prepared and forwarded to the Department of Local Government prior to the due date. Also selected actions from the State of the Environment Reports were identified in the Management Plan 2007/08 to 2009/10 (Min No. 07-258).

Manage the Environmental Advisory Committee, Hassans Walls Working Party and the Waste and Recycling Working Party.	The Environmental Advisory Committee meet 3 times, whilst no meetings of the Hassans Walls Working Party and Waste and Recycling Working Party were held as the grant and development applications were being finalised.
Undertake a resource recovery investigation.	This activity did not proceed as the Blackmans Flat Waste Management Facility is a major component. The development application was approved for the facility and further detailed design work is required.
Control and treat leachate from the Lithgow Solid Waste Facility.	Leachate from the Lithgow Solid Waste Facility is being collected and re-injected at the Facility.
Prepare closure plans for the garbage depots.	This activity did not proceed as there was sufficient capacity remaining to move the activity to 2007/08.
Close Cullen Bullen Garbage Depot.	This activity did not proceed as there was capacity remaining.
Prepare the detailed design and construct Blackmans Flat Waste Management Facility.	Council at its Finance and Services Committee meeting on 4 December 2006 resolved to approve the development application for the Blackmans Flat Waste Management Facility. Options to commence design and construction are being explored (Min No. 06-427).
Provide waste education and promotion.	Waste Watchers visited local schools providing education on Council's recycling services.
Waste to Art competition.	This competition was not run in 2006/07.
Fence Angus Place and Capertee Garbage Depots.	This activity was achieved.
Provide the Alternate Fuel Rebate.	7 rebates were provided for the year at a cost of \$4,300.
On-site Sewage Management.	The strategy for on-site sewerage management was reviewed. The recruitment of a Trade Waste and On-Site Sewerage Management Officer went through several processes without success. The recruitment process continued in following year.
Works at Hassans Walls Reserve.	The works such as upgrade to Bracey Lookout, road

	<p>and entrance gates and signage at Hassans Walls were integrated into the River Lett Improvement Grant Program of which the funding agreement was negotiated and signed off. Works are to occur in 2007/08.</p> <p>Weed removal activities were undertaken in Hassans Walls Reserve during 2006/07.</p> <p>A report regarding the temporary closure of Hassans Walls Reserve during the night was reported to the Traffic Authority Local Committee in June 2006.</p>
AAA Showerhead Program.	250 AAA showerheads were provided to local residents free of charge.
Purchase cleaning equipment.	A footpath cleaning machine was being investigated for acquisition in 2007/08.
Grant for Biodiversity in the Lithgow Region.	The project was further developed and works are expected to be completed in 2007/08.
Grant for Biodiversity in the Wolgan Valley.	The project was further developed in conjunction with the Lithgow Oberon Landcare Association and the Lithgow and District Community Nursery. Works are expected to be completed in 2007/08.
Community Partnerships Grant.	The project was further developed in conjunction with the Lithgow Oberon Landcare Association and the Lithgow and District Community Nursery. Some works on the ground were undertaken in 2006/07 with the remaining activities expected to be completed in 2007/08.
Hyde Park and Dargan Reserves Grant.	Weed removal activities were undertaken and the project has been completed.
Former Rylstone Grants.	Works were undertaken in the Capertee Valley and the project is expected to be completed in 2007/08.

Function:	Community Development	
Goal:	<ul style="list-style-type: none"> • Enhanced opportunities for resident participation in community life. • Maintenance and development of partnerships with government authorities, businesses, service providers and community groups. • To provide cost effective community development activities which contribute to Lithgow as a Learning City and as a family friendly community. 	
Activity/Indicators	Annual Achievement	
Develop and pursue opportunities to attract community funding through grants and other sources.	Funding opportunities have been pursued throughout the year and included the receipt of \$700,000 for the proposed indoor swimming pool from the Department of Communication, Information Technology and Arts.	
Provide information and education about services and activities available to the Lithgow City communities.	<p>Information was provided through the Community Noticeboard, Council Connections newsletter, Council's weekly newspaper column, press releases and radio interviews.</p> <p>In addition, a list of youth and multicultural services was compiled and placed on the community website.</p>	
Community leadership through access and equity activities.	<p>Access and equity activities included participation in the:</p> <ul style="list-style-type: none"> • Active Young Bowenfels Project • Child Protection Week activities • Family Christmas Party • White Ribbon Day activities • International Women's Day activities • Launch of the Bowenfels Residents Committee • Lithgow Youth Council • Youth Week, Rock Up Competition • Families Week activities. <p>Other access and equity activities included the:</p> <ul style="list-style-type: none"> • Training of Council's Customer Service staff in the Telephone Interpreter Service. • Drafting of the Local Ethnic Affairs Priority Statement which is due for completion in 2007/08. 	
Social planning with reviews and reporting.	The Social Plan 2006-2011 was adopted by Council on 20 November 2006 (Min No. 06-392). The Social Plan was considered and selected actions integrated into the Management Plan 2007/08 to 2009/10 (Min No. 07-258).	
Crime prevention planning.	Council participated in the Police Action Community Team and the Liquor Accord.	

	The preparation of a crime prevention plan was included as an activity for 2007/08 in the Social Plan and thence included in the Management Plan 2007/08 to 2009/10 (Min No. 07-258).
Coordination of and participation in community networks.	<p>Council participated in the following community networks:</p> <ul style="list-style-type: none"> • Community Services Interagency • Child Protection Interagency • Domestic Violence Liaison Committee • Lithgow Community Action Partnership Group • Lithgow Correctional Centre Community Consultative Committee • Lithgow Youth Council • Liquor Accord • Multicultural Interagency • Police Action Community Team • Transport Working Group.
Represent and promote Lithgow City Council in the region.	Council is represented on several regionally based groups such as Arts Out West, Bells Line Expressway Group, CENTROC, Central Tablelands Alliance and NetWaste.
Social Plan development.	The Social Plan was adopted on 20 November 2006 (Min No. 06-392). The budget for this activity was not required as the Social Plan was prepared internally and funded from the recurrent budget.
Promotion of the Learning City.	<p>Council promoted the Learning City through the following activities:</p> <ul style="list-style-type: none"> • Continuation of the Books for Babies Program. • Representation on the Spread the Word Community Literacy Program. • Presentation to the Tidy Towns Assessor. • Development of the Lithgow Health Scholarship. • Operation of the Homework Centre in conjunction with Delta Electricity. • Donation to the Smith Family for the Learning for Life Program in Lithgow. • Training of staff including the employment of apprentices and trainees.
Family Fun Day.	This activity was achieved with Family Fun Days being conducted in Wallerawang on 23 March 2007 and Cullen Bullen on 18 April 2007.
Active Community Project at Lake Pillans.	<p>The project has involved the following activities during the year:</p> <ul style="list-style-type: none"> • An assessment of the current level of usage

	<p>by Sydney West Area Health Service.</p> <ul style="list-style-type: none"> • A draft plan of works was being prepared and costed. <p>The project will be completed in 2007/08.</p>
Active Young Bowenfels Project.	<p>The project has involved the following activities during the year:</p> <ul style="list-style-type: none"> • An audit of existing infrastructure and maintenance at Emora Park was undertaken on 29 July 2006 by the Bowenfels community, representatives from the NSW Police, NSW Department of Housing and Council. • The project was launched on 5 October 2006 with a fun day held at Emora Park which included a mobile climbing wall and circus skills activities. • Sydney West Area Health Service completed a survey of children and young people at the launch to establish what activities they would prefer in a school holiday activity program. • Following public exhibition, Council at its Policy and Strategy Committee meeting on 4 December 2006 resolved to adopt a program of works for Emora Park (Min No. 06-417) with the majority of these works being completed in 2006/07. • Holiday activities included cricket, sack races and touch football in Emora Park; swimming events at Lithgow and Springwood Swimming Centres and arts and craft activities at the Bowenfels Cottage.
Provide a link for the security cameras to the Lithgow Police Station.	This activity was achieved.
Membership of Arts Out West.	This activity was achieved.

Function: Planning and Development	
Goal:	To determine development applications for all development in accordance with legislative requirements and Council policy.
Activity/Indicators	Annual Achievement
Provision of day to day functions of assessing development applications with 100% of full development applications determined within 21 days.	The functions of assessing development applications were provided with a median determination time of 18 days.
Maintain heritage advisor program and local heritage fund.	A heritage advisor program and local heritage fund was not provided as Council did not have the services of a heritage advisor during 2006/07. However, a review of the program was undertaken and discussions occurred with the Heritage Office with the view to recommencing the program in 2007/08.
Complete the implementation of the RAMS BA/DA system.	This activity was achieved.

Function: Building	
Goal:	To process construction certificates, complying development and septic tank applications for all development within the Lithgow Local Government Area in accordance with legislative requirements and Council Policy. The activity will also co-ordinate cemetery operations as well as construct and maintain public buildings.
Activity/Indicators	Annual Achievement
Provision of day to day functions of building assessment, inspection and regulation.	The functions of building assessment, inspection and regulation were provided.
Feasibility Study for additions to the Administration Centre.	Plans were prepared and the Customer Service Area will be Stage 1 of the works with the remaining parts of the building planned for future upgrade after Stage 1.
Customer Service Counter and Office reorganisation works.	Office reorganisation works were completed, with painting being undertaken and the construction of the airlock at the front doors of the Administration Centre commencing.
Crystal Theatre works (dependent on funding)	A grant application under the Regional Partnerships

from others).	Program was submitted.
Access and painting at the Civic Ballroom.	These works were identified as works in progress as at 30 June 2007 and are to be carried over into 2007/08 and used as matching funding in grant applications.
Eskbank House disabled facilities.	This activity was achieved.
Undertake cemetery drainage improvements.	The drainage works at Portland Cemetery were completed and materials purchased for the Lithgow Cemetery.
Tony Luchetti Grandstand improvements.	This activity was identified as works in progress as at 30 June 2007 and is to be carried over into 2007/08.
Purchase chairs for community buildings.	This activity was achieved.
Hoskins Building Feasibility Study	This activity was identified as works in progress as at 30 June 2007 and is to be carried over into 2007/08.
Provide disabled toilet facilities at the Cinders Track.	This activity was achieved.
Upgrade to the hockey clubhouse toilet facilities.	This activity was achieved.

Function:	Planning and Development	
Goal:	To provide a comprehensive land use strategy for the Lithgow Local Government Area seeking to encourage ecologically sustainable development through strategic plans and policies.	
	Activity/Indicators	Annual Achievement
	Finalise the Lithgow Strategic Plan.	<p>Council at its Policy and Strategy Committee meeting of 3 October 2007 resolved to adopt the following overarching vision for the Local Government Area:</p> <ul style="list-style-type: none"> • A centre of regional excellence that: <ul style="list-style-type: none"> ○ Encourages community growth and development ○ Contributes to the efficient and effective management of the environment, community and economy for present and future generations (Min No. 06-315).

	<p>Also the following vision statements were adopted:</p> <ul style="list-style-type: none"> • Community – we retain, respect and strengthen both our overall sense of community and the unique linked communities of groups, rural areas, villages and towns that make up the Lithgow LGA. • Transport – providing a choice of effective public and private transport options for those who live, work and visit our community. • Employment – developing and embracing diverse job opportunities for all ages and abilities. • Heritage – celebrating, protecting and sustaining our unique industrial and natural heritage, its cultural landscapes and its built heritage. • Education – progressing to a "learning city of excellence" with a broad range of formal and non-formal education services. • Health – creating a healthy community providing opportunities and facilities for a healthy lifestyle. • Environment – balancing, protecting and enhancing our diverse environmental elements, both natural and built, for the enjoyment and support of both current and future generations. • Arts and Culture – supporting, celebrating and expanding a diversity of cultural and creative adventures that explore and discover the richness in our society. • Youth – providing suitable entertainment and recreational facilities; education and employment opportunities and lifestyle choices for our valuable community of young people. • Growth – providing for sustainable and planned growth, while enhancing the existing rural and village identity (Min No. 06-315). <p>The Strategic Plan was adopted by Council at its meeting of 18 June 2007 (Min No. 07-251) following community consultation on the Draft Local Profile, Draft Discussion/Issues Paper and the Draft Strategic Plan. The structure of the Management Plan 2007/08 to 2009/10 was developed around the vision statements developed in the creation of the Strategic Plan and the framework will be used for future reporting of Council's activities.</p>
<p>Complete the Heritage Local Environmental Plan.</p>	<p>Council at its meeting of 21 May 2007 (Min No. 07-204) resolved to defer the Heritage Local Environmental Plan so that it occurs in conjunction with the preparation of the comprehensive Lithgow Local Environmental Plan.</p>

Complete interim LEP and various alterations to LEP as resolved.	<p>The Lithgow City Local Environmental Plan (Amendment No. 12) was prepared, exhibited and forwarded to the Department of Planning.</p> <p>The interim Local Environmental Plan is part of the upcoming Land Use Strategy and comprehensive Lithgow Local Environmental Plan.</p>
Complete the Notification and Residential Policies (DCP's).	Draft Notification and Residential Unit policies were prepared and undergoing internal review as at 30 June 2007.
Complete Marrangaroo Local Environmental Study and Masterplan.	Council at its Policy and Strategy Committee Meeting of 5 February 2007 (Min No. 07-15) after considering the results of community consultation resolved to adopt the Amended Marrangaroo Structure Plan as the plan identifying the highest and best use of lands within the Study Area. A further report will be provided at the completion of the Land Use Strategy which is a precursor to the comprehensive Lithgow Local Environmental Plan which is scheduled for completion by April 2009.
Commence review of comprehensive Local Environmental Plan.	Works to prepare the Land Use Strategy which will inform the comprehensive Lithgow Local Environmental Plan have commenced. The preparation of the Land Use Strategy will involve a review of existing Local Environmental Plans.
Prepare an open space study for new release areas.	An assessment of all open space will occur in the Land Use Strategy which will be prepared in 2007/08.
Prepare conservation management plan for Eskbank House.	This action was not undertaken as matching funds were not obtained.
State Mine Old Power Station works.	This activity was identified as works in progress as at 30 June 2007 and is to be carried over into 2007/08.
Prepare and install interpretive signage.	This activity was identified as works in progress as at 30 June 2007 and is to be carried over into 2007/08.
Provide the Local Heritage Fund.	This activity was identified as works in progress as at 30 June 2007 and is to be carried over into 2007/08.
Undertake upgrade works to the War Memorial at Wallerawang.	This activity was achieved.

Function:	Executive/Governance Support	
Goal:	To provide support to the elected Council and the Mayor to enable them to carry out their role effectively.	
Activity/Indicators	Annual Achievement	
Provide administrative assistance to the Mayor.	A Personal Assistant was shared between the Mayor and General Manager.	
Produce business papers for Council and Committee Meetings a minimum three days prior to a meeting.	Business papers were produced and distributed 3 days prior to a meeting.	
Keep Councillors informed on all relevant issues.	Councillors were kept informed of relevant issues using a variety of media such as briefing sessions, emails, memos, press releases, reports and workshops.	
Ensure adequate communication technology for Councillors.	The Mayor was provided with a Blackberry and Councillor email aliases were established.	
Contribution to the election reserve.	Council contributed \$60,000 to the election reserve (Min Nos. 06-183, 06-369 and 07-40) for the September 2008 election.	
Councillor training.	Code of Conduct training was provided in March 2007.	

Function:	Corporate Management	
Goal:	To ensure that Council activities are strategically planned and implemented to optimise the use of resources.	
Activity/Indicators	Annual Achievement	
Ensure input from community, Councillors and staff.	<p>The community were provided with the opportunity to provide input into the Management Plan and Strategic Plan through a series of public information sessions and written submissions.</p> <p>Councillor workshops were conducted in March 2007 regarding the Management Plan and Strategic Plan.</p>	
Prepare Management Plan including public exhibition and adoption by 30 June.	<p>The Draft Management Plan 2007/08 to 2009/10 was placed on public exhibition from 19 April to 16 May 2007 (Min No. 07-141). During this exhibition period, the following public information sessions were held:</p> <ul style="list-style-type: none"> • 23 April – Lithgow • 30 April – Wallerawang and Portland • 1 May – Hartley • 2 May – Lithgow Business Association • 5 May – Cullen Bullen, Glen Davis and Rydal. <p>In addition, Council at its meeting of 21 May 2007 (Min No. 07-205) resolved to publicly exhibit updated rating models for the period of 24 May to 20 June 2007.</p> <p>After considering all submissions, Council at its Extraordinary meeting of 28 June 2007, resolved to adopt the Management Plan 2007/08 to 2009/10 (Min No. 07-258).</p>	
Quarterly reports submitted to Council within four weeks of the end of each quarter on the achievements.	<p>The following quarterly reports were submitted to Council during the year:</p> <ul style="list-style-type: none"> • September quarter – 6 November 2006 • December quarter – 5 February 2007 • March quarter – 21 May 2007. <p>The reports (except the June quarter for 2005/06) were provided to Council within the statutory reporting period of 2 months of the end of the quarter.</p>	
Develop long term financial plan.	This activity did not proceed and has been identified as activity in 2007/08.	
Annual report prepared within five months of the end of financial year.	The Annual Report and State of the Environment Report were prepared and forwarded to the Department of Local Government prior to the 30	

November 2006.

Function:	Organisational Development	
Goal:	A workforce, which is well trained and rewarded and has equal opportunity in the workplace and a safe work environment.	
	Activity/Indicators	Annual Achievement
	Recruit employees in accordance with policies and procedures that ensure selection on merit.	21 people were appointed to permanent positions on merit in accordance with policies and procedures.
	Provide advice and support to other departments.	This activity was achieved.
	Develop and implement training plans.	<p>The 2006/07 Training Plan was approved by the Executive Management Team, with the following training being undertaken during the year:</p> <ul style="list-style-type: none"> • Armed hold up and cash handling • Asset inspection • Backhoe operations • Building and construction general occupational health and safety induction • Chainsaw • Code of conduct for Councillors and Staff • Confined spaces • Customer service • Design and audit traffic control plans • Energy efficient assessment workshop • Fire warden • First aid • Harassment prevention • Implement and monitor the organisations occupational health and safety policies and procedures • Induction/orientation for new staff • Introduction to investment portfolios • Manual handling • Occupational health and safety workplace committee • Occupational health and safety induction • Occupational health and safety system • Playground safety • Pool lifeguard licence • Powerline awareness • Risk assessment and control • Skin cancer awareness • Traffic control stop/slow • Wastewater operator training • Work safely at heights.

Monitor and maintain training records.	This activity was achieved.
Monitor workplace trainers.	This activity was achieved.
Maintain skills based salary system.	This activity was achieved.
Design and implement performance based assessment process.	This activity commenced with the introduction of performance agreements for managerial positions.
Review and monitor Salary Management System.	<p>The salary system was reviewed and monitored in conjunction with the annual staff performance appraisals and the Australia Fair Pay Commission increases were provided to relevant staff.</p> <p>Also, the Central Tablelands Alliance commenced discussions on the joint development of a salary system.</p>
Develop, implement and monitor Occupational Health and Safety Program.	<p>Council at its Policy and Strategy Committee Meeting of 4 December 2006 resolved to adopt the Occupational Health and Safety Policy (06-414).</p> <p>The new Occupational Health and Safety, Rehabilitation and Environment Management System commenced on 22 November 2006. It has been progressively implemented with audits being undertaken.</p> <p>A Highly Commended Award from StateCover was received in 2006 for Council's Occupational Health and Safety Implementation Guide.</p>
Ensure salary system is competitive in the market.	A survey was undertaken to collect the relevant market information, however, the results were not available as at 30 June 2007.
Provide advice on workplace safety.	This activity is achieved through the OHS/Risk Management Officer.
Support Occupational Health and Safety Committee.	The OHS/Risk Management Officer is a member of the Occupational Health and Safety Committee and provides necessary support and secretarial support is also provided through the Executive Department.
Review and monitor grievance procedure.	A draft Standard Working Procedure was being finalised for internal review as at 30 June 2007.

Ensure effective consultation with staff and unions.	This activity has been achieved through the use of correspondence, emails, newsletters and meetings.
Compliance with award and statutes.	This activity has been achieved.

Function: Tourism and Economic Development	
Goal:	To promote Lithgow as an attractive tourist destination and encourage the economic development of Lithgow in order to optimise the return to Council from its investments in income producing assets.
Activity/Indicator	Annual Achievement
Assist, in conjunction with State and regional authorities, the establishment of desirable developments in the area.	Council has worked with State Government Departments throughout the year in endeavours to assist business and development to establish in the Local Government Area. Also, Council is an active member and an advocate of the Bells Line M2 Extension.
Operate Visitors Information Centre in Lithgow.	47,743 persons visited the Visitor Information Centre during the year. Some key activities which have involved the Visitor Information Centre during 2006/07 include: <ul style="list-style-type: none"> • The facilitation of filming 2 commercials in the Local Government Area. • Worked with the organisers of the Rally of Lithgow, Lithgow Show, Zig Zag Railway and Ironfest to assist in the promotion of the events. • Engaged with local Aboriginal groups to develop an indigenous tourist product for the Local Government Area.
Blue Mountains Regional Strategy.	Final assessment of the strategy was underway as at 30 June 2007.
Advertising in the Blue Mountains Pocket Guide, Blue Mountains Holiday Book, Blue Mountains Monthly "I" Magazine and Blue Mountains Wonderland.	This activity was achieved.
Participate in collaborative partnerships.	Strategic partnerships have been developed with Blue Mountains Tourism, Oberon, Mudgee, Hawkesbury and Bathurst to promote the regions to the domestic and international tourism markets.

Produce a Lithgow map.	This activity was achieved.
Attend trade shows.	Trade shows at Rosehill, Sydney, Hawkesbury, Jenolan Caves, Lithgow Show and Ironfest were attended.
Upgrade the Grand Circular Driving Tour signage.	This activity was achieved.
Implement the promotional sign plan.	This activity was achieved.
Provide signage at Eskbank House.	This activity was underway as at the 30 June 2007.

Function:	Water Supply	
Goal:	To adequately plan and provide a reliable, high quality, cost effective water supply service to meet the current and future requirements of the community, the Sydney Catchment Authority and the Department of Environment and Conservation, and comply with the Department of Energy, Utilities and Sustainability Best Practice Management Guidelines.	
	Activity/Indicators	Annual Achievement
	Undertake regular maintenance and repairs on water infrastructure including the treatment plant, reservoirs, watermains, hydrants, valves and standpipes.	This activity was achieved.
	Perform condition audits on existing water assets to ensure compliance with adopted standards.	Sample condition surveys were undertaken on water assets as part of the revaluation to fair value.
	Strategically plan system upgrades and extensions to meet present and future requirements to encourage increase in residential and industrial connections.	Tenders were advertised, assessed and Council at its meeting of 21 May 2007 resolved to award the tender for the construction of the South Bowenfels Reservoir (Min No. 07-198). However, it should be noted that the contract documentation was not signed during 2006/07.
	Design, construct and operate water supply assets and infrastructure to adopted standards.	This activity was achieved.
	Maintain storage levels in reservoirs greater than 30%.	The reservoir fluctuated between 80 to 100% during the year.

Quality failures less than 10 per annum.	<p>Samples from Farmers Creek Water Supply complied with the Australian Drinking Water Guidelines except the following:</p> <ul style="list-style-type: none"> • 22 samples for total coliforms • 1 sample for aluminium • 1 sample for iron. <p>Samples from the Fish River Water Supply complied with the Australian Drinking Water Guidelines except the following:</p> <ul style="list-style-type: none"> • 18 samples for total coliforms • 5 samples for e coli.
Renew water mains.	This activity did not proceed as resources were diverted to works at the Oakey Park Water Treatment Plant.
Undertake roofing repairs to water reservoirs.	This activity was achieved.
Construct the South Bowenfels Reservoir.	Tenders were advertised, assessed and Council at its meeting of 21 May 2007 resolved to award the tender for the construction of the South Bowenfels Reservoir (Min No. 07-198). However, it should be noted that the contract documentation was not signed during 2006/07.
Undertake cleaning of water reservoirs.	This activity was achieved.
Undertake a backwash filter reuse study at the Oakey Park Water Treatment Plant.	This activity was achieved.
Upgrade the chlorinator at the Wallerawang Reservoir.	This activity was achieved.
Undertake painting at the Oakey Park Water Treatment Plant.	This activity did not proceed as resources were utilised for the backwash diversion works at the Oakey Park Water Treatment Plant.
Prepare a flood earthquake study.	This activity was identified as works in progress as at 30 June 2007 and is to be carried over into 2007/08.

Function: Wastewater	
Goal:	To adequately plan and provide a reliable, high quality, cost effective wastewater collection and treatment system to meet the current and future requirements of the community, the Sydney Catchment Authority and the Department of Environment and Conservation, and comply with the Department of Energy, Utilities and Sustainability Best Practice Management Guidelines.
Activity/Indicators	Annual Achievement
Undertake regular maintenance and repairs on wastewater infrastructure including the three treatment plants, sewerage pumping stations, sewer mains and sewerage connections.	This activity was achieved.
Perform condition audits on existing sewerage assets to ensure compliance with adopted standards.	Sample condition surveys were undertaken on sewerage assets as part of the revaluation to fair value.
Implement strategies to reduce household stormwater connections and tree root infiltrations to reduce the volume of flow during wet weather events.	The contract for the sewer flow gauging study was awarded and in part investigates the issues (Min No. 06-390). The study was still in progress as at 30 June 2007.
Ensure compliance with Council's Trade Waste Acceptance and Septic Tank Approvals Policies, minimising transport and treatment system failures and eliminating all unnecessary transport and treatment costs.	This activity was achieved and a Trade Waste/On-site Wastewater Management Officer was being recruited as at 30 June 2007.
Strategically plan system extensions to meet future requirements to encourage increase in residential connections.	This activity did not proceed as resources were diverted to works at the Oakey Park Water Treatment Plant.
Strategically plan system upgrades to improve current performance and quality of effluent discharged into local waterways.	<p>Council adopted the augmentation concept for the Lithgow Sewerage Treatment Plant Stage 2 on 4 September 2006 (Min No. 06-282) and approved the Development Application for Stage 2 works on 16 April 2007 (Min No. 07-136). On 21 May 2007, Council resolved to call tenders for the design and construction of Stage 2 (Min No. 07-202).</p> <p>Also at it the meeting of 4 September 2006, Council resolved for the General Manager to explore the option of combining the sewage treatment for Portland and Wallerawang into a single option (Min No. 06-282).</p>

Design, construct and operate sewerage assets and infrastructure to adopted standards.	This activity was partly achieved.
Compliance with Department of Environment and Conservation licence conditions 100% of the time.	This activity was not achieved.
Prepare the detailed design and construct Stage 2 of the Lithgow Sewerage Treatment Plant.	Council adopted the augmentation concept for the Lithgow Sewerage Treatment Plant Stage 2 on 4 September 2006 (Min No. 06-282) and approved the Development Application for Stage 2 works on 16 April 2007 (Min No. 07-136). On 21 May 2007, Council resolved to call tenders for the design and construction of Stage 2 (Min No. 07-202).
Design upgrades to the Portland and Wallerawang Sewerage Treatment Plants.	Council at its meeting of 4 September 2006 resolved for the General Manager to explore the option of combining the sewage treatment for Portland and Wallerawang into a single option (Min No. 06-282). This activity was underway at 30 June 2007 and has been carried over into 2007/08.
Extend the sewer main at South Bowenfels.	This activity did not proceed and has been identified as an activity in 2007/08.
Replace sewer mains.	This activity did not proceed as resources were diverted to works at Oakey Park Water Treatment Plant.
Desludge the lagoons at the Lithgow Sewerage Treatment Plant.	This activity was achieved.
Install a step screen at the Lithgow Sewerage Treatment Plant.	This activity was achieved.
Repair the sedimentation tank at the Lithgow Sewerage Treatment Plant.	This activity was achieved.
Construct equipment shed at the Lithgow Sewerage Treatment Plant.	Council at its Finance and Services Committee meeting of 5 March 2007 approved the development application and the shed has been constructed (Min No. 07-91).
Upgrade the sewer telemetry system.	This activity was achieved.
Replace sewer pumps.	This activity did not proceed and has been identified

	as an activity in 2007/08.
Replace sewer vents.	This activity was achieved.
Undertake the sewer flow gauging study.	Council at its meeting of 20 November 2006 resolved to award the contract and the study was in progress as at 30 June 2007 (Min No. 06-390).
Purchase a Smoke Tester.	This activity did not proceed as it was not necessary at this stage, but may be reconsidered if the sewer gauging and modelling study recommends such an activity.
Extend the sewer main to Gell Street, Lithgow.	Some works were completed and this activity was identified as works in progress as at 30 June 2007 and is to be carried over into 2007/08.

Function:	Drainage	
Goal:	To adequately plan and provide a reliable, high quality, cost effective stormwater drainage collection system through the Council area to meet the current and future requirements of the community.	
	Activity/Indicators	Annual Achievement
	Strategically design, construct and maintain suitable drainage networks to meet present and future needs.	Tenders were called for precast concrete panels (or alternatives) and steel piling for the Farmers Creek Flood Mitigation Project. Comparison undertaken of alternative proposals and footing design commissioned prior to final recommendation being provided to Council and the Department of Natural Resources.
	Strategically design, construct and maintain extensions and upgrades of existing network to direct captured stormwater into existing infrastructure.	Upgrades to the stormwater system were completed at Windarra Estate, Marrangaroo and commenced at Bathurst Street, Wallerawang.
	Perform condition audits on drainage infrastructure and assets to ensure compliance with current standards.	Farmers Creek Flood Mitigation works continued with tenders being called for precast concrete panels (or alternatives) and steel piling. Comparison undertaken of alternative proposals and footing design commissioned prior to final recommendation being provided to Council and the Department of Natural Resources.
	Actively participate in water recycling	Council at its Policy and Strategy Committee Meeting

<p>campaigns organised locally and nationally, and encourage the community to utilise rainwater storage tanks.</p>	<p>of 7 May 2007, resolved to adopt a water savings scheme which provides rebates for the installation of rainwater tanks, water efficient dishwashers and washing machines in existing dwellings (Min No. 07-156). Six applications were lodged under the scheme.</p> <p>Also assistance was provided to the Lithgow Golf Club in preparing a community water grant application.</p> <p>Initial discussions on the Wallerawang/Portland single Sewerage Treatment Plant with reuse for Delta Electricity to reduce their reliance on pristine drinking water from Fish River also took place.</p>
<p>Actively encourage the community to improve the quality of stormwater discharged into local drains and waterways by supplying information and advice on improved/alternative methods of disposal/reuse of pollutants.</p>	<p>This activity did not proceed nor was it supported by any resource allocation.</p>
<p>Farmers Creek Flood Mitigation Program finalisation of Stage 2.</p>	<p>Tenders were called for precast concrete panels (or alternatives) and steel piling. Comparison undertaken of alternative proposals and footing design commissioned prior to final recommendation being provided to Council and the Department of Natural Resources.</p>

Function:	Recreation	
Goal:	To provide an enhanced quality of life through equitable and unlimited access to a diverse range of passive and active recreational services and facilities.	
	Activity/Indicators	Annual Achievement
	Efficiently maintain and operate the Lithgow War Memorial Olympic Swimming Pool.	44,042 persons visited the Lithgow War Memorial Olympic Swimming Pool this year.
	Provide financial support and operational advice to the Portland Olympic Pool Committee and facility.	Council at its meeting of 19 March 2007 resolved to proceed with the tender process for the relining of the Portland Swimming Pool in 2006/07 with works being undertaken in 2007/08 (Min No. 07-99). Subsequently, tenders were called and closed on the 27 June 2007.
	Consult with the community and developers for planning improvements to parks and reserves.	Consultation has occurred with developers for the provision of open space and/or embellishment of existing open space as part of the development assessment process.

	A meeting also occurred with the Lithgow Hockey Association in relation to the replacing of the existing sand field with a new water field.
Develop, implement and regularly review Management Plans for community land.	A draft plan of management for sportsground was being drafted. All plans of management for community land are due for completion by 30 June 2008.
Develop, implement and regularly review ongoing works program for improvements to community land.	No review was undertaken, however, this will be a component of the plan of management for community land.
Maintain and improve community land and associated facilities to adopted standards.	Community land has been maintained.
Control and regulate activities on community land.	Signage stating permissible and prohibited uses is erected on the majority of community lands.
Strategically plan for new community land to meet future requirements of the community.	This activity was not achieved or supported by any resource allocation, however, the Land Use Strategy to be completed in 2007/08 will make an assessment of the adequacy of open space for current and future populations.
Encourage and support community participation in the management and maintenance of sporting facilities.	This activity is achieved through the Sports Advisory Committee.
Support local sporting organisations and Committees.	Council's support is provided through its Sports Advisory Committee.
Officiate and arrange actions raised or resolved at Sports Advisory Committee Meetings.	Council officiated at 10 meetings of the Sports Advisory Committee during the year and implemented the actions arising from the Council resolutions.
Develop, implement and regularly review operating agreements with local sporting organisations and Committees.	Council at its meeting of 18 June 2007 resolved to formalise the lease arrangement of any exclusive or long term users of Council's sporting facilities, commencing with formalisation of usage agreements (Min No. 07-254).
Maintain sporting fields and facilities to adopted standards.	This activity was achieved.
Consult with the community and local sporting organisations in planning and	A community attitude survey was undertaken in January/February 2007 on the proposed Lithgow

development of new sporting facilities.	Aquatic Centre.
Develop, implement and regularly review ongoing works program for improvements to sporting facilities and equipment.	This activity was achieved.
Provide adequate boat launching facilities.	The boat ramp at Lake Lyell was extended.
Maintain and preserve dam foreshore areas.	Achieved through Council's contractor who also receives financial assistance to operate the Lake Lyell Recreational Area.
Regulate use of recreational vehicles on dam foreshore areas.	This activity is also achieved through Council's contractor who also receives financial assistance of \$20,000 to operate the Lake Lyell Recreational Area.
Undertake improvements to dam foreshore areas.	This activity was not achieved or supported by any resource allocation.
Develop, implement and regularly review ongoing works program for improvements to dam foreshore areas.	Planning works to improve the camp sites at Lake Lyell was undertaken and the activity to undertake on the ground works was included in the Management Plan 2007/08 to 2009/10 (Min No. 07-258).
Top dress Marjorie Jackson Oval, Tony Luchetti and Wallerawang Oval.	This activity was achieved.
Install fairway watering at Lithgow Golf Club.	The watering of Fairway No. 1 was achieved.
Extend the boat ramp at Lake Lyell.	This activity was achieved.
Undertake an investigation study for the Hermitage site.	This activity was identified as works in progress as at 30 June 2007 and is to be carried over into 2007/08.
Provide a contribution to the Upper Macquarie County Council.	Council contributed \$101,049 towards the Upper Macquarie County Council.
Replace bins in parks.	This activity was partly achieved and will continue in 2007/08.
Plant new street trees.	This activity was achieved.
Install play equipment.	This activity was achieved.

Install park seats.	The seats were acquired but were not installed as at 30 June 2007.
Install an irrigation system in the gardens of Eskbank House.	This activity was commenced but not completed as at 30 June 2007.
Replace the solar heating at Lithgow Swimming Pool.	This activity did not proceed as it was considered unnecessary in light of the proposed indoor swimming pool facility.
Undertake relining works to the Portland Swimming Pool.	Council at its meeting of 19 March 2007 resolved to proceed with the tender process for the relining of the Portland Swimming Pool in 2006/07 with works being undertaken in 2007/08. Subsequently, tenders were called and closed on the 27 June 2007.

Function:	Emergency Services	
Goal:	Provide effective and efficient response to all emergency situation.	
	Activity/Indicators	Annual Achievement
	Develop, implement, maintain and update disaster plans for the Lithgow Local Government Area.	Council at its Policy and Strategy Committee Meeting on 2 April 2007, resolved to exhibit the Draft Emergency Risk Management Plan (Min No. 07-111).
	Develop, implement, maintain and update resource list.	A review was commenced but was not finalised as at 30 June 2007.
	Develop, implement, maintain and update Lithgow Emergency Contact Manual.	This activity was achieved.
	Undertake community awareness and education campaigns.	This is a responsibility of the individual agencies.
	Officiate and arrange actions and resolutions of the Local Emergency Management Committee.	2 meetings of the Local Emergency Management Committee were attended.
	Undertake hazard reduction programs.	This activity was not achieved or supported by any resource allocation.
	Effectively train staff and volunteers on emergency standards and procedures.	Selected Administration and Hartley Building staff were trained as wardens for the evacuation of the

	buildings. All Administration and Hartley Building staff participated in an evacuation exercise.
Maintain equipment in a state of readiness.	Council provided maintenance to Rural Fire Service plant under the Service Level Agreement.
Respond to emergency situations.	Assistance was provided to the Rural Fire Service during significant fires.
Coordinate recovery operations from emergency situations.	This activity was not applicable in 2006/07.

Function: Bush Fire Mitigation	
Goal:	Assist with the effective and efficient response to all bush fire emergency and prevention situations, and undertake effective community awareness programs in conjunction with the Rural Fire Service.
Activity	Annual Achievement
Develop, implement, maintain and update bush fire management plan for the Lithgow Local Government Area.	This is a Rural Fire Service responsibility.
Acquire and maintain all equipment in a state of readiness.	This is a Rural Fire Service responsibility, although Council service their vehicles from the discretionary budget.
Undertake community awareness and education campaigns in conjunction with relevant fire authorities.	This is a Rural Fire Service responsibility.
Officiate and arrange actions and resolutions of the Bush Fire Management Committee.	This is a Rural Fire Service responsibility.
Undertake hazard reduction programs.	This is a Rural Fire Service responsibility.
Effectively train staff and volunteers on emergency standards and procedures.	This is a Rural Fire Service responsibility.
Respond to emergency situations.	This is a Rural Fire Service responsibility.
Maintain effective communications and	This is a Rural Fire Service responsibility.

support services.	
Provide logistic, administration and technical support.	This activity was achieved.
Continue to provide funding to the RFS.	\$223,062 was provided to the Rural Fire Service through Council's contribution which includes an allocation of \$40,000 in a discretionary budget.
Update, review and execute the Service Level Agreement with RFS for next three years.	Advice was received in the last quarter of 2006/07 from the Local Government and Shires Association that the Service Level Agreement can be signed. Negotiation of the agreement was underway as at end June 2007 and expected to be finalised early in the new year.

Function:	Transport Infrastructure	
Goal:	To provide safe, efficient, and effective networks to transport people and goods within and through the Lithgow Local Government Area.	
	Activity/Indicators	Annual Achievement
	Perform condition audits on transport network infrastructure and assets to ensure compliance with current standards.	This activity was commenced with the ongoing preparation of the Draft Strategic Roads Plan and an assessment of the timber bridges. The Strategic Roads Plan is due for completion in 2007/08.
	Strategically design, construct and maintain extensions and upgrades of existing transport network to meet present and future needs.	Not achieved in a strategic manner, although all extensions and upgrades are designed to meet present and future plans.
	Strategically design, construct and maintain roads, cycleways and footpaths to adopted standards.	Not achieved in a strategic manner, although all works are designed to meet adopted standards.
	Facilitate and participate in road safety and educational programs.	The position of Road Safety Officer was successfully recruited in conjunction with Mid-Western Regional Council.
	Prepare program of works for maintenance and improvement of Council controlled roadways.	The preparation of a Draft Strategic Roads Plan has commenced and is expected to be completed in 2007/08.
	New service level agreement for road	The preparation of a Draft Strategic Roads Plan has

maintenance adopted by Council and program of all works submitted to Council for approval.	commenced and is expected to be completed in 2007/08.
Replace the Mill Street Footbridge.	Council at its meeting of 21 May 2007 resolved to complete the activity in 2007/08 (Min No. 07-195).
Undertake drainage improvements to Park Parade, Lithgow.	This activity was achieved.
Construction footpath in Eskbank Street carpark.	This activity was achieved.
Kerb and gutter Lime Street Lane, Portland.	This activity was identified as works in progress as at 30 June 2007 and is to be carried over into 2007/08.
Construct roundabout at Bayonet Street and Martini Parade, Lithgow.	This activity was achieved.
Construct a roundabout at Kirkland Link/Lithgow Street, Lithgow.	The design was completed and the construction was identified as works in progress as at 30 June 2007 and is to be carried over into 2007/08.
Construct a footpath along Barton Avenue, Wallerawang from Wallerawang School to Forest Ridge.	This activity did not proceed as matching funding was not obtained.
Reconstruct Dark Corner Road, Dark Corner.	This activity was achieved.
Undertake improvements to Browns Gap and Mid Hartley Roads, Hartley.	This activity was achieved.
Undertake improvements to Wolgan Road, Wolgan Valley.	\$2.4M has been granted for the upgrade of Wolgan Road from Auslink's Strategic Regional Program.
Undertake improvements to Rydal Streets.	This activity was commenced.
Undertake improvements to Wallerawang lanes.	This activity was achieved.
Undertake improvements to Willowvale Lane, Wallerawang.	This activity was achieved.
Resheet Blackheath Creek Road, Little	This activity was achieved.

Hartley.	
Undertake improvements to Jerry Meadows Road, Sodwalls.	This activity was identified as works in progress as at 30 June 2007 and is to be carried over into 2007/08.
Undertake improvements to Wallerawang/Rydal Road, Wallerawang.	This activity was achieved.
Undertake improvements to Glen Davis Road, Glen Davis.	This activity was achieved for the works identified in 2006/07 and 2007/08 in accordance with Council's resolution of 21 May 2007 (Min No. 07-195).
Undertake improvements to Range Road, Portland.	This activity was achieved.
Reseal various lanes in Lithgow.	This activity was achieved.
Reseal First and Wirraway Streets, Lithgow.	This activity was achieved.
Reseal Quarry Road, Portland.	This activity did not proceed as it was not a priority in the works program.
Seal the Donald Road intersection at Clarence.	This activity was achieved.
Undertake grant improvement works to Ganbenang Road, Kanimbla Valley.	This activity was achieved.
Construct footpaths at Beynon Street/Heffernan Place and James Street/Young Street/George Coates Avenue, Lithgow.	These activities were achieved.
Undertake improvements to Valley View Road, Dargan.	This activity was achieved.
Replace plant.	Council's plant purchases totalled \$1,174,438 and included major items such as a dog trailer and rollers. Council also received \$301,975 from the sale of plant.

Function: Geographical Information Systems	
Goal:	To provide accurate GIS data and related information for presentation of all Council's services to meet community needs and requirements.
Activity/Indicators	Annual Achievement
Liaise with Land and Property Information and Valuer General to ensure information stored in Council's database is accurately maintained and updated.	This activity was achieved.
Provide an updated link between 'MapInfo' and 'Proclaim', property database to reduce duplication.	The link has been provided. The server is in the process of being upgraded to improve performance as at 30 June 2007.
Ensure that all service information entered into system is accurate and verified (including water and sewer main locations, zonings, road names and status etc).	This activity was achieved.
Provide training to staff and volunteers to allow customers to receive all relevant information from one staff member.	Training was provided in Exponare to staff on an individual basis.
Provide community groups and organisations with specific plans and maps for various uses (funding grants, presentations etc).	Requests are determined following an assessment of privacy legislation and Council policy.
Matching of property with mapping database to be greater than 95%.	The property match was 97.5% at the end of the year.

Function: Financial Services	
Goal:	To provide sound financial services and advice to Council.
Activity/Indicators	Annual Achievement
Model and levy rates and charges annually. Rates are to be levied by 31 July.	The rates for 2006/07 were levied by 31 July 2006. Six rating models for 2007/08 were prepared and publicly exhibited during the exhibition periods for the Draft Management Plan 2007/08 to 2009/10.
Recover rates and sundry debtor accounts promptly.	At 30 June 2007: <ul style="list-style-type: none"> • 1% of properties were with the External

	<p>Agent for debt collection</p> <ul style="list-style-type: none"> • 2% of properties had arrangements to pay • Correspondence regarding missing instalments were issued throughout the year.
Read and issue domestic water accounts on a cyclical basis.	Cyclical billing of domestic water accounts commenced in October 2006.
Develop quality assured revenue management processes.	Improvements were made to processes with regard to fraud management.
Produce three year Financial Plan annually.	A three year financial plan was incorporated into the Management Plan 2007/08 to 2009/10.
Produce Quarterly Budget Review Statements.	<p>The following quarterly budget review statements were submitted to Council during the year:</p> <ul style="list-style-type: none"> • September quarter – 6 November 2006 • December quarter – 5 February 2007 • March quarter – 21 May 2007.
Properly record all income and expenditure.	This activity was achieved.
Coordinate progressive revaluation of Council's infrastructure assets.	The revaluation of water and sewerage assets was completed and incorporated into the financial statements for 2006/07.
Invest surplus funds appropriately and competitively.	<p>An Investment Policy was adopted by Council on 16 October 2006 (Min No. 06-349) with funds being invested in accordance with the policy.</p> <p>As at 30 June 2007, investments were \$14,905,437, investment income was \$735,841.32 and accrued interest brought to account was \$68,764.70.</p>
Ensure data backup and retrieval is effective.	This activity was achieved.
Most suitable and up to date technology used.	Research of hardware and software technology was undertaken to inform future upgrade works.
Implementation of electronic commerce.	e-banking was introduced in March 2007.
Process employee payroll.	This activity was achieved.
Administer superannuation and taxation compliance.	GST/BAS and payroll tax was completed monthly and FBT was paid quarterly. Superannuation is forwarded weekly for each employee.

Maintain stores for internal supply.	This activity was achieved with 2 stocktakes being undertaken and reported to Council in the year.
Pay creditors according to agreed terms.	All creditors are either paid by EFT or cheque within 7 days of the order being completed and authorised.
Completion of Management Plan to allow for advertising of 28 days prior to adoption before 30 June.	The Draft Management Plan 2007/08 to 2009/10 was exhibited between 19 April to 16 May 2007 (Min No. 07-141). In addition, updated rating models were exhibited between 24 May to 20 June 2007 (Min No. 07-205). The Management Plan was adopted on 28 June 2007 (Min No. 07-258).
Audited financial reports composed by 31 October each year.	The General Purpose Financial Reports for 2005/06 were presented to Council's meeting of 16 October 2006 and provided to the Department of Local Government prior to the due date.
Commercial/industry water and sewerage accounts issued by 31 January, 30 April, 31 July and 31 October each year.	This activity was achieved.
Trade waste accounts issued to business each year.	This activity was achieved.
New 10 year financial plan for adoption by Council by 30 June 2007.	This activity did not proceed and has been identified as an activity in 2007/08.
Reduction in outstanding rate payments.	Outstanding rates increased to 8.24% in 2006/07 from 7.6% in 2005/06.
Increase unrestricted cash limit to \$1.3M by 30 June 2007.	The General Purpose Financial Reports 2006/07 reports unrestricted cash at \$2,033,000. In addition, internally restricted cash is \$3,115,000.
Prepare investment strategy for Council to maximise return on all investments by 30 June 2007.	Council's Investment policy was adopted on 16 October 2006 (Min No. 06-349).

Function: Records Management and Information Technology	
Goal:	The provision of timely and accurate information to Councillors, staff and the public to ensure optimum use of resources and effective decision making.
Activity/Indicators	Annual Achievement
Operate and maintain central, integrated core data system.	This activity has been achieved.
Operate and maintain appropriate computer hardware.	This activity has been achieved, including the installation of a new mail gateway.
Develop new systems to meet user needs.	This activity has been achieved with the implementation of the Library Spydus 8 System and the installation of Exponare. In addition, a review of data management systems was underway as at 30 June 2007.
Pursue the migration of core systems from proprietary mainframe technology to an open client-server platform.	A network audit and review of Council systems were being undertaken as at 30 June 2007.
Manage Council's voice and data telecommunications services.	A network audit and review of Council systems were undertaken.
Operate Council's switchboard and corporate facsimile service.	A review of the facsimile module for automated records system integration was in progress as at 30 June 2007.
Develop and implement Records Management Policies.	A review of the Records Policy was undertaken and readopted by Council on 16 October 2006 (06-349) and a review of the management system was being initiated as at 30 June 2007.
Ensure the integrity and security of Council's records.	This activity was achieved.
Sort and distribute Council's incoming and outgoing mail.	This activity was achieved.
Allocate and archive hardcopy and electronic documents.	The allocation and archiving of records was achieved in accordance with General Disposal Authority 10 for Local Government.

Provide timely and comprehensive information.	This activity was achieved.
Meet operational business needs, legal evidential and accountability requirements.	This activity was achieved.
Disaster recovery software.	This activity was considered as part of the network audit and review of Council systems.
Undertake a personal computer replacement program.	15 personal computers were purchased.
Upgrade property database systems.	This activity was achieved.
Upgrade Dataworks software	This activity was identified as works in progress as at 30 June 2007 and is to be carried over into 2007/08.
Replace the terminal server.	This activity was considered as part of the network audit and review of Council systems.
Router all servers.	This activity was considered as part of the network audit and review of Council systems.
Install Exponare.	Exponare has been installed and provides the link between Mapinfo and Proclaim, however, the server is in the process of being upgraded to improve performance as at 30 June 2007.
Upgrade the accounting system.	This activity was considered as part of the network audit and review of Council systems.
Finance 1 Workflow Standard and Allocations Module.	This activity was considered as part of the network audit and review of Council systems.
Upgrade the virus software.	This activity has been achieved.

State of the Environment Report

Please note that the supplementary State of the Environment Report 2006/07 is the subject of a separate report which can be obtained from Council's Administration Centre or found on the website www.lithgow.nsw.gov.au.

Condition of Public Works

A condition index has been used to describe the condition of each type of asset. The condition description is based on the following condition index:

Condition Description	Condition Index
Near perfect	1
Superficial deterioration	2
Deterioration evident	3
Requires major reconstruction	4
Asset unserviceable	5

Further details of the condition of particular assets are provided in Special Schedule 7 of the Financial Statements within this Report. The following should be noted:

- Sample condition surveys were only undertaken on water and sewerage assets as part of the revaluation to fair value. In relation to other assets, there were no condition surveys undertaken recently and therefore the condition of those assets as at 30 June 2007 was estimated on the movement of the condition stated from 30 June 2006.
- The estimate of cost to bring public works up to a satisfactory standard is based on the condition of the asset and an adjustment for the Consumer Price Index.
- Council's management of its assets was based substantially on reactive rather than strategic principles. However, Council is committed to a comprehensive assets management system which will commence in 2007/08.

Legal Proceedings

The following table provides a summary of legal proceedings in which Council was a party too in 2006/07:

Matter	Amount	Outcome
Oliver-v-Council	\$23,900	The Land and Environment Court upheld the appeal on 23 April 2007.
Delaney-v-Council	\$6,013	The Land and Environment Court dismissed the appeal on the preliminary point relating to permissibility on 10 July 2006. The Court also dismissed an appeal against Commissioner Moore's above decision on 29 May 2007. Costs were awarded to Council.
Cutcliffe-v-Council and Dukes	\$50,285 was paid and \$26,500 was received in accordance with the Court's order.	The Land and Environment Court ordered on 2 August 2006 in relation to costs: <ul style="list-style-type: none"> • Council to pay 85% of Cutcliffe's costs including the motion for costs. • Dukes to pay 50% of Council's costs awarded to Cutcliffe in above. • Dukes to pay Council's costs in relation to Council's motion for costs against Dukes. • Dukes motion for costs against Council was dismissed.
Charles-v-Council	\$40,884	The Land and Environment Court upheld the appeal on 27 July 2006.
Davies-v-Council	\$6,846	Ongoing
EPA-v-Council	\$0 was billed to Council as at 30 June 2007.	Ongoing

Fees, Expenses and Facilities Provided to the Mayor and Councillors

Fee, Expense or Facility	Amount
Mayoral allowance	\$17,000
Councillor fees	\$60,000
Provision of a mobile phone for the Mayor	\$719
Telephone calls	\$967
Mayoral Vehicle NOTE: The Mayor paid \$1,408 lease fee for private use during the reporting period which is the amount applicable from the date Council adopted its policy on the payment of expenses and provision of facilities to Councillors.	\$45,635
Attendance of councillors at conferences and seminars	\$6,757
Training and skill development	\$2,999
Interstate visits	\$0
Overseas visits	\$0
Expenses of any spouse, partner or other person who accompanied a councillor	\$170
Provision of care for a child or an immediate family member	\$0
Miscellaneous NOTE: Includes service award, board membership, parking and meals.	\$712

Council at its meeting of 16 April 2007 adopted a policy regarding the payment of expenses and provision of facilities to Councillors. A copy of the Policy is provided in Appendix B.

Overseas Visits

There were no overseas visits undertaken during 2006/07.

Senior Staff

Council had 3 senior staff positions throughout the year. The total remuneration packages of the senior staff are provided in the following table:

Item	General Manager	Group Manager Community and Corporate	Group Manager Regional Services
Total value of salary component of package	\$162,632.76	\$114,421.99	\$116,938.56
Total amount of any bonus payments, performance or other payments that do not form part of salary component	\$0	\$0	\$0
Employer compulsory superannuation or salary sacrifice	\$23,367.24	\$15,578.01	\$11,061.44
Total value of non-cash benefits	\$9,000	\$7,000	\$7,000
Total payable fringe benefits tax	\$0	\$0	\$0

Contracts Awarded over \$150,000

Council resolved to award the following contracts in 2006/07 which were over \$150,000:

Contract Description	Contractor	Amount
Purchase of a roller	Conplant Ammann Australia	\$189,655
Construct a water reservoir at South Bowenfels ¹	Precision Pipelines	\$1,351,900

NOTE:

1. The contract documentation was not signed during 2006/07.

Bushfire Hazard Reduction Activities

Council participated in several committees and provided support through the Service Level Agreement with the Rural Fire Service.

Programs that Promote Services and Access for People with Diverse Cultural and Linguistic Backgrounds

Activities and programs undertaken or participated in by Council in 2006/07 to promote services and access for people with diverse cultural and linguistic backgrounds included:

Local Ethnic Affairs Priority Statement

The Social Plan 2006-2011 identified the development of a detailed Ethnic Affairs Priority Statement as an action and as such a Draft Statement was being prepared at the end of the year with assistance from the LEAPS Development Group which consists of representatives from government agencies, local community support workers and Council. The Draft Local Ethnic Affairs Priority Statement aims to:

- Create an environment where people from diverse cultural and linguistic backgrounds have equitable access to Council services and are encouraged to participate in Council's planning processes.
- Recognise, value and promote the community of diverse cultural and linguistic backgrounds and its contribution to the community through increasing community awareness of cultural diversity and promoting community harmony.

The Draft Local Ethnic Affairs Priority Statement is scheduled to be exhibited and reported to Council for adoption during 2007/08.

Harmony Day 2008

Council have joined the Bathurst Information and Neighbourhood Centre in their successful grant application for Harmony Day in 2008. This project will involve school students and community groups from the Local Government Area and the region.

List of Multicultural Services

A list of multicultural services was compiled and provided on the community website.

Social Plan 2006-2011

The Social Plan 2006-2011 was adopted by Council on 20 November 2006 (Min No. 06-392) and nominates as a target group, people from culturally and linguistically diverse backgrounds. As a result of the target group consultation, the Social Plan recommends a series of actions for Council to consider in the management planning process to address the identified issues.

Telephone Interpreter Service Training

Telephone Interpreter Service Training was provided for Council's Customer Service staff by the Bathurst Migrant Support Service.

Activities to Develop and Promote Services and Programs that Provide for the Needs of Children

The following activities were undertaken and supported by Council relating to the development and promotion of programs and services that provide for the needs of children during 2006/07:

Active Young Bowenfels Project

The Active Young Bowenfels Project is funded under the Healthy Local Government Grants Program and has been supported by Council, the Department of Housing, the Lithgow Information and Neighbourhood Centre, the NSW Police and the Sydney West Area Health Service. In 2006/07, the Project involved the following activities for children:

- An audit of existing infrastructure and maintenance at Emora Park was conducted on 29 July 2006 by the Bowenfels community including children, representatives from the NSW Police, NSW Department of Housing and Council.
- A launch of the project was conducted on 5 October 2006 with a fun day being held at Emora Park which included a mobile climbing wall and circus skills activities.
- A survey of children and young people was conducted by the Sydney West Area Health Service at the launch to establish what activities they would prefer in a school holiday activity program.
- Holiday activities included cricket, sack races and touch football in Emora Park; swimming events at Lithgow and Springwood Swimming Centres and art and craft activities at the Bowenfels Cottage.

The Project is due to be completed in 2007/08.

Children's Activities at the Lithgow Library Learning Centre

Children's activities at the Lithgow Library Learning Centre included:

- Santa Claus and the Easter Bunny visited with stories and activities.
- The Read Around Oz Program was conducted during the Christmas school holidays.
- Storytime was conducted where children came along, read a book and undertook a craft activity which mostly related back to the book.
- Spread the Word Community Literacy Program participated in Celebrate Lithgow promoting reading.
- The Delta Homework Zone was once again successful with children coming in 2 afternoons per week except during school holidays for help with their homework.

Financial support for children's programs and services

Council's Financial Assistance Program in 2006/07 provided funding to the following organisations which provide programs and/or services for children:

- Gumnut House
- Jack and Jill Preschool
- Lithgow Early Intervention
- Lithgow Information and Neighbourhood Centre – Bowenfels Cottage
- Pied Piper Preschool
- Smith Family's Learning for Life Program

- Wallerawang Kids Club.
- Blinky Bill Childcare
- Portland Central School
- Cullen Bullen Public School
- Zig Zag Public School
- Coerwull Public School
- Lithgow Public School
- Meadow Flat Public School.

Participation in the Child Protection Interagency

Council regularly attends meetings of the Child Protection Interagency. Some of the major activities of the Child Protection Interagency in 2006/07 were:

- Family Fun Days
- Dad's and Kid's Day
- Street stalls during Child Protection Week and Families Week.

The Fun Days were supported with financial assistance through the Joblink Plus community donations program.

Social Plan 2006-2011

The Social Plan 2006-2011 was adopted by Council on 20 November 2006 (Min No. 06-392) and nominates as a target group, children. As a result of the target group consultation, the Social Plan recommends a series of actions for Council to consider in the management planning process to address the identified issues.

Access and Equity Activities

Activities undertaken or participated in by Council in relation to access and equity have included the following during 2006/07:

Domestic Violence Liaison Committee

Council participated in the Domestic Violence Liaison Committee which aims to address issues relating to domestic violence in the Local Government Area. The key activities in 2006/07 were held on White Ribbon Day and International Womens Day.

International Day for People with a Disability

International Day for People with a Disability was celebrated at the Lithgow Library Learning Centre with an art exhibition of intellectually disabled persons art organised through Uniting Care.

Lithgow Community Action Group

Council is a member of the Lithgow Community Action Group along with State Government representatives and the Lithgow Information and Neighbourhood Centre. The Group focuses on the Bowenfels Community and in particular, the issues which this community face.

Social Plan 2006-2011

The Social Plan 2006-2011 was adopted by Council on 20 November 2006 (Min No. 06-392) and nominates as target groups:

- Children
- Young people
- Women
- People with disabilities
- Aboriginal and Torres Strait Islander people
- People from culturally and linguistically diverse backgrounds
- Older people
- Men
- Gay, lesbian, bisexual and transgender people
- Department of Housing residents
- Sole parents.

As a result of the target group consultation, the Social Plan recommends a series of actions for Council to consider in the management planning process to address the identified issues. Selected actions have been listed as activities in the Management Plan 2007/08 to 2009/10 (Min No. 07-258).

Transport Working Group

Council participates in the Transport Working Group along with the State Government and local transport providers. It aims to improve access to transport in the Local Government Area.

Youth Council

The Youth Council was reformed and members participated in training on running an effective youth council. The Rock Up Competition for Youth Week was also conducted.

Summary of Resolutions Concerning Work Carried Out on Private Land and any Subsidies Related to the Work

There were no resolutions passed during 2006/07 in accordance with the provisions of section 67(2)(b) of the Local Government Act 1993 relating to Council subsidising the cost of any works carried out on private lands.

Grants and Donations

During 2006/07, Council made contributions/donations under section 356 of the Local Government Act 1993 to the value of \$200,623. The organisations who received funding included the following:

Organisations which Received Funding	
Rural Fire Service	GLASTIC
SES Lithgow	Lithgow High School
SES Portland	Bicentennial National Trail
Lifeline	Lithgow Country Women's Association
Wallerawang Kids Club	Wallerawang Country Women's Association
Jack and Jill Preschool	Portland District Motor Sports
Lithgow Mining Museum	Lithgow and District Poultry Club
Portland Tidy Towns	Crystal Theatre Committee
Lithgow Tidy Towns	Lithgow Greyhound Club
Lithgow Family Mental Health	Blinky Bill Childcare
Lithgow Hockey Association	Portland Golf Club
Capertee Progress Association	Portland Central School
Domestic Violence Liaison Committee	Cullen Bullen Progress Association
Youth Council	Lithgow Small Arms Rifle Club
Youth Week	Lithgow Workmens Valley Women's Bowling Club
Senior Citizens Week	Rydal AH&P Society
Lithgow Information and Neighbourhood Centre	Christmas and Beyond
Portland Art Show	Cullen Bullen Public School
Lithgow City Band	Zig Zag Public School
Highland Band	Cooerwull Public School
Ironfest	Lithgow Public School
Josephite Foundation	First Portland Scout Group
Cooinda Aged Care	Western Region Academy of Sport
Lithgow Show Society	Lithgow Enterprise Development Association
Meadow Flat Public School	Mitchell Conservatorium
Pied Piper Preschool	Lithgow Golf Club
Lithgow Early Intervention	Gumnut House
Smith Family	Lake Lyell Contractor
Lithgow Community Orchestra	

Human Resources Activities Undertaken by Council

Human resource activities for 2006/07 have included:

- The appointment of 21 people to permanent positions.
- 15 people left permanent employment with Council.
- Council introduced and is implementing an Occupational Health and Safety, Rehabilitation and Environment Management System.
- The Occupational Health and Safety Committee meet every 6 weeks.
- 14,131 hours of sick leave was taken by employees.

- There were 48 incidents reported with 28 of these resulting in a workers compensation claim.
- The Consultative Committee meet every month.
- Training provided to employees during the year included the following:
 - Backhoe operations
 - Building and construction general occupational health and safety induction
 - Cash handling and armed hold up
 - Code of conduct
 - Confined spaces
 - Customer service
 - Design and audit traffic control plans
 - Energy efficient assessment
 - Fire warden
 - First aid
 - Harassment prevention
 - Implement and monitor the organisations occupational health and safety policies and procedures
 - Induction/orientation
 - Introduction to investment portfolios for local government
 - Manual handling
 - Occupational health and safety induction
 - Occupational health and safety committee course
 - Occupational health and safety system training
 - Playground safety
 - Pool lifeguard
 - Powerline awareness
 - Risk assessment and control
 - Traffic control stop/slow
 - Wastewater operator
 - Work safely at heights.

Activities Undertaken to Implement Council's Equal Employment Opportunity Management Plan

The following activities were undertaken to implement Council's Equal Employment Opportunity Management Plan:

- The integration of equal employment opportunity principles in recruitment and selection, annual performance reviews, the development of position descriptions, the development of the Training Plan, the ongoing maintenance of Council's training database and requirements relating to progression through Council's Salary Management System.
- All new employees were inducted and attended a training session on equal employment opportunity and harassment prevention.
- A review of employee work procedures continued to ensure that they conform to equal employment opportunity principles.

External Bodies Exercising Functions Delegated by Council

There were no functions delegated by Council to external bodies during 2006/07.

Companies in which Council held a Controlling Interest

Council did not hold the controlling interest in any one company.

Partnerships, Co-operatives or Joint Ventures to which Council was a Party

Council was a party to the following partnerships, co-operatives or joint ventures:

Name	Purpose
Australian OH&S Risk Management Services Pty Ltd	Assisted with the design and preparation of Council's Occupational Health and Safety, Rehabilitation and Environment Management System.
Australia Post	At Council's Policy and Strategy Committee meeting on 3 July 2006, Council acknowledged the acceptance of an offer from Australia Post to include the 2006/07 rate notices in a competition for customers who pay their rates at Australia Post (Min No. 06-196).
Barclay Family Holdings Pty Ltd	Funding for the preparation of the Marrangaroo Local Environmental Study and Structure Plan.

Central Tablelands Strategic Alliance (Lithgow City Council, Mid-West Regional Council and Oberon Council)	An alliance to benefit from economies of scale and increase the range and quality of services to residents, improve lifestyle and where possible to reduce the cost of these services to ratepayers.
Central West Regional Councils (CENTROC)	An organisation of councils for the sharing of knowledge, bulk purchasing, provision of human resource services such as training, promotion of the area for filming and driver for improvements to the region.
Delta Electricity	Provision of the tutor for the Homework Centre at the Lithgow Library Learning Centre and sponsor of Australia Day celebrations.
Lithgow Community Health and Centrelink	Books for Babies Program which provides literacy material for each newborn.
NetWaste	An organisation of councils for the purpose of sharing resources and knowledge, and co-ordinating the planning of waste issues at regional and sub-regional levels.
NSW Cancer Council	The provision of a collection of resources regarding cancer support.
State Library of NSW	Provision of support service for the Lithgow Library Service.

Categorisation of Council Business and the Implementation of Competitive Neutrality Principles

Council operates the following businesses:

Category 1

- Wastewater
- Water

Category 2

- Land Development

Council has complied with the principles of competitive neutrality in relation to pricing, taxation equivalents, Council rates and charges and corporate taxation equivalents. No complaints have been received in relation to competitive neutrality and Council on 16 October 2006 resolved to adopt a policy to ensure that competitive neutrality complaints are dealt with in an efficient manner (Min No.

06-349). A copy of the Policy is provided in Appendix C and is also provided on Council's website www.lithgow.nsw.gov.au.

The Financial Statements for the Category 1 and 2 businesses are disclosed in Appendix A.

Stormwater Management Services

The following table details the amount of income received from the stormwater charge and expenditure on stormwater management services in 2006/07:

Stormwater Management Services	
Income from stormwater charge	\$192,996
Expenditure on stormwater management services	\$235,565

Further information on stormwater works is provided in the section of this report detailing Council's performance in terms of the functions listed in the Management Plan.

Companion Animals

The following information is provided on Council's activities during 2006/07 in relation to enforcing and ensuring compliance with the provisions of the Companion Animals Act 1998 and the Companion Animals Regulation 1999:

Activity	Achievement																
Lodgement of pound data collection returns with the Department of Local Government.	The pound data collection return for 2006/07 has been provided to the Department of Local Government.																
Lodgement of data relating to dog attacks with the Department of Local Government.	All dog attacks were reported to the Department of Local Government.																
The use of funding from the Companion Animals Fund and the amount spent on companion animal management and activities.	<p>The following table shows the amount of money received from the Department of Local Government for companion animals and the amount of money expended on companion animal management and activities in 2006/07:</p> <table border="1"> <thead> <tr> <th>Budget Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">Income</td> </tr> <tr> <td>Department of Local Government</td> <td style="text-align: right;">4,064</td> </tr> <tr> <td colspan="2" style="text-align: center;">Expenditure</td> </tr> <tr> <td>Employee Costs</td> <td style="text-align: right;">91,324</td> </tr> <tr> <td>Materials</td> <td style="text-align: right;">16,502</td> </tr> <tr> <td>Plant</td> <td style="text-align: right;">31,371</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">139,197</td> </tr> </tbody> </table> <p>The funding received from the Department of Local Government has been used to cover a proportion of Council's costs to undertake companion animal management and activities.</p>	Budget Item	Amount	Income		Department of Local Government	4,064	Expenditure		Employee Costs	91,324	Materials	16,502	Plant	31,371	Total	139,197
Budget Item	Amount																
Income																	
Department of Local Government	4,064																
Expenditure																	
Employee Costs	91,324																
Materials	16,502																
Plant	31,371																
Total	139,197																

Companion animal community education programs.	Council participated in Celebrate Lithgow in November 2006 and provided promotional material on responsible pet ownership and the Companion Animals Act.
Strategies to promote and assist the de-sexing of dogs and cats.	Information was provided to the community through brochures and face to face education.
Strategies to seek alternatives to euthanasia for unclaimed animals.	An article featuring a companion animal from the pound looking for a new home is frequently placed in the local newspaper.
Off leash areas provided.	A total of 4 off leash areas are provided in the Local Government Area, being 2 in Lithgow and 1 in each of Portland and Wallerawang.

Freedom of Information and Privacy

The following table provides a comparison of the number of applications received under the Freedom of Information Act 1989:

	2005/06	2006/07
Freedom of Information Applications	5	0

In addition, Council has implemented its Privacy Management Plan during 2006/07 with no complaints being received. However, the NSW Ombudsmen did make 1 enquiry.

Planning Agreements

The following planning agreements were approved by Council in 2006/07:

Development Application No.	Description of Planning Agreement	Compliance with Planning Agreement
66/05	Open space and community facilities in a residential subdivision.	No compliance in 2006/07.
67/05	Open space and community facilities in a residential subdivision.	No compliance in 2006/07.
125/05	Open space and community	No compliance in 2006/07.

	facilities in a residential subdivision.	
335/05	Community facilities.	No compliance in 2006/07.
395/05	Community facilities.	Contribution was paid in 2006/07 with no specific project being allocated.
429/05	Open space and community facilities in a residential subdivision.	No compliance in 2006/07.
489/05	Open space and community facilities in a residential subdivision.	Contribution was paid in 2006/07 with no specific project being allocated.
541/05	Open space and community facilities.	No compliance in 2006/07.
542/05	Parking facilities.	No compliance in 2006/07.
62/06	Community facilities and mapping wetland.	No compliance in 2006/07.

Appendix A

Financials Statements and Auditors Report

Lithgow City Council

General Purpose Financial Report
for the financial year ended 30 June 2007

Statement by Councillors and Management
made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached General Purpose Financial Report has been prepared in accordance with:

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

To the best of our knowledge and belief, this Report:

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

We are not aware of any matter that would render this Report false or misleading in any way.

Signed in accordance with a resolution of Council made on 20 September 2007.



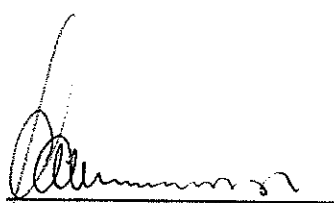
COUNCILLOR N L CASTLE
MAYOR



COUNCILLOR B S MORAN
COUNCILLOR



MR P J ANDERSON
GENERAL MANAGER



MRS C G FARNSWORTH
RESPONSIBLE ACCOUNTING OFFICER

INDEPENDENT AUDITOR'S REPORT ON THE GENERAL PURPOSE FINANCIAL REPORT OF LITHGOW CITY COUNCIL

Report on the Financial Report

We have audited the accompanying general purpose financial report of Lithgow City Council for the financial year ended 30 June 2007. The financial report comprises the Statement by Council, Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Cash Flow Statement, the original budget disclosures in Notes 2(a) and 16, nor the projected revenue and expenditure of developer contributions reported in Note 17 and accordingly, we express no opinion on them.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1993. 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



INDEPENDENT AUDITOR'S REPORT
ON THE GENERAL PURPOSE FINANCIAL REPORT OF
LITHGOW CITY COUNCIL
(Continued)

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2; and
- (b) the Council's financial report:
 - (i) has been prepared in accordance with the requirements of this Division;
 - (ii) is consistent with the Council's accounting records;
 - (iii) presents fairly the Council's financial position, the results of its operations and cashflows; and
 - (iv) is in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have come to light in the course of the audit.

Morse Group

MORSE GROUP

266 Howick Street
Bathurst
Dated: 30 October 2007

PP Burgett

PP BURGETT
PARTNER

Lithgow City Council

Balance Sheet
as at 30 June 2007

\$ '000	Notes	Actual 2007	Actual 2006
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	13,714	8,041
Investments	6b	2,000	2,050
Receivables	7	2,749	2,194
Inventories	8	748	653
Other	8	6	104
Total Current Assets		19,217	13,042
Non-Current Assets			
Inventories	8	378	378
Infrastructure, Property, Plant & Equipment	9	186,596	176,866
Total Non-Current Assets		186,974	177,244
TOTAL ASSETS		206,191	190,286
LIABILITIES			
Current Liabilities			
Payables	10	3,415	2,627
Interest Bearing Liabilities	10	440	317
Provisions - anticipated as being payable within the next 12 months	10	746	790
Provisions - anticipated as being payable after the next 12 months	10	2,068	1,877
Total Current Liabilities		6,669	5,611
Non-Current Liabilities			
Payables	10	597	588
Interest Bearing Liabilities	10	6,358	4,380
Provisions	10	4,759	4,489
Total Non-Current Liabilities		11,714	9,457
TOTAL LIABILITIES		18,383	15,068
Net Assets		187,808	175,218
EQUITY			
Retained Earnings	20	178,565	175,218
Revaluation Reserves	20	9,243	-
Council Equity Interest		187,808	175,218
Total Equity		187,808	175,218

Lithgow City Council

Income Statement

for the financial year ended 30 June 2007

Budget ⁽¹⁾			Actual	Actual
2007	\$ '000	Notes	2007	2006
Income from Continuing Operations				
<i>Revenue:</i>				
13,234	Rates & Annual Charges	3a	15,175	13,681
5,418	User Charges & Fees	3b	2,770	2,779
431	Interest & Investment Revenue	3c	917	624
173	Other Revenues	3d	720	599
4,115	Grants & Contributions provided for Operating Purposes	3e,f	4,846	4,427
2,870	Grants & Contributions provided for Capital Purposes	3e,f	3,185	2,761
<u>26,241</u>	Total Income from Continuing Operations		<u>27,613</u>	<u>24,871</u>
Expenses from Continuing Operations				
10,863	Employee Benefits & on-costs	4a	9,492	9,762
298	Borrowing Costs	4b	594	549
5,485	Materials & Contracts	4c	7,536	6,966
3,700	Depreciation & Amortisation	4d	3,521	3,612
3,390	Other Expenses	4e	2,903	2,978
-	Net Losses from the Disposal of Assets	5	220	45
<u>23,736</u>	Total Expenses from Continuing Operations		<u>24,266</u>	<u>23,912</u>
<u>2,505</u>	Operating Result from Continuing Operations		<u>3,347</u>	<u>959</u>
<u>2,505</u>	Net Operating Result for the Year		<u>3,347</u>	<u>959</u>
<u>2,505</u>	Net Operating Result attributable to Council		<u>3,347</u>	<u>959</u>
<u>(365)</u>	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		<u>162</u>	<u>(1,802)</u>

(1) Original Budget as approved by Council - refer Note 16

Lithgow City Council

Cash Flow Statement

for the financial year ended 30 June 2007

Budget			Actual	Actual
2007	\$ '000	Notes	2007	2006
Cash Flows from Operating Activities				
Receipts:				
13,234	Rates & Annual Charges		14,987	13,788
5,418	User Charges & Fees		3,075	2,952
431	Interest & Interest Received		832	655
6,986	Grants & Contributions		7,561	7,389
173	Other		481	1,412
Payments:				
(10,863)	Employee Benefits & On-costs		(9,345)	(9,709)
(5,485)	Materials & Contracts		(7,308)	(7,703)
(298)	Borrowing Costs		(324)	(311)
(3,390)	Other		(2,351)	(3,811)
<u>6,206</u>	Net Cash provided (or used in) Operating Activities	11b	<u>7,608</u>	<u>4,662</u>
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investments		50	4,675
1,250	Sale of Infrastructure, Property, Plant & Equipment		428	755
Payments:				
	Purchase of Investments		-	-
(14,326)	Purchase of Infrastructure, Property, Plant & Equip.		(4,467)	(6,066)
-	Purchase of Real Estate Assets		(47)	(132)
<u>(13,076)</u>	Net Cash provided (or used in) Investing Activities		<u>(4,036)</u>	<u>(768)</u>
Cash Flows from Financing Activities				
Receipts:				
4,125	Proceeds from Borrowings & Advances		2,425	-
Payments:				
(659)	Repayment of Borrowings & Advances		(324)	(282)
<u>3,466</u>	Net Cash Flow provided (used in) Financing Activities		<u>2,101</u>	<u>(282)</u>
(3,404)	Net Increase/(Decrease) in Cash & Cash Equivalents		5,673	3,612
8,041	plus: Cash & Cash Equivalents - beginning of year	11a	8,041	4,429
<u>4,637</u>	Cash & Cash Equivalents - end of the year	11a	<u>13,714</u>	<u>8,041</u>

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net Cash Flow disclosures relating to any Discontinued Operations

Lithgow City Council

Statement of Changes in Equity
for the financial year ended 30 June 2007

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2007						
Opening Balance		171,673	-	171,673	-	171,673
a. Correction of Prior Period Errors	20 (d)	3,545		3,545		3,545
Revised Opening Balance (as at 1/7/06)		175,218	-	175,218	-	175,218
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)		9,243	9,243		9,243
Net Income Recognised Directly in Equity		-	9,243	9,243	-	9,243
d. Net Operating Result for the Year		3,347		3,347	-	3,347
Total Recognised Income & Expenses (c&d)		3,347	9,243	12,590	-	12,590
Equity - End of Reporting Period Balance		178,565	9,243	187,808	-	187,808

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2006						
Opening Balance (as per Last Years Audited Accounts)		170,714		170,714		170,714
a. Adjustments on adoption of AASB 132 and						
b. Correction of Prior Period Errors	20 (d)	3,545		3,545		3,545
Revised Opening Balance (as at 1/7/05)		174,259	-	174,259	-	174,259
e. Net Operating Result for the Year		959		959	-	959
Total Recognised Income & Expenses (c&d)		959	-	959	-	959
Equity - End of the Reporting Period Balance		175,218	-	175,218	-	175,218

Lithgow City Council

SPECIAL PURPOSE FINANCIAL REPORTS
for the year ended 30 June 2007

"A centre of Regional excellence that:

- Encourages community growth and development
- Contributes to the efficient and effective management of the environment, community and economy for present and future generations."



Lithgow City Council

Special Purpose Financial Reports
for the financial year ended 30 June 2007

Statement by Councillors and Management
made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Reports have been prepared in accordance with:

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Department of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.
- The Department of Water and Energy Best Practice Management of Water and Sewerage Guidelines.

To the best of our knowledge and belief, these Reports:

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

We are not aware of any matter that would render these reports false or misleading in any way.

Signed in accordance with a resolution of Council made on dd month 2007.



Councillor NL Castle
MAYOR



Councillor B S Moran
COUNCILLOR



Mr P J Anderson
GENERAL MANAGER



Mrs C G Farnsworth
RESPONSIBLE ACCOUNTING OFFICER

INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL REPORTS OF LITHGOW CITY COUNCIL

Report on the Financial Report

We have audited the special purpose financial report of Lithgow City Council for the year ended 30 June 2007, comprising the Statement by Council, Income Statement by Business Activities, Balance Sheet by Business Activities and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial reporting requirements of the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. The Council's responsibility also 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

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council as well as evaluating the overall presentation of the financial report.

The special purpose financial report has been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the Council or the Department of Local Government or for any purpose other than for which the report was prepared.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the special purpose financial report of Lithgow City Council is presented fairly in accordance with the requirements of those applicable accounting policies detailed in Note 1, the accounting requirements of the Local Government Act 1993 and the Local Government Code of Accounting Practice and Financial Reporting.

Morse Group

MORSE GROUP

266 Howick Street
Bathurst
Dated: 30 October 2007

Philip Burgett

PP BURGETT
PARTNER

Lithgow City Council

Income Statement of Councils Water Supply Business Activity
for the financial year ended 30 June 2007

\$ '000	Actual 2007	Actual 2006	Actual 2005
Income from continuing operations			
Access charges	1,648	1,555	1,821
User charges	1,716	1,768	1,250
Fees	16	-	42
Interest	263	18	250
Grants and contributions provided for non capital purposes	306	163	428
Other income	86	-	-
Total income from continuing operations	4,035	3,504	3,791
Expenses from continuing operations			
Employee benefits and on-costs	1,464	1,489	1,557
Materials and contracts	1,994	1,063	917
Depreciation and impairment	559	536	541
Water purchase charges	931	722	851
Debt guarantee fee (if applicable)	-	33	22
Total expenses from continuing operations	4,948	3,843	3,888
Surplus (deficit) from Continuing Operations before capital amounts	(913)	(339)	(97)
SURPLUS (DEFICIT) AFTER TAX	(913)	(339)	(97)
plus Opening Retained Profits	19,296	19,635	19,732
plus Adjustments for amounts unpaid:			
- Debt guarantee fees	-	33	22
less:			
- Tax Equivalent Dividend paid	-	(33)	(22)
Closing Retained Profits	18,383	19,296	19,635
Return on Capital %	-10.4%	-2.1%	0.0%
Subsidy from Council	1,463	-	-
Calculation of dividend payable:			
Surplus (deficit) after tax	(913)	(339)	(97)

Lithgow City Council

Income Statement of Councils Sewerage Business Activity
 for the financial year ended 30 June 2007

\$ '000	Actual 2007	Actual 2006	Actual 2005
Income from continuing operations			
Access charges	2,714	2,635	2,177
User charges	280	261	71
Liquid Trade Waste Charges	105	45	-
Fees	24	-	-
Interest	153	-	140
Grants and contributions provided for non capital purposes	413	129	452
Other income	87	672	54
Total income from continuing operations	3,776	3,742	2,894
Expenses from continuing operations			
Employee benefits and on-costs	1,906	1,425	1,247
Materials and contracts	2,176	1,017	735
Depreciation and impairment	625	540	548
Debt guarantee fee (if applicable)	-	10	-
Other expenses	-	8	17
Total expenses from continuing operations	4,707	3,000	2,547
Surplus (deficit) from Continuing Operations before capital amounts	(931)	742	347
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(223)	(104)
SURPLUS (DEFICIT) AFTER TAX	(931)	519	243
plus Opening Retained Profits	10,179	9,437	9,194
adjustments for amounts unpaid:			
- Debt guarantee fees	-	10	-
- Corporate taxation equivalent	-	223	-
less:			
- Tax Equivalent Dividend paid	-	(10)	-
Closing Retained Profits	9,248	10,179	9,437
Return on Capital %	-55.3%	9.1%	0.0%
Subsidy from Council	1,036	-	-
Calculation of dividend payable:			
Surplus (deficit) after tax	(931)	519	243
Surplus for dividend calculation purposes	(931)	519	243
Potential Dividend calculated from surplus	(466)	260	121

Lithgow City Council

Income Statement of Councils Other Business Activities
 for the financial year ended 30 June 2007

\$ '000	Land Development	
	Actual 2007	Actual 2006
Income from continuing operations	-	-
Total income from continuing operations	-	-
Expenses from continuing operations		
Materials and contracts	47	132
Total expenses from continuing operations	47	132
Surplus (deficit) from Continuing Operations before capital amounts	(47)	(132)
 SURPLUS (DEFICIT) AFTER TAX	 <u>(47)</u>	 <u>(132)</u>
plus Opening Retained Profits	1,940	2,072
Closing Retained Profits	1,893	1,940
Return on Capital %	n/a	n/a
Subsidy from Council	47	

Lithgow City Council

Balance Sheet of Councils Water Supply Business Activity

as at 30 June 2007

\$ '000	Actual 2007	Actual 2006
ASSETS		
Current Assets		
Cash and cash equivalents	3,626	3,592
Receivables	585	710
Inventories	148	165
Total Current Assets	4,359	4,467
Non-Current Assets		
Investments		-
Receivables		-
Inventories		-
Infrastructure, property, plant and equipment	22,766	17,189
Investments accounted for using equity method		-
Investment property		-
Other		-
Total non-Current Assets	22,766	17,189
TOTAL ASSETS	27,125	21,656
LIABILITIES		
Current Liabilities		
Interest bearing liabilities	64	32
Provisions	1,001	958
Total Current Liabilities	1,065	990
Non-Current Liabilities		
Interest bearing liabilities	1,286	708
Total Non-Current Liabilities	1,286	708
TOTAL LIABILITIES	2,351	1,698
NET ASSETS	24,774	19,958
EQUITY		
Retained earnings	24,774	19,296
Revaluation reserves		662
Council equity interest	24,774	19,958
TOTAL EQUITY	24,774	19,958

Lithgow City Council

Balance Sheet of Councils Sewerage Business Activity

as at 30 June 2007

\$ '000	Actual 2007	Actual 2006
ASSETS		
Current Assets		
Cash and cash equivalents	2,242	3,013
Receivables	306	267
Inventories	14	19
Total Current Assets	2,562	3,299
Non-Current Assets		
Infrastructure, property, plant and equipment	14,921	11,081
Total non-Current Assets	14,921	11,081
TOTAL ASSETS	17,483	14,380
LIABILITIES		
Current Liabilities		
Interest bearing liabilities	452	32
Provisions	688	668
Total Current Liabilities	1,140	700
Non-Current Liabilities		
Payables	1,100	618
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	1,100	618
TOTAL LIABILITIES	2,240	1,318
NET ASSETS	15,243	13,062
EQUITY		
Retained earnings	15,243	10,179
Revaluation reserves	-	2,883
Council equity interest	15,243	13,062
Minority equity interest	-	-
TOTAL EQUITY	15,243	13,062

Lithgow City Council

Balance Sheet of Councils Other Business Activities
as at 30 June 2007

	Land Development	
	Cat. 1/2 Actual 2007	Cat. 1/2 Actual 2006
\$ '000		
ASSETS		
Current Assets		
Receivables	1,249	1,249
Total Current Assets	<u>1,249</u>	<u>1,249</u>
Non-Current Assets		
Inventories	738	691
Total Non-Current Assets	<u>738</u>	<u>691</u>
TOTAL ASSETS	<u><u>1,987</u></u>	<u><u>1,940</u></u>
LIABILITIES		
Current Liabilities		
Total Current Liabilities	-	-
Non-Current Liabilities		
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
NET ASSETS	<u><u>1,987</u></u>	<u><u>1,940</u></u>
EQUITY		
Retained earnings	1,987	1,940
TOTAL EQUITY	<u><u>1,987</u></u>	<u><u>1,940</u></u>

INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT OF LITHGOW CITY COUNCIL

We have audited the financial reports of Lithgow City Council for the financial year ended 30 June 2007. The financial reports include the general purpose consolidated accounts of the economic entity comprising the Council and its controlled entities and the special purpose financial report, detailing the income and expenditure of Council's business units and their financial position at balance date. The contents of both of these reports include the Council's Certificate as required by section 413(2)(c) of the Local Government Act 1993. The Council is responsible for the preparation and presentation of the financial reports and the information they contain. We have conducted an independent audit of these financial reports in order to express an opinion on them to the Council.

In accordance with Section 417 of the Local Government Act 1993 we submit our report on the conduct of the audit of Lithgow City Council for the year ended 30 June 2007. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements on Council's business units outline the legislative framework of our audit and should be referred to in order to establish the context in which our comments are made.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1993. 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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



Review of Financial Results

(a) Result from Continuing Operations

As disclosed in Council's Income Statement the year's operations resulted in a surplus for the year after capital amounts of \$3,347,000 (2006 - \$959,000 surplus). Some items of note in the Income Statement include:

- The operating surplus from continuing operations before capital amounts was \$162,000 (2006 - \$1,802,000 deficit).
- Rates and annual charges increased by \$1,494,000 to \$15,175,000 (2006 - \$13,681,000) which is an increase of 10.92%. This is consistent with the 9.47% special variation received by Council for 2006-'07 and the first year application of an annual charge for stormwater management which generated \$193,000 in revenue for Council.
- Interest and investment revenue increased from \$624,000 in 2006 to \$917,000 in 2007 (\$293,000 increase). This increase is due to the stronger operating result and cash flows delivering Council more funds for investment.
- Operating grants and contributions increased by \$419,000 to \$4,846,000 (2006 - \$4,427,000).

Capital grants and contributions increased to \$3,185,000 from \$2,761,000 in 2006 (\$424,000 increase). Contributing to this increase were a \$350,000 non-cash contribution in relation to the Meadow Flat Hall and \$700,000 in federal funding towards the construction of a pool complex offset by a fall in capital funding for sewerage services of \$538,000 and Roads to Recovery grants of \$453,000.

- Employee costs fell by \$270,000 from \$9,762,000 in 2006 to \$9,492,000 in 2007. The main contributor to this was a \$214,000 decrease in salaries and wages costs, driven by reduced employee numbers. Council's net workers compensation costs also fell by \$116,000 over the prior year and there was an increase of \$65,000 in the amount of employee costs capitalised by Council. This was partially offset by an increase in employee leave entitlements of \$160,000. These factors delivered a 2.8% decrease in employment costs which is pleasing when industry experience suggests costs increased between 5%-6%.
- Materials and contracts expense increased from \$6,966,000 in 2006 to \$7,536,000 in 2007 (increase of \$570,000). This included an increase in payments made for Fish River water of \$209,000.

(b) Financial Position

Council's net assets stood at 30 June 2007 were \$187,808,000 (2006 - \$175,218,000). This is an increase of \$12,590,000 which is the combined effect of Council's surplus from ordinary activities after capital amounts of \$3,347,000 and the revaluation of Council's water and sewer assets by \$9,243,000 as required by the Department of Local Government to re-assess the fair value of these assets.

To assess the appropriateness or otherwise of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets. The notes to the financial statements indicate clearly where restrictions exist and the effect of the restrictions is summarised as follows:-

	2007 \$'000	2006 \$'000
Net current assets	12,548	7,431
Less: Amounts externally restricted for special purposes (refer Notes 6; 7 & 8) of financial statements	(11,619)	(10,204)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(3,115)	(836)
Add: Applicable current liabilities (refer Note 10)		
- Water	1,065	561
- Sewerage	1,140	539
Add: employee leave entitlements not expected to be paid within 12 months (refer Note 10)	2,068	1,877
Unrestricted net current asset surplus/(deficit)	<u>2,087</u>	<u>(632)</u>

Unrestricted net current assets comprise:-

Assets

Cash	2,033	212
Receivables	1,858	1,217
Real estate development land	360	313
Inventories	226	156
Other assets	6	104

	<u>4,483</u>	<u>2,002</u>
--	--------------	--------------

Liabilities

Payables	(3,415)	(2,627)
Interest bearing liabilities	(440)	(317)
Provisions	(2,814)	(2,667)

Add: restricted liabilities (refer Note 10)	2,205	1,100
---	-------	-------

Add: employee leave entitlements not expected to be paid within 12 months	2,068	1,877
---	-------	-------

Unrestricted net current asset surplus/(deficit)	<u>2,087</u>	<u>(632)</u>
--	--------------	--------------

Council's net current asset position at 30 June 2007 is a significant improvement on the prior year.

This is the result of concerted efforts by Council to improve Council's overall financial position. Actions by management that have facilitated this improvement include better utilisation of Council's workforce and a consequential reduction in reliance on external labour and contractors whilst at the same time encouraging staff to use excessive leave entitlements.

Council's budgeting protocols have become more robust under the current management practices which has made all levels of staff more accountable for outcomes resulting in more effective resource allocation and utilisation based on strategies that effectively link workflow and cashflow management.

It is also important to note that Council has achieved an overall increase in its unrestricted net current asset position, while at the same time increasing its level of internal restrictions.

Liquidity

Whilst the analysis of the net current asset position is a succinct review of Council's short-term position, the strength of that position is determined by the liquidity of those assets i.e. the Council's ability to operate effectively is largely governed by the amount of available cash.

Note 6 to the accounts discloses total cash and investments of \$15,714,000 (2006 - \$10,091,000). Of this amount \$10,566,000 (2006 - \$9,043,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$3,115,000 (2006 - \$836,000) is subject to internal restrictions agreed upon by Council for designated purposes which may be altered at the discretion of Council, consistent with their management plan.

The unrestricted balance of \$2,033,000 (2006 - \$212,000) represents funds available to cover non-budgeted discretionary expenditure and short-term cash flow requirements. This represents a substantial increase on the prior year's unrestricted balance which has been achieved through stronger cashflow management strategies linked to programming of works which uses Council's resources more effectively.

(c) Performance Indicators

Note 13 to the financial statements provides a measure of Council's performance using a number of selected ratios as follows:

Unrestricted Current Ratios

The current ratio and unrestricted current ratio are measures of Council's liquidity that demonstrate Council's ability to satisfy obligations out of short-term and immediate asset balances.

Council's ratio 3.17% (2006 - 1.08%) is strong. We stress the importance of considering this ratio in conjunction with other performance indicators and not in isolation. The fact this ratio is based upon consolidated funds should also be kept in mind as the ratios for individual funds (i.e. General, Water, Sewer, etc.) may vary significantly.

Debt Service Ratio

The cost of repaying debt is reflected in the debt service ratio, which expresses that cost as a percentage of revenue from ordinary activities.

Whilst there is no definitive guide on what constitutes an acceptable ratio it is generally recognised that a ratio of up to 20% depending on the level of long-term development (infrastructure) plans, is considered tolerable. At 2.79% (2006 - 2.83%) the Council's ratio is below these industry benchmarks, indicating a capacity to take on debt finance but Council's ability to service such commitments must be critically assessed before any new loans are funded.

Rate Coverage Ratio

The rate coverage ratio indicates the proportion of total revenue that is generated by rates. The ability of Council to meet community expectations in relation to services and the provision of facilities is directly influenced by the discretion it can exercise in the allocation of its resources. A high level of rate coverage means that Council would have more discretion over the application of its funds, but conversely this could also indicate that a Council may not be fully exploring alternative revenue sources including grant funding.

Council's ratio of 54.96% (2006 - 55.01%) is similar to the prior year .

The ratio is comparable with other regional councils with similar characteristics of population and geographic size.

Rates and Annual Charges Outstanding Ratio

The rates and annual charges outstanding percentage is a measure of management efficiency. Whilst prevailing economic conditions may influence Council's ability to collect revenue, the efficiency and application of collection procedures are still the largest determinant of this ratio.

Lithgow City Council's rates and annual charges outstanding percentage of 8.24% (2006 - 7.65%) is higher than the previous year and is still considered high for a regional local government authority.

(d) Cash Flow Statement

The Statement of Cash Flows reports a net increase in cash assets held of \$5,673,000 (2006 - \$3,612,000 increase) as follows:

	2007 \$'000	2006 \$'000
Cash flow provided by / (used in)		
Operating activities	7,608	4,662
Investing activities	(4,036)	(768)
Financing activities	2,101	(282)
	<hr/>	<hr/>
Net increase / (decrease) in cash held	5,673	3,612
	<hr/>	<hr/>

Cash Flows from Operating Activities

The net cash flow provided by operating activities totalled \$7,608,000 (2006 - \$4,662,000). This is a significant increase over the prior year and reflects the improvement in Council's operating result.

Cash Flows from Investing Activities

The net cash flow used in investing activities totalled \$4,036,000 (2006 - \$768,000). The major cash flows related to:

- Proceeds from the sale of fixed assets of \$428,000 (2006 - \$755,000).
- Expenditure on fixed assets totalling \$4,467,000, including plant and equipment of \$1,174,000 and \$1,570,000 spent on roads including \$411,000 on Dark Corner Road and \$354,000 on Glen Davis Road.

Cash Flows from Financing Activities

The net cash flow provided by financing activities was \$2,101,000 (2006 - used in \$282,000). Repayments were in line with the requirements of the loans. Borrowings of \$2,425,000 were drawn down during the year.

(e) Comparison of Actual and Budgeted Performance

Council's surplus from operations for the year of \$3,347,000 was \$842,000 more than Council's original estimated surplus of \$2,505,000.

The nature of this report does not lend itself to detailed analysis of individual budget variations, though it appears that the main variances are due to higher than anticipated grants and contributions income and saving in employment costs. Council's financial statements include Note 16, which addresses the contributing factors to this variation in detail.

Other Matters

(a) National Competition Policy

In accordance with the requirements of National Competition Policy guidelines, Lithgow City Council has prepared a special purpose financial report on its business units for the year ended 30 June 2007. Council has determined that it has three business units within its operations: Water, Sewerage and Land Development.

The Department of Local Government's July 1997 guidelines 'Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality' outlines the process for identifying and allocating costs of activities and provides a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, rate of return on investments in business units and dividends paid.

An unqualified audit report on the special purpose reports for the year ended 30 June 2007 has been issued.

(b) Management Letters

Interim management letters were issued on 5 April 2007 and 28 June 2007, whilst a final report will be prepared upon completion of our year-end review.

Legislative Compliance

As a result of our audit we advise that there are no material deficiencies in the accounting records or financial reports that have come to our attention during the conduct of the audit and that Lithgow City Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 and regulations.

Conclusion

- (a) Lithgow City Council's accounting records have been kept in a manner and form that facilitated the preparation of the general purpose financial report and allowed proper and effective audit of this report;
- (b) Lithgow City Council's accounting records have been kept in a manner and form that facilitated the preparation of the special purpose financial reports and allowed proper and effective audit of this report; and
- (c) all information relevant to the conduct of the audit has been obtained.



MORSE GROUP

266 Howick Street
Bathurst
Dated: 30 October 2007



PP BURGETT
PARTNER

Appendix B

Payment of Expenses and Provision of Facilities to Councillors Policy

OBJECTIVE: To comply with the provisions of Section 252 of the Local Government Act, 1993 and adopt policy concerning the payment of expenses incurred or to be incurred by, and the provision of facilities to, the Mayor and Councillors in relation to discharging the functions of civic office.

POLICY:

1 EXPENSES

1.1 Travelling Expenses (Outside the Lithgow City Council LGA)

Councillors will be entitled to travel to State Government sponsored ad hoc committees and official engagements and functions, where the Councillor has been authorised by the Council by way of a resolution or is deputising for the Mayor, at the expense of the Council by the most practical conveyance.

Where prior notice is given, Councillors will be provided with a motor vehicle when required to attend conferences, seminars, meetings and official engagements and functions, where the Councillor has been authorised by the Council or is deputising for the Mayor. The Councillor in charge of the vehicle at the time of any infringement notice shall be responsible for all traffic and parking fines incurred.

Councillors may only undertake overseas travel where travelling expenses where the Council has specifically authorised a councillor's itinerary and specifically authorised reimbursement by way of a Council resolution made prior to the trip being taken. The resolution must specifically name any Councillor(s) authorised to undertake overseas travel, indicate the reason the travel has been deemed to be necessary and include a determination of any reimbursement of expenses.

Councillor(s) must have successfully supplied to Council (in an open session of a council meeting) details via a written report which illustrates the nexus of their trip with the policies and/or objectives of the Council and the report must illustrate the community benefit that will arise from the trip.

The lack of a resolution to reimburse expenses that specifically names the Councillor(s) will preclude the approval of the reimbursement of any travel expenses.

Reimbursements will be on items submitted as receipts or tax invoices only where proof of payment is provided and the appropriate claim form is completed.

Advance payments for any expenses expected to be incurred will not be provided.

Spouses, partners or accompanying persons shall not be entitled to any reimbursement of travelling expenses.

Councillor(s) undertaking any travel outside the Lithgow City Council LGA are required to submit a written report to the next Council meeting via the Business Paper for that meeting.

Reimbursement will be made available provided that travel is undertaken expeditiously, and by the shortest practicable route, and reimbursement is subject to a formal claim being lodged not later than three (3) months after the expense was incurred.

1.2 Travelling Expenses (Inside the Lithgow City Council LGA)

Councillors will be reimbursed travel expenses in accordance with the Australian Taxation Office approved rates for use of private motor vehicles to attend the following:

- Council meetings;
- Council Committee meetings;
- Working Group meetings which the Councillor is the nominated delegate;
- Section 355 Committee meetings;
- External Organisations/Committee Meeting, which the Councillor is the nominated Delegate, except where fees are paid to the Councillor by the external organisation;
- Workshops convened by Council;
- Public Meetings convened by Council;
- Training programs relating to the role of the Council; and
- Inspections within the area of the Council, undertaken according to a resolution of Council.
- To attend a formal function or meeting where a formal invitation to attend arises only as a result of their position as a Councillor.

Reimbursement will be made available provided that travel is undertaken expediently, and by the shortest practicable route, and reimbursement is subject to a formal claim being lodged not later than three (3) months after the expense was incurred.

Advance payments for any expenses expected to be incurred will not be provided.

Spouses, partners or accompanying persons shall not be entitled to any reimbursement of travelling expenses.

1.3 Official Engagements and Functions

Council will be responsible for the expenses of Councillors to attend meetings, official engagements and functions where the Councillor has been authorised by the Council or is deputising for the Mayor within the Local Government Area. Expenses relating to a Councillors partner will be the responsibility of the Councillor.

1.4 Expenses Associated with Councillors Attending, At Their Discretion, Conferences, (including the Annual LGA or Shires Conferences) Seminars, Councillor Professional Development and Training Programs, Elected Member Courses and Local Government and Shires Associations Industry Working Groups.

Councillors will be responsible for payment of expenses, from their annual Professional Development Discretionary Vote, which is identified in the annual Management Plan (see next point), incurred for attending and participation in the following:

- conferences (including the Annual LGA or Shires Conference) and seminars;
- Councillor professional development and training programs;
- elected member courses;
- Local Government and Shires Associations Industry Working Groups.

1.5 Annual Councillor Professional Development Discretionary Vote

All Councillors will be allocated the sum of \$2,000 annually, (subject to review by Council annually in conjunction with the Management Plan) to specifically provide for the professional development of Councillors.

Where a Councillor is required to attend conferences (including the annual LGA or Shires Conference) and seminars, professional development training programs, elected member courses, and Local Government and Shires Associations Industry Working Groups outside the Lithgow City Council LGA, it will be necessary for the Council to authorise the attendance of Councillors at these events to be affected by way of a resolution of an Ordinary Meeting of the

Council. Payment for attendance shall be made from the Councillor Professional Development Discretionary Vote.

Amounts remaining unexpended as at 30 June each year will expire and any unexpended amounts will not be carried over or available for expenditure in successive years.

The amount in the vote shall be reviewed annually as part of the creation of the budget and management plan. Council will purchase the tickets to the annual Lithgow Business Association Awards for Councillors and partners wishing to attend and payment shall be from this vote.

Any Councillor who has special care needs shall be able to seek reimbursement of reasonable costs. This includes child care expenses and the care of the elderly, disabled and/or sick immediate family members where a Councillor can illustrate the expenses enable the councillor to attend to official Council duties. Councillors must complete a claim form for these expenses which shall be submitted to an ordinary meeting of Council for approval as an increment to the Annual Councillor Professional Development Discretionary Vote. The increment relating to special care needs shall be capped at \$250 per annum.

1.6 Legal and insurance expenses and obligations

Council shall maintain policies which contain provisions for legal expenses and insurance in the form of:

- Councillors and Officers liability insurance
- Personal Accidents insurance

Where Council's insurance policies do not cover a Councillor's legal expenses in relation to a matter arising directly as a result of the Councillor's actions in the civic office, Council will determine, by resolution, if the Councillor is to be re-imbursed for reasonable solicitor/client costs as long as they relate to:

- Conduct arising from the execution of a councillor's civic duties;
- The matter is finalised;
- Council authorises by specific resolution naming the Councillor and determining the amount to be reimbursed.

2 FACILITIES

2.1 Stationery

Council will provide, upon request, the following stationery to Councillors to be used only on Council business:

- Writing pads
- Letter Head stating "From the Desk of Councillor...."
- Envelopes
- Box Files
- Business cards
- Writing pens
- Diary
- Year Planner
- Educational and promotional material and gifts.

2.2 Postage

Council will provide Councillors with postage facilities where the communication being posted is in discharge of the Councillor's functions of civic office.

2.3 Communication

Council will provide the Mayor with a mobile phone or similar device for use directly associated with the role as Mayor of Lithgow City Council.

Councillors are to be reimbursed for Council related calls that are charged to their personal telephone accounts relating to their place of residency, Councillors are to submit a claim within three months following the payment of such accounts. An annual allocation of \$50 per Councillor per financial year is available upon confirmation that telephone calls can be related to Council business and charges appear on a Councillor's home telephone account. Call charges demonstrated to be for the purpose of conducting Council business shall be reimbursed to the Councillor with the amount being deducted from the Annual Councillor Discretionary Vote.

Councillors will be provided with the appropriate communication, information and technology equipment to be connected to the Councillor's area of the Lithgow City Council Computer Network.

2.4 Secretarial Services

Council will provide a secretarial service to all Councillors to facilitate the discharge of functions of civic office. In addition, the following information and resources will be provided:

- Computer Based Central Diary of the dates of all meetings, civic functions and engagements;
- Extracts from Council's Computer Based Information/Records System containing and index of the availability of consultants reports and studies, infrastructure strategies and other relevant resource material.

2.5 Training

Council will conduct training programs for Councillors as is appropriate for the effective discharge of functions of civic office. Such training programs will be conducted by Council's own staff and external service providers will be engaged when and where required.

2.6 Resource Centre and Office Accommodation

The Mayor's/Councillors' Room will be available to Councillors as a Resource Centre and to meet with residents and use telephone facilities where multiple calls may be necessary in the discharge of Councillors' functions of civic office. The following resources will be provided in the Mayor's/Councillor's Room to enable Councillors to undertake individual research:

- Local Government Act 1993 and related legislation.
- Environmental Planning and Assessment Act 1979.
- Lithgow City Council Code of Conduct.
- ICAC and Ombudsman Reports.
- Lithgow Local Environmental Plans
- Copies of current consultancy reports and studies.
- Industry management journals, publications and selected readings.
- Lithgow City Council Code of Meeting Practice

Access to the Resource Centre will be available during normal office hours and special arrangements may be made for access outside normal office hours.

2.8 Mayoral Motor Vehicle

The Mayor will be provided with a prestige motor vehicle to discharge the functions of civic office and the performance of Council business. The vehicle will be made available to the Mayor for private usage subject to the payment of \$2000 Annually.

Appendix C

Competitive Neutrality Policy

OBJECTIVE: To ensure Council deals with complaints regarding competitive neutrality in an efficient manner.

POLICY:

1 Introduction

In April 1995, the Council of Australian Governments (COAG) ratified the National Competition Policy. The Policy is aimed at increasing consumer and business choice, reducing production and transportation costs in an effort to lower prices for goods and services, and creating an overall business environment in which to improve Australia's international competitiveness.

One of the major components of the National Competition Policy is the principles contained in the *Competition Principles Agreement*. The Agreement is aimed at encouraging, efficient public sector (government) service provision by exposing public (government) business functions to competition, where appropriate. The Agreement provides a policy framework that facilitates the creation of competitive markets for public sector goods and services, where appropriate.

The Competition Principles Agreement requires the creation of an effective regime to deal with complaints that Council business activities are not competing in the market against private businesses on a "level playing field" and are operating with competitive advantage.

This document constitutes a formal mechanism established by Lithgow City Council for the handling and management of competitive neutrality complaints. By establishing clear guidelines and procedures for the handling and management of competitive neutrality complaints, the Council will be in stronger position to ensure:

- non regulatory service functions operate under similar competitive pressures to those experienced by the private sector; and
- services provided are relevant, cost effective and operationally efficient.

This document has a threefold purpose.

- Firstly, it may be used by members of the public and the owners of businesses competing in the same market as Lithgow City Council to submit complaints to the Council alleging that the Council is operating with net competitive advantages as a result of the Council's ownership of a business activity or service.
- Secondly, it will provide a formal mechanism for the investigation, determination and advice of the outcome of a complainant alleging that non regulatory service functions discharged or business activities operated by the Council are operating with competitive advantage over other private businesses.
- Thirdly, it will serve to ensure that Council staff continuously monitor non regulatory services provided by the Council operate under the principles of Competitive Neutrality.

2 The Competitive Neutrality Principle

Competitive neutrality is one of the principles of National Competition Policy which is applied throughout Australia at all levels of Government, including Local Government. Competitive neutrality is based on the concept of a “level playing field” for competitors in a market, be they public or private sector competitors. Government business organisations, whether they are Commonwealth, State or Local Government, should operate without net competitive advantages over businesses as a result of their public ownership.

Where Lithgow City Council competes in the market place with other private businesses, the Council will do so on the basis that it does not utilise its public position to gain an unfair advantage over private businesses who may be in competition with the Council.

3 What is a Competitive Neutrality Complaint?

A complaint regarding competitive neutrality **IS**:

- A complaint Lithgow City Council has not met its requirements under the National Competition Policy Statement of Pricing and Costing for Council Businesses - a Guide to Competitive Neutrality and includes concern that the Council has not established an effective Competitive Neutrality Complaints Management System.
- A complaint that Lithgow City Council has not abided by the spirit of competitive neutrality in the conduct of Council business activities.

A competitive neutrality complaint is **NOT**:

- A complaint regarding the level of service provided by a business activity such as water quality inadequate, a mobile garbage bin not collected or the condition of a road or footpath
- A complaint regarding the cost of the service, unless it is that Lithgow City Council has not costed the service to take competitive neutrality into account
- A complaint regarding the trade practices laws and their application to the Lithgow City Council.

4 Council Business Activities Subject to Competitive Neutrality

Category 1 Business Activities

The following Lithgow City Council owned and operated activities have been categorised as *Category 1 Businesses* and are subject to competitive neutrality. Each business activity has an annual gross operating income over \$2M per year.

Wastewater

Water

Council has adopted the following attributes in respect of Category 1 Business Activities:

- A Corporatisation Model
- Full cost attribution including
 - tax equivalent regime payments
 - debt guarantee fees, where the business benefits from Council's borrowing position by comparison with commercial rates
 - return on capital invested

- Identified any subsidies paid to the business
- Operate within the same regulatory framework as private businesses

5 How to Lodge a Competitive Neutrality Complaint

A competitive neutrality complaint should be made in writing using a standard form available for that specific purpose from the Customer Service Centre at the Lithgow City Council Administrative Headquarters, 180 Mort Street Lithgow.

Complaints may also be made over the counter and by telephone. Council's Public Officer will provide advice and assistance with the preparation and submission of competitive neutrality complaints.

5.1 Time Limits

Competitive neutrality complaints will be acknowledged within 7 days and responded to by Lithgow City Council within 30 days of the date of submission of the complaint.

If the competitive neutrality complaint requires detailed investigation, the complainant will be informed of progress at regular intervals.

5.2 Remedies

Competitive neutrality complaints which establish that Lithgow City Council:

- (i) has not met its requirements under the National Competition Policy Statement or *Pricing and Costing for Council Businesses - a Guide to Competitive Neutrality*;

OR

- (ii) has not abided by the spirit of competitive neutrality in the conduct of Council business activities,

will result in changes to the Council's business practice to ensure future and continued compliance with the principle of competitive neutrality.

5.3 Alternatives

Any complainant dissatisfied with Lithgow City Council's determination of a competitive neutrality complaint may refer the complaint to either the:

- NSW Department of Local Government; or
- NSW Ombudsman; or
- NSW Independent Commission Against Corruption (ICAC); or
- Australian Competition and Consumer Commission (ACCC).

Alternatively, the competitive neutrality complaint may be referred direct to one of these agencies and Lithgow City Council bypassed.

6 Who will be dealing with the Competitive Neutrality Complaint?

The Lithgow City Council Public Officer will diligently, fairly and honestly investigate all competitive neutrality complaints. The Public Officer will submit an investigation report to the Council's General Manager within 21 days of the competitive neutrality complaint being received. Where the complaint is justified, such report will contain recommendations for changes to the Council's business activities practice to ensure future and continued compliance with the principle of competitive neutrality.

A response to the competitive neutrality complaint will be provided by the General Manager within 30 days of the date of submission of the complaint.

The Public Officer performs a role which is independent and separated from the management and control of Council business activities.

7 Confidentiality

All competitive neutrality complaints received will be determined by the Council in the strictest confidence.

8 Further Information

Further information or advice may be obtained by contacting the Lithgow City Council Public Officer between 8.15 am and 4.30 pm on telephone (02) 6354 9999. All enquiries or requests for further information will be maintained in the strictest confidence.