



Lithgow City Council

Annual Report

2007/2008

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The Lithgow City Council Annual Report was tabled at the Ordinary Meeting of Council
on the 18 November 2008.



Message from the General Manager Roger Bailey

In recent years Lithgow Council has undertaken some major reform of its management planning processes as well as the organisation. Through this process Council has identified its Vision for the City to be:

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.*

The Vision was developed in collaboration with the community. This laid the foundation for the development of vision statements for the Principal Activities of Council.

Through its Management Plan, Council ensures that the organisation stays on track to deliver the annual program, is publicly accountable, and continues to provide services and infrastructure to the community.

During the year the Department of Local Government issued its report on its Better Practice Review Program for Lithgow City Council. The Program recognised that the Council was an organisation in transition. This transition has continued during the year with the results showing benefits for the Council and for the community.

The Review Report also recognised that "The Council faces significant challenges in respect to its financial position." The Council, through hard work, has continued to improve its financial position with another favourable financial outcome for the year. Council is now moving to a position to provide for future needs and improvements within the Council area.

Long-term asset management needs to become a high priority for the Council. To become proactive in the way in which the assets are managed the Council needs to develop an asset management policy, strategy and asset management plans for each asset class. This needs to be integrated with the longer-term financial plan to ensure that the asset management plans fit within the Council budget or that any shortfalls can be identified and solutions sought.

This annual report outlines the Council's achievements of the performance targets set in the 2007/08 – 2009/10 Management Plan for the 2007/08 financial year and provides financial statements of income and expenditure for the year as required under the Local Government Act 1993 and Local Government (General) Regulations 2005.

Acknowledgement must go to the former General Manager Mr Paul Anderson who resigned from the Lithgow City Council on the 20 June 2008 to take up the position of General Manager with Eurobadalla City Council. Mr Anderson was instrumental in the development and implementation of activities for the 2008/09 financial year. Mr Anderson was replaced by an interim General Manager who acted in the position until I commenced on 22 September 2008.

A handwritten signature in black ink, appearing to read 'R. Bailey', followed by a large, stylized flourish.

Roger Bailey
GENERAL MANAGER

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Summary Principal Activities Achievements

Summary Principal Activities Achievements

The following provides a summary of achievements in terms of the key performance indicators from the Management Plan 2007/08 – 2009/10 for the period of 2007/2008.

Community

- Extensive consultation took place with the community as part of the development of a submission for a special rate variation for the indoor aquatic centre.
- Plans for the construction of new toilet facilities at Cullen Bullen were developed.
- Consultations took place for the development of a Crime Prevention Plan.
- Preparation of a brief and tendering for a comprehensive Lithgow Local Environmental Plan was completed.
- The Portland Swimming Pool was relined.
- Provision of disabled access and concourse replacement to the Lithgow Swimming Pool was completed.

Transport

- Major road improvement works were completed to Wolgan Road, Dark Corner Road, Glen Davis Road, Sodwalls/Tarana Road, Range Road and Sandford Avenue.
- Guard rail improvements to McKanes Falls Road were provided.
- The Mayor and General Manager participated in the Bells Line Expressway Group which aims to make the Bells Line M2 Extension a reality.
- Council joined forces with Mid-Western Regional Council to provide a road safety program with the employment of a Road Safety Officer.

Employment

- Council's new corporate structure was completed.
- Regular meetings were held with the Lithgow Business Association and the Future of Lithgow group to identify options for economic development.

Heritage

- Site stabilisation works at the Blast Furnace continued.
- The Heritage Study was all but completed with a major focus on matters for the comprehensive Lithgow Local Environmental Plan incorporating the former Lithgow, Rylstone and Evans heritage studies as appropriate.

Education

- A donation was provided to each local school for their annual awards presentation.
- The Lithgow Forum as a quarterly exchange of ideas on areas of topical interest was commenced at the Lithgow Library.
- Staff exchanges and inter-library co-operation with Mudgee, Oberon, Bathurst, and Blue Mountains Libraries took place.

Summary Principal Activities Achievements

Health

- The Healthy Local Government Grant Projects for Bowenfels and Lake Pillans was completed.
- Planning for a new drinking water reservoir and associated reticulation system at South Bowenfels commenced.
- Council's responsibilities with regard to food premises inspections, including education was reviewed.

Environment

- The River Lett Improvement Grant Program was completed and resulted in on the ground improvements to Hartley Reserve, Hyde Park and Londonderry Reserves. Improvements to Hassans Walls Reserve will take place in 2008/09.
- Council continued to provide an Alternate Fuel Rebate Program to residents in the urban areas of Lithgow, Lidsdale, Portland and Wallerawang who replace their coal heaters with a cleaner alternative such as electricity or gas.
- Mobile phone recycling with drop-off points at each local library was implemented.
- Onsite Wastewater Management Strategy, including education and inspections was implemented.
- Trade Waste program including inspections, approvals and education was implemented.
- Planning commenced for the introduction of a program for the closure of existing garbage depots, the upgrade and/or establishment of waste transfer stations and the design and construction of the Blackmans Flat Waste Management Facility.
- Planning commenced for the construction of stage 2 augmentation of the Lithgow Sewage Treatment Plant to produce a better quality of effluent discharge into Farmers Creek.
- Stage 2 flood mitigation works to Farmers Creek was commenced.
- A financial contribution was provided to the Upper Macquarie County Council for weeds management.

Arts and Culture

- Consultation took place with the community for a cultural plan.
- Financial contribution was provided to the board of Arts Out West.
- Donations and sponsorship were provided to community groups and organisations.
- Visitation increased by 43% at Eskbank House & Museum for the 2007/08 financial year.
- Australia Day Festivities at Eskbank House & Museum were conducted and assistance was provided with promotion of festivities throughout the Local Government Area.
- Regular exhibitions were provided of:
 - Council Art Works
 - Waste to Art
 - 'Roses from the Heart' – An exhibition by the Lithgow & District Family History Society
 - 'Backyard Frontline – Australia Under Attack' - Travelling Exhibition from the Australian War Memorial at Eskbank House & Museum throughout the year

Youth

- Funding was provided for Youth Council and youth week activities.

Summary Principal Activities Achievements

Growth

- Advertising for auction of Cary Gardens dwelling allotments took place in June 2008.

Governance and Administration Services

- Council staff participated in activities of the Central Tablelands Alliance.
- A long term financial plan and strategies to improve Council's current financial ratios was prepared.
- Operational plans for each Division were prepared.
- Reports were provided to Council and the community on management plan achievements every quarter.
- The 2008/09 – 2010/11 Management Plan which is fully integrated with the Strategic Plan, Social Plan and other key documents was prepared and adopted by the Council on 10 June 2008.

Summary Financial Position

Summary of Financial Position

2007/08 General Purpose Financial Reports – Overview

Net Operating Result

Council's final result for the 2007/008 financial year, including capital income and contributions, is a surplus of \$4,859,000 (2006/07 surplus of \$3,347,000). Total assets held are valued at \$237,265,000 and liabilities at \$18,607,000, resulting in a total equity of \$218,658,000.

Net Operating Result Before Capital Grants & Contributions

The 2007/08 operating result, before abnormal and capital items, is a surplus of \$676,000 (2006/07 surplus of \$162,000)

Capital grants and contributions of \$4,183,000 contributed to the result and are summarised as follows:

- Capital grants and contributions in summary:

Lithgow STP Augmentation	\$134,000
Wolgan Rd: Emirates, State & Fed	\$1,650,000
Forests NSW Dark Corner	\$380,330
Roads to Recovery	\$24,000
Croquet Club	\$16,000
SES Vehicles (2008/09)	70,000
Flood Mitigation	\$312,000
Sec 94 & Planning Agreements	\$591,000
Headwork Contributions	\$578,000

- Acquisitions or improvements to assets of \$8,881,000 and a summary of the larger items follows:

Plant	\$2,130,000
Road & Ancillary Works	\$3,632,000
Drainage (Inc Flood Works)	\$595,000
Sewerage Infrastructure	\$1,023,000
Water Infrastructure	\$983,000
Buildings	\$199,000
Other Structures	\$227,000

- Sale of plant assets for \$754,000 cash, and write off of the book value of those assets of \$621,000 to produce a nett profit of \$133,000.
- Operating revenues increased by \$2,656,000 to \$30,269,000 compared to the 2006/07 result of \$27,613,000 (includes capital grants and contributions of \$4,183,000)

Summary Financial Position

Revenue comparatives:

FINANCIAL YEAR	VALUE
2007/08	\$30,269,000
2006/07	\$27,613,000
2005/06	\$24,871,000
2004/05	\$21,518,000
2003/04	\$23,580,000
2002/03	\$20,390,000
2001/02	\$18,024,000

- Operating expenditure increased by \$1,144,000 to \$25,410,000 and compared favourably with the 2006/07 result of \$24,266,000

Expenditure comparatives:

FINANCIAL YEAR	VALUE
2007/08	\$25,410,000
2006/07	\$24,266,000
2005/06	\$23,912,000
2004/05 (Adjusted AIFRS*)	\$24,767,000
2003/04	\$23,668,000
2002/03	\$22,168,000
2001/02	\$21,841,000

* Australian International Financial Reporting Standards

Depreciation

Council's assets have been depreciated by \$4,240,000 for the 2007/08 financial year.

Building and infrastructure assets have depreciated by \$3,070,000 which is favourable in comparison to infrastructure assets improvements of \$5,233,000, equivalent to an asset renewal percentage of 170.46% and disclosed on Note 13.

Summary Financial Position

Investments

Council's cash and investment portfolio decreased in 2007/08 by \$785,000 to \$14,929,000 and generated interest of \$1,137,000. In comparison the 2006/07 investment portfolio was \$15,714,000 with interest of \$778,000.

Investment comparatives:

FINANCIAL YEAR	VALUE
2007/08	\$14,929,000
2006/07	\$15,714,000
2005/06	\$10,091,000
2004/05	\$11,154,000
2003/04	\$10,222,000
2002/03	\$8,714,000
2001/02	\$7,813,000
2000/01	\$6,957,000

For 2007/08 end of year financial reporting purposes the Commonwealth Bank of Australia (CBA), has advised that the structure of a \$500,000 Ethical Note purchased by Council on 06 November 2006, and which will mature on 06 November 2011, is exposed to the current Collateralised Debt Obligations (CDO) market. The effect of this is that the principal value of the note is .44c in the dollar of its original value and Council has a current book value of \$220,000. This entry has been adjusted and reported in the 2007/08 General Purpose Financial Reports and as per Department of Local Government Investment Order of 31 July 2008 it will be held until maturity and adjusted annually as the future economic climate dictates.

The nature of this product requires Council to report and adjust the written down value as at 30 June 2008.

Loans

Principal amounts outstanding on loans at the end of the year were \$6,386,000 with repayments during the year of \$412,000. As per Council resolution no loans were drawn down in the 2007/08 financial year.

Cash and Reserves

Note 6 of the General Purpose Financial Reports, discloses cash and investments of \$14,929,000 (2006/07 \$15,714,000).

Externally restricted assets	\$9,915,000
Internally restricted assets	\$3,361,000
Unrestricted cash	\$1,653,000

Summary Financial Position

Financial Ratios

In summary the ratios reveal:

➤ **Unrestricted Current Ratio:**

Current Assets (Less Ext Rest)	<u>\$7,467,000</u>	2.57:1	2006/07	3.17:1
Current Liabilities	\$2,901,000			

➤ **Debt Service Ratio:**

Debt Service Cost	<u>\$831,000</u>	3.41%	2006/07	2.79%
Current Liabilities	\$24,393,000			

➤ **Rate Coverage Ratio:**

Rates & Annual Charges	<u>\$15,735,000</u>	51.98%	2006/07	54.96%
Current Liabilities	\$30,269,000			

➤ **Rates & Annual Charges outstanding percentage:**

Rates & Annual Charges O/S	<u>\$1,235,000</u>	7.18%	2006/07	8.24%
Current Liabilities	\$17,210,000			

Valuation of Assets to Fair Value

Department of Local Government Circular 06-75 required Council to report on the revaluation of the following classifications of non current assets to 'fair value':

- 2006/07 - Water and Wastewater: Completed
- 2007/08 - Plant and Equipment: Completed
- 2007/08 - Buildings and Operational Land: Completed (Community Land to Fair Value has been deferred at this stage)

The revaluation of assets to fair value in 2007/08 applies to the entire class of plant and equipment, buildings and operational land carried in the asset register. The value comprises the revaluated amount less accumulated depreciation and accumulated impairment costs.

For 2007/08 the revaluation of plant and equipment, operational land and buildings saw the recognition of \$25,665,000 in an Asset Revaluation Reserve.

To ensure compliance with Department of Local Government requirements Council contracted the services of two licenced valuers, one to revalue operational land and the other to revalue buildings. Both completed an onsite inspection at all locations and considered the following criteria:

Summary Financial Position

Land

Operational land was considered at fair value after identifying all elements that would be taken into account by buyers and sellers in setting the price including but not limited to:

- the land's description, area and / or dimensions,
- planning and other constraints on development, and
- the potential for alternative use

Buildings

Buildings (non-specialised and specialised) consist of separately identifiable components that have different useful lives into depreciable components as follows:

- the roof,
- fire services such as sprinkler systems
- transportation services such as lifts and escalators
- mechanical services such as air conditioning, hot water systems
- floor coverings such as carpets, tiles etc
- the 'structural shell' of the building

Compliance

The following information is in regard to Council's compliance with the Local Government Act 1993:

- Council's financial reports were prepared and audited within 4 months after the end of the reporting year.
- As per Sec 428 (2) (a) the audited financial reports are included in Council's Annual Report.
- Public meeting to be held 18 November 2008, as per Sec 418 and submissions from the public sought
- Copies of Council's audited financial reports together with the auditors report are available for inspection at Councils Administration centre, all Libraries and on the website at www.council.lithgow.com

Principal Activity Achievements

1. Community

Statement of intent for principal activity

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.

2007/08 Program of Works – Community

Objective	Activity	Quarterly Achievements		
Companion Animals				
To provide for the effective and responsible care and management of companion animals.	Maintain animal control in accordance with legislation and policy.			
		2006/07	2007/08	
		No. of animals impounded	268	265
		No. animals returned to owners	107	158
		No. animals destroyed	136	157
	No. animals sold	16	48	
	Maintain the Lithgow Pound.	Feeding and exercising of impounded animals and cleaning of the pound kennels was undertaken daily.		
Cemeteries				
To provide a respectful cemetery service.	Maintain and operate cemeteries at: <ul style="list-style-type: none"> • Capertee • Cullen Bullen • Dark Corner • Glen Alice • Hartley • Lithgow (3 cemeteries) • Lowther • Meadow Flat • Palmers Oakey • Portland • Rydal • Wallerawang. 	No complaints were received in the 2007/08 financial year about Council's cemetery service.		
Community Buildings and Structures				
To maintain clean and safe community buildings in a cost effective manner.	Clean and maintain community buildings and structures.	All buildings were cleaned in accordance with the current schedule.		
Community Information				
To foster community engagement with the implementation of participatory practices.	Develop and implement a community engagement procedure.	Community Consultation was undertaken for the proposed indoor Aquatic Centre, Council's Management Plan, Cultural Plan and		

Principal Activity Achievements

		Crime Prevention Plan during 2007/08.
To disseminate concise and effective information to the community about Council's programs, policies and activities.	Survey the Resident Feedback Register regarding the effectiveness of Council's current information dissemination practices.	A survey was carried out using the Resident Feedback Register.
	Develop and implement a public relations policy.	This activity was not achieved during 2007/08 and has been rescheduled for 2008/09 financial year.
	Produce and deliver to residents Council Connection Newsletters.	Five editions of Council Connections were prepared and delivered during 2007/08.
	Provide information through Council's and the Mayor's Column in the Lithgow Mercury.	48 Council and 16 Mayor's Columns were printed in the Lithgow Mercury during 2007/08.
	Produce media releases.	An average of 48.75% of media releases were published.
	Provide information through the Mayor's radio spot on 2LT.	48 radio segments were recorded during 2007/08.
	Redesign the website to improve access to information.	This activity was not achieved during 2007/08 and has been rescheduled for 2008/09 financial year.
To provide information about community activities and facilities.	Provide community information on the notice board in Cook Street Plaza.	The community notice board was removed and relocated during 2007/08. Council staff updated the notices on a weekly basis for a majority of the year.
To provide access to television.	Maintain the Federally funded blackspot television transmission equipment.	Maintenance payments were made and complaints were referred to the contractor within 2 days.
Community Support		
To support the activities of community groups and organisations.	Participate in approved community groups and activities.	The following meetings and activities were attended during 2007/08: <ul style="list-style-type: none"> • 2 meetings of the Lithgow Community Projects • 2 meetings of the Lithgow Information and Neighbourhood Centre • 2 meeting of the Police and Citizens Youth Club • 2 meetings of Uniting Care • Launch of the Active Community Project at Lake Pillans • Active Bowenfels workshop • Community Services Interagency meeting • Multicultural meeting at TAFE • Opening for Galloping Gumnut
	Prepare policy guidelines for Council's Financial Assistance Program.	Council developed and adopted a Financial Assistance Program Policy during 2007/08.
	Provide and promote Council's Financial Assistance Program.	Applications for financial assistance were called, received and collated for the Draft Management Plan 2008/09 – 2010/11.

Principal Activity Achievements

		Councillors received information on the requests for donations and a list of successful recipients were incorporated into the Draft Management Plan 2008/09 – 2010/11.
	Provide advice and assistance to not-for-profit community groups and organisations in identifying appropriate funding sources and preparing grant applications.	20 groups were assisted with funding applications and a grant writing workshop was conducted during 2007/08. 14 grant applications were submitted for Council to consider throughout the year.
	Provide a LGA clean up service to public areas on behalf of the Tidy Towns Committees.	One clean up service was conducted throughout the LGA.
	Provide support for special community events.	In addition to grants, in-kind support was provided to Lithgow Show Society, Ironfest, Celebrate Lithgow and other local events.
Crime Prevention		
To promote a safe community.	Maintain street lighting.	No maintenance requests were received.
	Participate in the Police Action Community Team forum and the Lithgow Correctional Centre Community Consultative Committee.	One meeting of the Police Action Community Team Forum and 4 meetings of the Lithgow Correctional Centre Community Consultative Committee were attended.
	Participate in the Local Liquor Accord.	A number of meetings throughout the year were attended by Council staff.
	Remove graffiti from public places, update Council's graffiti register and liaise with Police.	All graffiti on public places under Council's ownership was removed within five working days.
Customer Service		
To provide an effective and efficient customer service.	Operate the one stop customer service counter including: <ul style="list-style-type: none"> • works requests • bookings for community facilities • cashiering • certificate production • customer enquiries • daily mail and accounts • maintaining registers • registration of development applications, construction certificates and complying development applications. 	No complaints were received regarding the service. 5269 were received 135 bookings including halls and street stalls All cashiering completed daily and balanced 2489 certificates issued Period fluctuated in relation to the quantity, those periods of arrears, water restrictions etc The daily mail and monthly accounts were all completed on time. Animal registry is now completely up to date and all other registers are up to date 378 applications received and registered
	Provide responses to correspondence.	All correspondence was completed within 7 days by staff.

Principal Activity Achievements

Emergency Services		
To plan and assist for emergencies.	Participate in emergency services committees including the Bushfire Advisory Committee and the Local Emergency Management Committee in accordance with their terms of reference.	The following meetings were attended in 2007/08: <ul style="list-style-type: none"> • 3 meetings of the Lithgow Volunteer Bush Fire Advisory Committee • Lithgow District Liaison Committee • 2 meetings of the Local Emergency Management Committee • Lithgow District Bush Fire Management Committee • 2 meetings of the Combined Brigades
	Contribute towards the NSW Fire Brigade Service.	2007/08 \$107,936
	Provide annual and discretionary contributions to the NSW Rural Fire Service and fulfil responsibilities under the Memorandum of Understanding.	2007/08 \$202,750
Private Works		
To undertake private works.	To provide quotations and/or undertake private works.	A 20% profit margin is listed in the Fees and Charges and is being changed accordingly unless the work is for a charity or not for profit organisation.
Recreation Facilities		
To provide quality recreational facilities for the community.	Maintain gardens, parks, reserves, street trees and other public spaces.	Recreation facilities were maintained effectively and requests were responded to in a timely manner.
	Manage and prepare playing fields including: <ul style="list-style-type: none"> • Conran Oval • Glanmire Oval • Kremer Park • Marjorie Jackson Oval • Tony Luchetii Sportsground • Wallerawang Oval • Watsford Oval. 	All playing fields were available for use, except during exceptional wet weather periods.
	Operate the Lithgow Swimming Pool.	The Lithgow Swimming Pool opened on 29 September 2007 and recorded 31,842 visitors. The pool closed for the winter period on 30 March 2008.
	Maintain the Lithgow Golf Course.	The course was open each week in a presentable condition.
	Review all Council owned land and prepare community lands plans of management.	Community Land Plans of Management will be completed in 2008/09.
To provide a forum for sporting groups to discuss matters relating to local sport.	Organise the Sports Advisory Committee meetings in accordance with the terms of reference.	11 meetings of the Sports Advisory Committee were arranged and attended by Council Staff during 2007/08.
To provide equipment to assist in healthy living	Installation of exercise equipment at Lake Pillans as part of an Active Lithgow grant.	Exercise equipment was installed at Lake Pillans.

Principal Activity Achievements

Social Plan		
To implement the Social Plan 2006-2011.	Review the profiles within the Social Plan 2006-2011 in light of the Census 2006 data.	The activity was commenced and is scheduled for completion in 2008/09.
	Consider Social Plan actions in the draft Management Plan 2008/09 – 2010/11.	Social Plan actions have been identified in the Management Plan 2008/09 – 2010/11.
Street Numbering		
To identify premises.	To provide street and rural numbers to premises upon request and at subdivision stage.	Street numbers have been issued during 2007/08 for all subdivisions and upon request.

2007/08 Capital Works and New Initiatives – Community

Capital Work or Initiatives	Quarterly Achievements
Community Buildings and Structures	
Construct new or replace public toilet facilities at Cullen Bullen	Commenced in 2007/08
Improvements to Littleton Hall	Commenced, further investigations carried forward.
Provide additional chairs for community buildings	Completed
Provide disabled access and toilet facilities to Hermitage Hall	Commenced but not completed as at 30 June 2008.
Upgrade toilet facilities at the Civic Ballroom (<i>subject to grant funding</i>)	Carried over with additional funds to 2008/2009
SES building works	Carried forward to 2008/2009
Crime Prevention	
Provide additional CCTV cameras in Main Street, Lithgow	Completed
Develop a crime prevention plan	Consultations undertaken with plan to be completed in 2008/09
Disability Access	
Develop a disability access plan	Carried forward to 2008/09
Cemeteries	
New columbarium for Lithgow Cemetery	Completed
Provide lawn beams at Lithgow Cemetery	Carried over to 2008/2009
Planning	
Strategic planning program:	
Assessment of community and operational land	Completed
Biodiversity strategy (<i>subject to grant funding</i>)	Not commenced subject to grant funding.
Economic and retail strategies	Carried forward to 2008/09
Completion of the outstanding issues for the Marrangaroo Local Environmental Study	To be considered in development of Council's Local Environmental Plan in 2008/09
Population modelling	To be considered in development of Council's Local Environmental Plan in 2008/09
Preparation of the Land Use Strategy	Tender advertised 24/06/08
Preparation of the comprehensive Lithgow Local Environmental Plan	Tender advertised 24/06/08

Principal Activity Achievements

Preparation of development contributions plans	Commenced and will be finalised in 2008/09
Preparation of new development control plans	Commenced and will be finalised in line with new Local Environmental Plan
Radio Broadcasting	
Provision of SBS FM radio service to the LGA	Carried out to 2008/09
Recreation Facilities	
Camp site improvements to Lake Lyell	Completed
Contribution towards the Lake Lyell Caretaker	Completed
Lithgow Swimming Pool:	
Remove and replace trees	Carried over to 2008/2009
Provide irrigation system to the Lithgow Golf Course (<i>subject to grant funding</i>)	Carried over to 2008/2009 to enable additional grant funding
Portland Swimming Pool refurbishment (financed by loan)	Completed
Top dress Kremer Park, Marjorie Jackson and Wallerawang sporting fields	Completed
Upgrade the croquet club house	Completed to the extent of budget allocation additional works still required
Upgrade overhead electrical installations at Kremer Park	Completed
Upgrade play equipment and seating at Andrew Street Park	Rescheduled for 2008/09
Hermitage Oval investigation	Carried over to 2008/09
Seating improvements to the Ashley Grandstand	Carried over to 2008/09
Installation of barbeques in parks	Barbeques procured. However, sites proposed for installation are being reviewed
Street Trees	
Provide street trees in towns and villages	Completed
Remove and replace street trees in Main Street, Wallerawang	Completed
Television Broadcasting	
Provision of SBS television to Hartley	Carried over to 2008/09

Principal Activity Achievements

2007/08 Donations – Community

Donations	Quarterly Payments
Aboriginal and Torres Strait Islander brochure	Completed
Air League celebrations	Completed
Contribution to the Lithgow Show	Completed
Dads and kids day activities	Completed
Domestic Violence Liaison Committee support	Completed
Family friendly community initiatives	Completed
Family fun day activities	Completed
Lifeline contribution	Completed
NAIDOC week activities	Completed
Personal development courses at Bowenfels Cottage	Completed
Production of the multi-cultural newsletter	Completed
Senior citizens week activities	Completed
Support to the Josephite Foundation	Completed
Rental Assistance to the Lithgow Information and Neighbourhood Centre	Completed
Annual training camp for the Western Region Academy of Sport	Completed
White ribbon day activities	Completed
Lithgow SES	Completed
Portland SES	Completed
Lithgow, Portland, Wallerawang and Cullen Bullen Tidy Towns Committees	Completed
Cullen Bullen Progress Hall general rate	Completed
First Australian Muzzleloading Gun Rifle and Pistol Club's general rate	Completed
Lithgow Information and Neighbourhood Centre's Disability Service discos	Completed
Lithgow Poultry Club's Annual All Breed Show	Completed
General rates for the Country Women's Association of NSW	Wallerawang completed.
Payment of account for the removal of rubbish from the Lithgow and District Community Nursery	Completed
Garden improvements to the Capertee Memorial Hall	Completed
Capertee's Blue Light Unit	Completed
Development application and construction certificate fee for the proposed rotunda at Saville Park	Completed
Portland Swimming Association	Completed
Greater Lithgow Region Diary	Completed
Kidney Health Kar Rally	Completed
Portland District Motor Sport Club sponsorship	Completed
Rydal Show Society sponsorship	Completed
State Mine Railway for the difference between residential and business rates	Completed

Principal Activity Achievements

2. Transport

Statement of intent for principal activity

Providing a choice of effective public and private transport options for those who live, work and visit our community.

2007/08 Program of Works – Transport

Objective	Activity	Quarterly Achievements
Abandoned Articles		
To improve safety and amenity of the neighbourhood.	Impound abandoned articles and vehicles from public places.	The Impounding Act was complied with in relation to the impounding of 18 vehicles and 1 forklift during 2007/08.
Bells Line and M2 Extension		
To lobby for improved access to and from Sydney over the Blue Mountains.	Participate in the Bells Line Expressway Group.	Meetings were attended and lobbying at State and Federal levels was undertaken. A \$20M election promise was made for the Bells Line and M2 Extension.
Council Plant and Equipment		
To provide plant and equipment to undertake works.	Maintain Council's fleet of plant and equipment.	Plant serviced in accordance with manufacturer's recommendations and repairs conducted in a timely and efficient manner.
Parking Enforcement		
To provide available parking for residents and visitors.	Conduct on street parking enforcement in the Central Business District of Lithgow.	178 patrols were undertaken during 2007/08.
Transport Groups		
To provide a forum for community and government authorities to discuss issues relating to local traffic.	Organise the Traffic Authority Local Committee in accordance with the terms of reference.	5 meetings of the Traffic Authority Local Committee were organised and attended by Council staff in 2007/08.
To improve access to public transport in the LGA.	Participate in Transport Working Party forum.	3 meetings of the Transport Working Party forum were attended by Council staff in 2007/08.
Roads and Associated Infrastructure		
To provide safe and serviced roads within the LGA.	Maintain roads, bridges, footpaths, cycleways, drainage, roadside vegetation, carparks and kerb and guttering.	Maintenance was carried out within budget to an acceptable standard.
	Clean footpaths and streets in Lithgow, Portland and Wallerawang.	Footpath and street cleaning undertaken within budget to an acceptable standard.
	Maintain traffic signs and other associated furnishings.	Traffic facilities renewed and maintained within budget.
Road Safety Program		
To develop and deliver the road safety message.	To host the Roads Safety Officer for Lithgow and Mid-Western Regional Councils.	The Road Safety Officer commenced duties at Council in July 2007 and has continued to

Principal Activity Achievements

		implement the Road Safety Program throughout the LGA.
	Develop and implement road safety strategic and actions plans.	The 2007/08 Road Safety Action Plan was implemented and completed.

2007/08 Capital Works and New Initiatives – Transport

Capital Work or Initiatives	Quarterly Achievements
Road and Associated Infrastructure	
Drainage improvements to roads:	
Arden/Macauley Streets, Lithgow	Completed
Bayonet Street/Curtin Place, Lithgow	Carried over to 2008/2009 due to extraordinary works program
Marsden Swamp Road Culvert	Carried over to 2008/2009 due to extraordinary works program
Rydal streets	Completed in the first quarter.
Kerb and gutter at:	
Cook Street, Main Road 531 and Railway Avenue, Portland	Completed
Lime Street, Portland	Completed
Auslink Strategic Road Program upgrade to Wolgan Road	Stage 1 Completed
Continuation of upgrade works to Dark Corner Road	Construction Commenced
Resealing of streets and lanes:	
Jamison Street, Portland	Carried over to 2008/2009 due to extraordinary works program
Lane Street/Lyon Parade, Wallerawang	Completed
Sandford Avenue, Lithgow (Coalbrook to Tank Streets)	Completed
Undertake assessment of lanes to determine priorities and commence implementation with Clwydd Street Lane, Lithgow	Completed
Roads to Recovery Program including upgrades to:	
Sodwalls/Tarana Road	Carried over to 2008/2009 – Roads to Recovery
Wallerawang/Rydal Road	Completed
Wolgan Road	Carried over to 2008/2009
Mills Street Footbridge	Design completed works carried over to 2009/10
Undertake assessment of roads to determine projects	Completed
RTA Blackspot Improvements to Sodwalls/Tarana Road	Completed
RTA Regional Roads Construction to Range Road	Completed
RTA Regional Roads Repairs to Range Road	Completed
RTA Traffic Facilities guard rail improvements to McKanes Falls Road	Completed
Undertake assessment of bridges to determine priorities and commence implementation.	Completed
Country Passenger Transport Infrastructure Scheme:	
Taxi rank upgrade, Eskbank Street, Lithgow	Carried over to 2008/2009
Installation of new bus shelters and signage	Commenced but not completed
Construct roundabout in Lithgow Street/Kirkland Link, Lithgow	Deferred due to impact on design by proposed works to Valley Shopping Centre. Carried over to 2008/2009

Principal Activity Achievements

Upgrade Jerry Meadows Road, Sodwalls	Completed
Plant	
Purchase and sell vehicles and plant	Completed
Road Safety	
Undertake road safety projects	7 programs completed
Prepare pedestrian access mobility plan	Scheduled for 2008-2009 by Road Safety Officer

Principal Activity Achievements

3. Employment

Statement of intent for principal activity

Developing and embracing diverse job opportunities for all ages and abilities.

2007/08 Program of Works – Employment

Objective	Activity	Quarterly Achievements																											
Economic Development																													
To facilitate economic development in the LGA.	Continue to work with the community to generate economic development in the LGA.	Meetings were participated in as required.																											
	Provide an advisory service to business and industry regarding the LGA.	Preliminary advice was provided on a number of occasions.																											
	Provide opportunities for business through the leasing of Council owned retail and office space.	85% of Council properties with the property agent were leased during 2007/08.																											
	Regularly meet with the Lithgow Business Association.	Meetings of the Lithgow Business Association were attended.																											
Tourism																													
To foster tourism in the LGA through promotional activities.	Operate the Lithgow Visitor Information Centre including the provision of tourism marketing services such as: <ul style="list-style-type: none"> Tourism Ambassador Program 'What's in your Backyard' campaign Support of local tourism events including Ironfest, Daffodils at Rydal, Hartley's Big Backyard, Celebrate Lithgow and other events as supported by Council. 	<table border="1"> <tr> <td>No. visited Visitors Information Centre</td> <td>47,235 people visited the Lithgow Visitor Information Centre during 2007/08</td> </tr> </table>	No. visited Visitors Information Centre	47,235 people visited the Lithgow Visitor Information Centre during 2007/08																									
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Principal Activity Achievements

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	Undertake assessment of existing signage to determine priorities for upgrade program and commence implementation.	<p>Interpretive signage was installed at the Lithgow Visitor Information Centre for the Greater Blue Mountains World Heritage Drive.</p> <p>Design of town entrance signs for Lithgow has commenced.</p>			
	Investigate the feasibility of an online booking system.	Feasibility investigations were undertaken and a merchant number is being investigated to allow for online transactions.			
To provide a forum for tourism operators to discuss matters relating to local tourism.	Organise the Tourism Advisory Committee meetings in accordance with the terms of reference.	5 meetings of the Tourism Advisory Committee were organised and attended by Council staff during 2007/08.			
To promote filming in the LGA.	Participate in the activities of CENTROC's Film Central.	<ul style="list-style-type: none"> • Meetings of CENTROC's Film Central were attended during 2007/08. • Various locations throughout the LGA featured in 5 separate productions for national and international exposure. • Participation in numerous teleconferences was undertaken. 			

2007/08 Capital Works and New Initiatives – Employment

Capital Work or Initiatives	Quarterly Achievements
Council Employment	
Council to complete the implementation of the new corporate structure.	Completed
Land Development	
Groundwater monitoring of the former gasworks site	Consultant engaged
Tourism	
Adding iconic images of the LGA to the photographic library	Underway
Advertising and promotion of the LGA in a range of media such as television, magazines, maps etc	<p>During 2007/08 advertising was carried out in the following publications:</p> <ul style="list-style-type: none"> ▪ Blue Mountains "I" magazine ▪ Blue Mountains Life ▪ Blue Mountains Wonderland ▪ Great Outdoors (Channel 7) ▪ Sydney Morning Herald – Visiting Journalist ▪ Discover Blue Mountains and the Central West ▪ Local media via Press Releases including radio, newspaper and television

Principal Activity Achievements

Attendance at trade shows promoting the LGA	<p>During 2007/08 Council staff attended the following trade shows:</p> <ul style="list-style-type: none"> ▪ ATE – Generic marketing of the Greater Blue Mountains World Heritage Drive to inbound tourist operators ▪ Rosehill Caravan and Camping Consumer Show ▪ Doctors Conference – Trade display in Lithgow ▪ Science Teachers Conference – Trade display in Sydney ▪ Promotion of Lithgow product to Blue Mountains Tourism Ltd Operators – Trade display at Zig Zag Railway
Collaborative partnership strategies across LGAs including tourist drives and activities of the Central Tablelands Alliance	<p>During 2007/08 Council staff commenced working with The Tablelands Way Committee to develop themed stories on the Lithgow region. Stories for Lithgow will focus on the nature element and will be promoted through Tablelands Way marketing collateral.</p>
Implementation of the Regional Strategy including:	
Promotion of the Lithgow product in the development of the Greater Blue Mountains World Heritage Drive	<p>This activity commenced during 2007/08 with the promotion of Lithgow product in the marketplace.</p>
Providing a program of product familiarisation for staff	<p>Underway</p>
Working with local tourism operators to facilitate product development within the attractions sector, including the identification of grant funding	<p>Council staff worked with Zig Zag Railway and continues to complete The Hospital Train Programme with ATDP funding.</p>
Develop authentic indigenous heritage experiences with local indigenous groups	<p>Underway</p>
Memberships of:	
Auroa, the Accredited Visitor Information Centre Network	<p>Completed in the first quarter.</p>
Blue Mountain Tourism Limited	<p>Completed in the first quarter.</p>
Australasian Performing Right Association, music for the visitor information centre	<p>Completed in the first quarter.</p>
Development of a planner for international and school operators	<p>Planner completed during 2007/08.</p>
Provision of tourism signage in the LGA	<p>This activity commenced during 2007/08.</p>
Badge and lighting the Lithgow Visitors Information Centre	<p>Badge fabricated and about to be placed on building</p>

2007/08 Donations – Employment

Donations	Quarterly Payments
Business awards and Celebrate Lithgow sponsorship to the Lithgow Business Association	Completed

Principal Activity Achievements

4. Heritage

Statement of intent for principal activity

Celebrating, protecting and sustaining our unique industrial and natural heritage, its cultural landscapes and its built heritage.

2007/08 Program of Works – Heritage

Objective	Activity	Quarterly Achievements
To promote the conservation of the LGA's heritage.	Provide a heritage advisor program.	Council engaged a heritage advisor during 2007/08.
	Develop criteria and sponsor the presentation of the John Wellings Heritage Award.	The criteria for the John Wellings Heritage Award commenced during 2007/08.
	Review the Evans, Lithgow and Rylstone heritage studies and combine to inform the comprehensive Lithgow Local Environmental Plan.	Council's Heritage Advisor commenced reviewing the heritage studies for Evans, Lithgow and Rylstone to form part of the new Lithgow Local Environmental Plan.

2007/08 Capital Works and New Initiatives – Heritage

Capital Work or Initiatives	Quarterly Achievements
Site stabilisation works at Blast Furnace Park	Item not actioned during 2007/08 and will be reviewed by the newly appointed heritage advisor.
State Mine Old Power Station site works	Completed.
Install interpretive signage	Completed.
Local Heritage Fund	A number of inspections were carried out by Council's Heritage Advisor during 2007/08.

2007/08 Donations – Heritage

Donations	Quarterly Payments
State Mine Heritage Park and Railway's general rate for the Museum site	Completed

Principal Activity Achievements

5. Education

Statement of intent for principal activity

Progressing to a "learning city of excellence" with a broad range of formal and non-formal education services.

2007/08 Program of Works – Education

Objective	Activity	Quarterly Achievements
Learning City		
To provide the community with opportunities to develop knowledge and skills through Learning City Programs.	Review the Learning City Action Plan and identify opportunities to further develop the Local Government Area as a Learning City.	The Learning City Action Plan was reviewed and a Draft Action Plan was prepared and reported.
	Implement activities identified in the Learning City Action Plan according to priorities.	<p>A large number of activities were achieved during 2007/08 these included:</p> <ul style="list-style-type: none"> Promotion of adult learners week Expressions of Interest, interviews and appointment of Eskbank House Volunteers undertaken and collections established New volunteers commenced at the Lithgow Library Learning Centre Homework centre operated at the Lithgow Library Learning Centre Environmental Advisory Committee meetings were held Staff training was conducted Landcare and Greecorps undertook environmental improvement activities at Lake Pillans in association with Council's Active Community Grant Project. Lithgow Health Scholarship for a physiotherapist/radiologist was advertised Participated in the selection of the Allied Health (Paramedic Recipient) Scholarship Applied in partnership with Sydney West Area Health Service for the Live Life Well in Lithgow project which involves the employment of a health worker in Council for a year to implement strategies aimed at promoting healthy behaviour The Lithgow Forum was held twice at the Lithgow Library Learning Centre on water and energy security and the local environment. Apprentices/trainee positions were advertised, interviewed and appointed in the areas of geographic information systems, green keeping, mechanics and planning Trainee at the Visitor Information Centre won the regional award for trainee of the year
	Maintain membership of the Australian Learning Community Network.	Council renewed its membership of the Australian Learning Community Network.

Principal Activity Achievements

Operate the Lithgow Library Learning Centre, the Portland, Rydal and Wallerawang Libraries and the technology centre.		2006/07	2007/08
	No. of library loans	94,164	93,366
	No. people using library service (estimate)	119,378	123,402
	No. of new members	597	715
	No. children at story time and activities	1,195	1,767
	No. children at homework centre	169	174
	No. of bookings: Technology Centre (estimate of people)	23,903	23,792
	Meeting Room	187	200
Conduct exhibitions and displays in the Lithgow Library Learning Centre.	<p>The following exhibition and displays were staged at the Lithgow Library Learning Centre during 2007/08:</p> <ul style="list-style-type: none"> • Lithgow Woollen Mills exhibition • @ your library displays included: <ul style="list-style-type: none"> ○ sport, ○ treasure, ○ escape • author displays included: <ul style="list-style-type: none"> ○ Di Morrissey ○ Tom Claney ○ Susan Howatch ○ Alexander McCall-Smith ○ Doris Lessing ○ Matthew Reilly ○ Victor Canning ○ James Patterson ○ Stephen King ○ Virginia Andrews ○ Phil McCutchan ○ Victor Canning ○ Dennis Wheatley • Mine subsidence • Noxious Weeds • On the Run exhibition • Disability Arts exhibition • National Parks – Weeds • Roosters • Christmas • Reading superheros • Teddy bear storytime • Holiday fun @ our library • Library lovers @ your library • Smartest card @ your library • Community Health exhibition • Exhibition in association with Eskbank House & Museum – Backyard was conducted • Frontline: Australia Under Attack – The 		

Principal Activity Achievements

		<ul style="list-style-type: none"> Bowenfels Gun Emplacements Cultural Plan and Crime Prevention Plan Comments board and display set up for community input Tea plates and pots display Railway display Health @ our library Sensational Seniors @ your library Drug Information @ your library Staff exchanges and co-operative activities with Mudgee and Oberon Libraries. 									
	Sharing library resources with other communities.	<table border="1"> <thead> <tr> <th></th> <th>2006/07</th> <th>2007/08</th> </tr> </thead> <tbody> <tr> <td>No. of Inter-library loans</td> <td>352</td> <td>435</td> </tr> <tr> <td>No. of Reciprocal borrowers</td> <td>2,711</td> <td>2,926</td> </tr> </tbody> </table>		2006/07	2007/08	No. of Inter-library loans	352	435	No. of Reciprocal borrowers	2,711	2,926
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	Provide a community and education information service through events, displays and the Learning Shop at the Lithgow Library Learning Centre and the Portland, Rydal and Wallerawang Libraries.	<p>The community and education information display areas were updated twice weekly.</p> <p>An estimated 7,860 people attended the Woollen Mills exhibition, the National Simultaneous Storytime, Harry Potter event, On the Run exhibition, Cartoon Dave, Storytime with Santa and the Disability Arts exhibition.</p>									

2007/08 Capital Works and New Initiatives – Education

Capital Work or Initiatives	Quarterly Achievements
Learning City	
Enhance the adult, children, DVD, large print and teenage sections of the Library collection and provide kits for the books for babies program	This activity was ongoing throughout 2007/08
Replace shelving at Portland and Wallerawang libraries	Not commenced.
Undertake children reading activities during the school holidays	<ul style="list-style-type: none"> Dr Seuss on the Loose (reading competition) Craft and Story time activities.

2007/08 Donations – Education

Donations	Quarterly Payments
Donations to schools for award presentations	St Patricks, Wallerawang, La Salle, Zig Zag, Portland Central, St Josephs and Coerwull Schools were presented with donations towards their end of year presentations.
Contribution towards a sign at Cullen Bullen School	Completed
Mathew Sharp Scholarship Fund	Completed

Principal Activity Achievements

6. Health

Statement of intent for principal activity

Creating a healthy community providing opportunities and facilities for a healthy lifestyle.

2007/08 Program of Works – Health

Objective	Activity	Quarterly Achievements
Community Health Committee		
To provide a forum for the community to discuss matters relating to health.	Organise the Community Health Committee meetings in accordance with the terms of reference.	The Terms of Reference for the Health Advisory Committee were endorsed by Council and Expressions of Interest were call for membership of the Committee
Drinking Water		
To provide safe drinking water.	Provide drinking water to residents within the reticulated supply system.	All samples taken from the Farmers Creek Water Supply complied with the Australian Drinking Water Guidelines except for 13 samples for total coliforms of which 1 also included pH and aluminium. All samples taken from Fish River Water Supply complied with the Australian Drinking Water Guidelines except 23 samples for total: <ul style="list-style-type: none"> • 13 coliforms • 2 e coil • 1 turbidity • 4 aluminium • 1 iron • 1 true colour • 1 pH
	Purchase water from State Water to supply: <ul style="list-style-type: none"> • Cullen Bullen • Glen Davis • Lidsdale • Portland • Wallerawang. 	The water supply from State Water servicing the LGA was 100% maintained during 2007/08
	Maintain the Clarence Water Transfer System.	During 2007/08 the Clarence Water Transfer System was available 100% of the time.
	Use excess allocation, within reasonable limits, to trade with other Fish River Water Supply customers for financial benefit of Council, using funds for water saving initiatives.	Trading of part of Councils allocation to Delta Electricity ceased on 28 November 2007. No further agreement was entered into.
	Review and implement the Drought Management Plan.	The Drought Management Plan was reviewed and water restrictions were implemented and enforced

Principal Activity Achievements

Health Activities and Programs		
To provide activities and programs to improve the health of the community.	Administer the healthy local government grants for the Bowenfels community and Lake Pillans.	Council administered the healthy local government grants by undertaking community activities within the Bowenfels community and completing works within the Lake Pillans precinct. The acquittals for these projects were completed.
Health Enforcement		
To provide effective and efficient compliance services to protect the health of the community.	Conduct inspections of food premises and provide ongoing educational material.	82 food inspections were undertaken at random during 2007/08.
	Conduct inspections of skin penetration premises and provide ongoing educational material.	This activity was not completed during 2007/08 and has been scheduled to take place during the 2008/09 financial year.
	Conduct routine monitoring of Council's reticulated drinking water supplies.	197 samples from Council's reticulated drinking water supplies were undertaken during 2007/08.
	Conduct commercial swimming pools and spa inspections and provide educational material.	Comprehensive inspections of commercial spas and pools were completed during 2007/08 in conjunction with NSW Health. This resulted in Council purchasing it's own equipment to continue conducting these inspections.
	Conduct inspections of cooling towers and associated systems.	Council conducted 2 inspections during 2007/08.
	Maintain a register of water cooling and warm water systems.	The register was updated and supplied to NSW Health as required.
	Undertake routine monitoring of Farmers Creek, Lake Lyell, Pipers Flat Creek and Lake Wallace for blue green algae.	60 samples were analysed during 2007/08.
	Undertake inspections of caravan parks.	Council staff carried out 1 inspection of a caravan park during 2007/08.
	Undertake inspections of places of public entertainment and if compliant issue approvals.	2 approvals were issued during 2007/08.

Principal Activity Achievements

2007/08 Capital Works and New Initiatives – Health

Capital Work or Initiatives	Quarterly Achievements
Drinking Water	
Cleaning of reservoirs	Completed
Construction of South Bowenfels Reservoir and the reticulation system	Contracts for the construction of the reservoir were signed during 2007/08
Construction of infrastructure for a bulk water supplier	Carried over to 2008/2009 to enable Federal Grant Funding to be obtained and utilised
Upgrades to water reservoirs at Cook and Shaft Streets, South Bowenfels and Wallerawang.	Completed
Water mains and services renewal	Completed
Works on the Clarence transfer system	Carried over to 2008/2009 to enable Federal Grant Funding to be obtained and utilised
Continuation of backwash diversion works at the Oakey Park Water Treatment Plant	Completed
Finalisation of flood earthquake study	Rescheduled for 2008/2009

2007/08 Donations – Health

Donations	Quarterly Payments
Radiologist/physiotherapist scholarship in conjunction with Sydney West Area Health Service.	To be reviewed

Principal Activity Achievements

7. Environment

Statement of intent for principal activity

Balancing, protecting and enhancing our diverse environmental elements, both natural and built, for the enjoyment and support of both current and future generations.

2007/08 Program of Works – Environment

Objective	Activity	Quarterly Achievements
Environmental Education		
To improve the community's knowledge of environmental issues.	Provide education on environmental matters to the community.	Council staff conducted the following educational activities during 2007/08: <ul style="list-style-type: none"> • Visit to Capertee Public School • Council's website was enhanced with the placement of information on the SepticSafe Program and weeds information • Completion of a successful Greencorps partnership with Lithgow Oberon Landcare Association
Environmental Advisory Committee		
To provide a forum for environmental groups to discuss matters relating to the environment.	Organise the Environmental Advisory Committee meetings in accordance with the terms of reference.	During 2007/08 Council staff organised and attended 6 meetings of the Environmental Advisory Committee.
Environmental Improvement Grants		
To seek opportunities to enhance the environment.	Prepare grant applications for funding of environmental improvement works.	Lithgow in partnership with Blue Mountains City Council successfully received grant funding for a " Save Our Swamps" project through the NSW Urban Sustainability Grants Program. Council in partnership with LOLA received funding for another Greencorps Team.
	Undertake weed removal, revegetation, soil stabilisation works, site interpretation and construction of walking tracks at: <ul style="list-style-type: none"> • Hartley Reserve • Hassans Walls • Hyde Park • Londonderry Reserve as part of the River Lett Improvement Program.	\$150,000 funding was expended during the 2007/08 financial year. Bush regeneration, soil conservation works, signage and facilities at Hyde Park, Londonderry and Hartley Reserves were completed.
Environmental Awards		
To recognise excellence in environmental management.	Determine criteria for the environment awards.	The Environmental Advisory Committee worked on establishing the award parameters.
Environment Protection Licences		
To responsibly manage scheduled activities to protect the environment.	Comply with the environment protection licences for:	There was no action taken in relation to non compliance during 2007/08.

Principal Activity Achievements

	<ul style="list-style-type: none"> • Lithgow Sewerage Treatment Plant • Lithgow Solid Waste Facility • Lithgow Water Treatment Plant • Portland Garbage Depot • Portland Sewerage Treatment Plant • Wallerawang Sewerage Treatment Plant 	<p>A licence variation application was lodged with the Department of Environment and Climate Change regarding the timeline for the upgrade of the Lithgow Sewerage Treatment Plan.</p> <p>A Sewer Overflow Investigation Report required under Lithgow and Wallerawang SP Licence was submitted after the due date.</p>
Environmental Regulation		
To prevent harm to human health and the environment from pollution.	To fulfill Council's appropriate regulatory authority responsibilities under the Protection of the Environment Operations Act.	<p>2 pollution incidents were investigated, 3 clean-up notices and 5 penalty notices were issued.</p> <p>Investigation and prosecution of large scale illegal dumping at Wallerawang occurred.</p> <p>Approximately 1000 tonnes of contaminated building waste and materials at illegal dumping site in Hartley were returned to the Blue Mountains where it originated.</p>
On-site Sewage Management		
To implement the on-site sewage management strategy.	Undertake activities identified in the on-site sewage management strategy.	Council employed a Trade Waste/On-site Wastewater Management Officer and the on-site sewerage management strategy review took place in conjunction with Sydney Catchment Authority. 298 licences for aerated wastewater treatment systems were issued and 9 inspections were conducted.
Weeds Management		
To control environmental and noxious weeds.	Control environmental and/or noxious weeds and/or pests on public land through Council and/or services provided by the Upper Macquarie County Council.	<p>Seasonal programs were completed within budget.</p> <p>Upper Macquarie County Council's program of works in the LGA included:</p> <ul style="list-style-type: none"> • 283 property inspections • Aerial, private property and roadside spraying • Attended the Hartley Big Backyard and Serrated Tussock Workshop • Inspection of Patterson's Curse biological control sites • Assistance provided to property owners for the completion of property weed management plans.
Water Quality		
To provide a sewerage system that is managed to provide environmental	Provide a secure and reliable sewerage reticulation system to residents of Lithgow, Lidsdale,	There were two sewerage overflow incidents at sewerage pump stations which were reported and rectified

Principal Activity Achievements

security and system reliability.	Marrangaroo, Portland and Wallerawang.	urgently using all available resources.									
	Implement the Trade Waste Policy.	<p>Council's Trade Waste/On-site Wastewater Management Officer reviewed and updated Council's Trade Waste Policy. The policy was also reviewed by the Department of Water and Energy.</p> <p>48 Trade Waste inspections were conducted and 6 approvals were issued.</p> <p>Business operators were kept informed of procedures through written correspondence and surveys.</p>									
Waste Management											
To provide waste and recycling collection services that encourage a reduction in land filling.	Collect street and park litter bins in Lithgow, Portland and Wallerawang.	Litter was collected in accordance with the current schedule.									
	Provide a kerbside garbage and recycling collection service to all residents within the collection service area.	4,677 tonnes of waste and 777 kilograms of recycling was collected from the kerbside.									
	Provide garbage disposal facilities within the LGA at: <ul style="list-style-type: none"> • Angus Place (until reaches capacity) • Capertee • Cullen Bullen (until reaches capacity) • Glen Davis • Lithgow • Portland • Wallerawang. 	<table border="1"> <thead> <tr> <th>Garbage Depot</th> <th>2006/07 (tonnes)</th> <th>2007/08 (tonnes)</th> </tr> </thead> <tbody> <tr> <td>Lithgow</td> <td>36,152¹</td> <td>74,693</td> </tr> <tr> <td>Portland</td> <td>1,692</td> <td>1,916</td> </tr> </tbody> </table>	Garbage Depot	2006/07 (tonnes)	2007/08 (tonnes)	Lithgow	36,152 ¹	74,693	Portland	1,692	1,916
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	Lithgow	36,152 ¹	74,693								
	Portland	1,692	1,916								
	Prepare closure plans for the garbage disposal facilities.	Council engaged a consultant to undertake the preparation of closure plans for the garbage disposal facilities.									
	Review waste management facilities and recycling services within the LGA.	The activity was not achieved during 2007/08 and has been rescheduled for 2008/09.									
	Provide a green waste collection service to residents in Lithgow, Lidsdale, Marrangaroo, Portland, Rydal and Wallerawang.	3 green waste collection services were provided to local residents with 131 residents participating.									
Provide a clean up collection service to residents within the LGA.	2 clean up collection services were provided to residents within the LGA with 179 residents participating.										
Assist the Sydney Catchment Authority with in kind contributions for a free chemical collection service for residents.	No chemical collection services was provided during 2007/08.										
Promote composting through the sale of compost bins and worms farms.	<table border="1"> <thead> <tr> <th></th> <th>2006/07</th> <th>2007/08</th> </tr> </thead> <tbody> <tr> <td>Value of sales</td> <td>654.58</td> <td>658.63</td> </tr> </tbody> </table>		2006/07	2007/08	Value of sales	654.58	658.63				
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Value of sales	654.58	658.63									

Principal Activity Achievements

	Attend meetings and participate in Netwaste activities.	No meetings were attended however, Council hosted a Waste to Art Exhibition at Eskbank House during 2007/08.
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2007/08 Capital Works and New Initiatives – Environment

Capital Work or Initiatives	Quarterly Achievements
Air Quality	
Provide the Alternate Fuel Rebate	Underway
Grants	
Undertaking of environmental improvement grants including:	
LGAG Northern	Underway
LGAG Southern	Underway
Former Rylstone	Underway
Plan of Management	
Preparation of a plan of management for Hyde Park	Completed
Waste Management	
Closure of waste facilities:	
Angus Place Garbage Depot	Rescheduled project
Cullen Bullen Garbage Depot	Rescheduled project
Construction of waste transfer station at Tarana	Carried over to 2008/2009 due land ownership issues
Design and construct Blackmans Flat Waste Management Facility (including funding through loan repayments)	Carried over to 2008/2009
Education and promotion of Council's waste management facilities and services	Completed
Leachate investigation and control at Lithgow Solid Waste Facility	Underway in association with STP Stage 2 design
Water Quality	
Construct stage 2 augmentation of the Lithgow Sewerage Treatment Plant including loan repayments	Underway – design substantially completed
Desludge the lagoons at the sewerage treatment plants	Completed
Install new South Bowenfels main and pumping station	Concept report commissioned with Department of Commerce
Prepare and implement an integrated water cycle management strategy	Underway – not completed as at 30 June 2008
Replace the hired amenity buildings at Portland and Wallerawang Sewerage Treatment Plants	Not commenced do to the investigation into options for Sewerage Treatment feasibilities at Portland and Wallerawang and will be considered in the context of future STP upgrades.
Load reduction agreement payment	Completed
Replace sewer vents according to priorities in vent shaft replacement study	Completed
Undertake assessment of pumping stations to determine priorities for upgrade program and commence implementation	Completed
Undertake assessment of telemetry systems to determine priorities for upgrade program and commence implementation	Completed
Flood mitigation works to Farmers Creek for stage 2 and determine future stages	Commenced but not completed as at 30 June 2008.

Principal Activity Achievements

Water saving and reuse program	A subsidy program for water tanks and water saving appliances was undertaken during 2007/08.
Undertake a feasibility study for the combining of the Portland and Wallerawang Sewerage Treatment Plants	Completed
Completion of Gell Street, Lithgow sewer main extension	Completed
Weeds Management	
Contribution to Upper Macquarie County Council	Completed

Capital Works or Initiatives	Proposed Scheduling	Reason
Closure of Angus Place and Cullen Bullen Garbage Depots. <i>(Funding is being used to prepare landfill closure plans.)</i>	Future project.	Additional capacity has been achieved through operational activities and it is necessary to plan for the closure of the depots.
Add complete sewer overflow investigation report.	Fourth quarter.	Draft report submitted to Department Environment and Climate Change in the fourth quarter.

Principal Activity Achievements

8. Arts and Culture

Statement of intent for principal activity

Supporting, celebrating and expanding a diversity of cultural and creative adventures that explore and discover the richness in our society.

2007/08 Program of Works – Arts and Culture

Objective	Activity	Quarterly Achievements						
Eskbank House								
To develop and promote Eskbank House and Museum as a cultural heritage venue.	Operate Eskbank House and Museum.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">2006/07</td> <td style="text-align: center;">2007/08</td> </tr> <tr> <td style="text-align: center;">No. of visitors</td> <td style="text-align: center;">2027</td> <td style="text-align: center;">2680</td> </tr> </table>		2006/07	2007/08	No. of visitors	2027	2680
		2006/07	2007/08					
	No. of visitors	2027	2680					
Conduct exhibitions and displays.	<p>The following exhibitions and displays were conducted:</p> <ul style="list-style-type: none"> • Waste to Art • Local Landmarks • Reflections of You and Me • Roses from the Heart – Convict Bonnets • Backyard Frontline: Australia Under Attack 1942-1943 • Glen Davis – Capertee Valley – Shale Oil History • HMAS Lithgow Collection • Local Landmarks II • What's in your backyard – archaeological items for National Archaeology Week 							
Improvements to the court yard space to provide for exhibitions.	<p>The following improvements for exhibitions were undertaken:</p> <ul style="list-style-type: none"> • Commencement of the design for a glass floor • Installation of picture rail in the court yard 							
Cultural Activities and Facilities								
To celebrate the cultural heritage of the LGA.	Coordinate Australia Day activities within the LGA.	Approximately 400 people attended the Australia Day festivities compared to 201 in 2007.						
Provide an opportunity for our community to enjoy Council's art collection.	Develop a program for exhibitions and conduct an exhibition of the Council art collection.	<ul style="list-style-type: none"> • The Local Landmarks and Reflections of You and Me were from Council's Art Collection • Inclusion of art works from Glen Davis as part of the Australian War Memorial Exhibition – Glen Davis & Capertee Valley • Local Landmarks II Exhibition at Eskbank House & Museum 						
To manage the Crystal and Union Theatres.	Hold Crystal and Union Theatre Committee meetings in accordance	One meeting of the Union Theatre Committee was held and						

Principal Activity Achievements

	with the terms of reference.	Expressions of Interest were called for membership of the Union Theatre Management Committee.						
	Operate the Union Theatre.	<table border="1"> <tr> <th colspan="2">Union Theatre/Civic Ballroom Bookings</th> </tr> <tr> <td>2006/07</td> <td>2007/08</td> </tr> <tr> <td>70</td> <td>95</td> </tr> </table>	Union Theatre/Civic Ballroom Bookings		2006/07	2007/08	70	95
Union Theatre/Civic Ballroom Bookings								
2006/07	2007/08							
70	95							
To develop local artists by offering support.	Develop a program for support of local artists and implement.	Council arranged and conducted an art exhibition including local artists at Eskbank House.						

2007/08 Capital Works and New Initiatives – Arts and Culture

Capital Work or Initiatives	Quarterly Achievements
Archival Activities	
Undertake archival activities at Eskbank House	Completed
Cultural Planning	
Develop a cultural plan to identify and celebrate cultural diversity in the LGA	Draft prepared
Undertake the Hoskins building feasibility study	Not commenced.
Building Improvements	
Complete the joining of the Hoskins Building and Union Theatre	Carried over to 2008/2009
Install shelving at Eskbank House	Completed
Provide disabled toilet facilities at Eskbank House	Completed
Crystal Theatre upgrade works	Underway with the preparation of architectural plans but delayed due to the new Federal Government cancelling the previous funding regime. However, funding was restored in the Federal Budget.
Carpeting and stage opening at Union Theatre	Carried over to 2008/2009
Membership	
Arts Out West	Completed

2007/08 Donations – Arts and Culture

Donations	Quarterly Payments
Ironfest sponsorship	Completed
New music for the Lithgow City Band	Completed
Portland Art Show	Completed
Scholarship to the Mitchell Conservatorium	Completed
Uniforms and instruments for the Lithgow Highland Pipe Band	Completed
Hire of the Union Theatre for the exhibition of Wallerawang photographs	Postponed indefinitely by artist
Lithgow Community Orchestra sponsorship	Completed
Newnes Hotel sponsorship	Completed
Quota for the hire of the Union Theatre	Completed

Principal Activity Achievements

9. Youth

Statement of intent for principal activity

Providing suitable entertainment and recreational facilities; education and employment opportunities and lifestyle choices for our valuable community of young people.

2007/08 Program of Works – Youth

Objective	Activity	Quarterly Achievements
Youth Council		
To enable young people to have a voice to Council.	Coordinate and provide support to the Lithgow Youth Council.	2 meetings of the Youth Council were held before the Youth Council was suspended.
Youth Services		
To improve youth service networks.	Investigate the need and feasibility for a youth services network.	The review commenced with the completion scheduled for 2008/09.

2007/08 Capital Works and New Initiatives – Youth

Capital Work or Initiatives	Quarterly Achievements
Youth council activities	Activity not achieved
Youth week activities	Completed

Principal Activity Achievements

10. Growth

Statement of intent for principal activity

Providing for sustainable and planned growth, while enhancing the existing rural and village identity.

2007/08 Program of Works – Growth

Objective	Activity	Quarterly Achievements															
Development																	
To provide an assessment service for applications and constructions.	Assess all applications including: <ul style="list-style-type: none"> • development applications • construction certificates • complying development applications. 	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th></th> <th>2006/07</th> <th>2007/08</th> </tr> </thead> <tbody> <tr> <td>No. application received</td> <td>426</td> <td>365</td> </tr> </tbody> </table>		2006/07	2007/08	No. application received	426	365									
		2006/07	2007/08														
No. application received	426	365															
Undertake all development related inspections where Council is the consent authority and/or principal certifying authority.	Inspections undertaken within 24 hours where requested.																
	Process and issue: <ul style="list-style-type: none"> • building certificates • planning certificates • subdivision certificates. 	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="3">No. of Applications Received</th> </tr> <tr> <th></th> <th>2006/07</th> <th>2007/08</th> </tr> </thead> <tbody> <tr> <td>Planning Certificates 149(2)</td> <td>382</td> <td>420</td> </tr> <tr> <td>Planning Certificates 149(5)</td> <td>138</td> <td>217</td> </tr> <tr> <td>Building Certificates</td> <td>38</td> <td>36</td> </tr> </tbody> </table>	No. of Applications Received				2006/07	2007/08	Planning Certificates 149(2)	382	420	Planning Certificates 149(5)	138	217	Building Certificates	38	36
		No. of Applications Received															
			2006/07	2007/08													
		Planning Certificates 149(2)	382	420													
Planning Certificates 149(5)	138	217															
Building Certificates	38	36															
Statistics on the processing of subdivision certificates were not collected.																	
To ensure compliance with legislative requirements.	Undertake a review of operational conditions of development consent and enforce compliance.	No notices or orders were issued and no actions were lodged in the Land and Environment Court.															
	Investigate non compliance with the Environmental Planning and Assessment Act.	No notices or orders were issued and no actions were lodged in the Land and Environment Court.															

2007/08 Capital Works and New Initiatives – Growth

Capital Work or Initiatives	Quarterly Achievements
Planning and Paying for Growth	
Sale of Cary Gardens allotments	Council resolved to put allotments up for auction in July 08.

Principal Activity Achievements

11. Governance and Administration Services

Statement of intent for principal activity

Developing community confidence in the organisation by the way it is directed, controlled and managed.

2007/08 Program of Works – Governance and Administration Services

Objective	Activity	Quarterly Achievements
Council Memberships		
To work together to interweave and optimise the coordination of resources and sharing of information.	Attend meetings and support the Central Tablelands Alliance.	3 meetings of the Central Tablelands Alliance were attended.
	Implement the Business Plan for the Central Tablelands Alliance.	Activities during 2007/08 included: <ul style="list-style-type: none"> • appointed Grants Officer • appointed Geographic Information System Trainee • Council chaired and was secretariat of the Alliance • gap analysis for occupational health and safety and risk management proceeded throughout 2007/08 • skills audit and review of the salary system was undertaken • disaster recovery communication commenced • investigated joint tendering for plant items and advertised for water carts for Lithgow and Oberon • Draft Road Safety Strategic Action Plans for Lithgow were developed
	Contribute to CENTROC and participate in its activities.	9 meetings of CENTROC and 4 meetings of GMAC were attended. The Mayor undertook activities as the Chair and the General Manager as the Executive Secretary of CENTROC.
	Participate in the activities of the Local Government and Shires Association.	Membership subscriptions were paid and the following activities were attended: <ul style="list-style-type: none"> • E Division Conference of the Shires Association • Annual Conference of the Shires Association • Local Government Associations Conference

Principal Activity Achievements

Council Meetings		
To conduct the business of Council in an open and democratic manner.	Produce business papers and minutes for Council Meetings, Committee Meetings and Extraordinary Meetings.	Business papers and minutes were produced in accordance with legislation and the Code of Meeting Practice.
	Council and committee meetings are conducted regularly.	<p>The following meetings were conducted during 2007/08:</p> <ul style="list-style-type: none"> • 10 Council meetings • 11 Finance and Services Committee meetings • 11 Policy and Strategy Committee meetings • 2 extraordinary meetings of Council
Councillor Support		
To support Councillors in their role.	Provide information to Councillors regularly.	<p>Information was provided to Councillors in the form of:</p> <ul style="list-style-type: none"> • meetings • memos • reports • emails • briefing sessions • letters
	Provide Councillors with the payment of fees, expenses and the provision of facilities and support in relation to discharging the functions of civic office.	Fees and expenses were provided and an update to the increase as per Council's resolution of 28 June 2007 (Min No. 07-258)
	Provide training to Councillors	No training for Councillors occurred during 2007/08 however, the Central Tablelands Alliance investigated a joint training program and Training for Councillors has been included in the Draft Training Plan 2008/09.
Depot		
To provide a base for Council's operations.	Provide depot buildings for the housing of stores, plant and workshop.	Buildings were provided for Council's store, plant and workshop. The Wallerawang store ceased operations in September 2007 with its relocation to the Lithgow store. Minor improvements commenced at the Lithgow store.
Documents		
To ensure the integrity and security of Council's records.	Register, collate, archive and dispose of Council's records.	<p>100% of incoming mail during 2007/08 was tasked to officers on the day of receipt by 2pm, with 84.75% of incoming mail being tasked to officers within 4 hours.</p> <p>Allocation and archival of electronic documents were collated daily upon receipt according to State Archives Retention and Disposal Schedules.</p>

Principal Activity Achievements

To provide access to Council's records.	Assess, determine and respond to requests for Council information.	<p>Two Freedom of Information requests were received during 2007/08 and were responded to within legislative timeframes.</p> <p>Applications under section 12 of the Local Government Act were dealt within Council's standard time for correspondence.</p>
To ensure information which Council collects is used lawfully and for the purpose it was collected.	Provide training to staff.	<p>Information was provided to new staff at induction and formal training was scheduled.</p> <p>Privacy training was provided for selected staff, and training was provided to all Council Divisions during March 2008.</p>
	Assess, determine and respond to complaints.	Privacy complaints received were responded to in accordance with legislation.
Finance		
To provide sound financial advice and management of Council's finances.	Manage and monitor Council's finances.	<p>The following reports were presented throughout 2007/08:</p> <ul style="list-style-type: none"> • draft 2006/07 General Purpose Financial Reports presented to Council • monthly budget reports presented to the Executive Management Team • quarterly budget review statements were reported to Council at its Finance and Services Committee meetings and/or its Policy & Strategy Committee meetings <p>Audits of the 2006/07 Financial Statements were carried out and reported to the Department of Local Government within legislative timeframe.</p>
	Model levy, issue and recover rates, annual charges and sundry debtors including fees and charges.	<p>Council issued all four rate instalment notices within the required timeframe. At 30 June 2008:</p> <ul style="list-style-type: none"> • 2% of properties were with the external debt collection agency i.e. 229 properties of 11,000 • 0.05% of properties had made arrangements to pay i.e. 85 properties of 11,000 • correspondence regarding missed instalments were issued within timeframe

Principal Activity Achievements

	Value and report on current assets at fair value in conjunction with the financial reporting requirements.	<p>The revaluation of water and sewerage assets at fair value was included in the draft 2006/07 General Purpose Financial Reports.</p> <p>Revaluation of land and building assets to Fair Value were undertaken during 2007/08 and will be included in General Purpose Reports for 2007/08.</p>
	Maximise and secure Council's Investment Portfolio through a variety of investment institutions, types and terms.	<p>Investing was conducted in accordance with legislation and Council's Policy.</p> <p>Investments as at 30 June 2008 \$14,712,344.38. Actual interest received to 30 June 2008 \$1,041,270.65</p>
	Manage Council's loan portfolio.	<p>Principal loan and interest paid in accordance with loan conditions.</p> <p>No borrowings to be drawn down in 2007/08 (Min no. 07-562)</p>
	Assist in the external audit of Council's financial records.	<p>An external audit of 2006/07 General Purpose Financial Reports was conducted by the Auditors in Sept / Oct 07.</p> <p>Two interim audit visits were carried out before the end of the 2007/08 financial year.</p>
	Prepare a 10 year financial plan and include strategies to improve Council's current financial ratios.	A draft 10 year financial plan was prepared in conjunction with the 2008/09 – 2010/11 Management Plan and reported to Council.
	Prepare applications and administer grant funding.	<p>Central West Alliance appointed a Grants Officer to be based at Council.</p> <p>6 grant applications were submitted and grant income and expenditure was prepared in accordance with grant conditions.</p>
Information Technology		
To ensure high service levels of Council's information and communications network.	Manage and maintain the communications networks.	The network was operational and accessible an average of 98.25% of the time.
	Manage the leases for copying and printing machines.	Copying machines were operational an average 98% of the time.
To comply with current licensing requirements.	Renew software licenses.	All software licensing was current throughout 2007/08.
To enhance Council's geographical information system.	Maintain and continue development of the geographical information system to ensure integrity with Council's property system.	There was an average of 97% property match during 2007/08.

Principal Activity Achievements

Insurance		
To provide insurance coverage of Council's activities and assets.	Secure adequate and cost effective insurance coverage.	A review of insurance options was undertaken with one application for a new asbestos coverage submitted. Insurance renewals were completed and submitted to insurance company with payment.
	Liaise with the insurance company regarding claims.	Insurance claims were provided to the insurance company upon receipt. Additional information was provided by Council when requested within Council's standard for correspondence.
Internal Auditing		
To implement internal auditing programs.	Undertake activities identified in the Internal Audit Plan.	The Central Tablelands Alliance explored a joint program and purchased the Investigators Toolkit with further activities planned in 2008/09.
Legislation		
To understand and manage Council's statutory responsibilities.	Monitor and pursue legislative changes.	Appropriate staff were made aware of legislative changes.
	Perform Council's legal responsibilities under applicable acts and regulations.	No action for non-compliance with legislation was commenced.
Local Government Week		
To celebrate Local Government Week.	Undertake activities focusing on Council in the community.	Council conducted its Christmas card design competition.
Organisational Planning and Reporting		
To plan and report on activities of Council.	Report the outcome of a quarterly performance review of the management plan and provide a budget review statement.	Quarterly reports were presented to Council.
	Prepare management plan for 2008/09 to 2010/11 in accordance with the requirements of Local Government Act and Regulations.	Management Plan completed and resolved by Council at its Extraordinary meeting of 10 June 2008.
	Prepare operational plans for all Divisions.	This activity commenced during 2007/08 and will continue during 2008/09.
	Prepare the annual report for 2006/07 including the state of the environment report.	The Annual Report 2006/07 and State of the Environment Report 2006/07 were produced and website link provided to the Department of Local Government on 30 November 2007.
Policies		
To develop modern and legislatively compliant policies.	Develop, review and implement policies.	A review of Council's policy register was undertaken and the following adopted by Council: <ul style="list-style-type: none"> • Policy Register (Min no. 07-501) • Enforcement Policy (Min no. 07-546)

Principal Activity Achievements

		<ul style="list-style-type: none"> • Records Policy (Min no. 07-546) • Change in Category for Rating Purposes Policy (Min no. 008-10) • Tendering Policy (Min no. P08-18) • Donations Section 356 of the LGA Policy (Min no. P08-33) • Nature Strip Maintenance Policy (Min no. P08-62) • Code of Meeting Practice (Min no. 008-39)
Employees		
To implement procedures and practices which foster a desirable place of work.	Attract and recruit staff on merit.	Staff have been recruited in accordance with relevant legislation, procedures and the principles of equal employment opportunity.
	Provide salary, benefits and favourable working conditions in accordance with the relevant industrial legislation.	Legislation and procedures have been complied with and a 3.4% increase was granted to all employees in October 2007 with an increase in allowances also granted in November 2007.
	Conduct annual performance appraisals of staff.	This activity was completed during September/October 2007.
	Provide a staff newsletter.	9 staff newsletters were produced and distributed to staff.
	Recognising long serving employees through the recognition of service procedure.	Council held a presentation to recognise long serving staff on 18 March 2008.
	Attitude and cultural survey of staff to determine levels of satisfaction with current working conditions and practices.	A staff satisfaction survey was carried out in June 2008 with the results to be returned 2008/09.
To provide a workplace that promotes the principles of equal employment opportunity and is free of discrimination.	Implement the equal employment opportunity management plan through: <ul style="list-style-type: none"> • communication of policies and programs • collection and recording of appropriate information • review of personnel practices • evaluate and review. 	Equal employment principles are integrated into the day to day activities of Council in accordance with the management plan.
To provide a safe and healthy workplace.	To implement, monitor and review the Occupational Health and Safety, Rehabilitation and Environment Management System.	The following activities were undertaken: <ul style="list-style-type: none"> • site and desktop audit • review of Occupational Health and Safety Rehabilitation and Environment System
	Provide access to external support and counselling service.	Access to the employee assistance program was maintained.

Principal Activity Achievements

	Provide relevant immunisations to appropriate staff.	Immunisations were undertaken as required in accordance with the employee schedule.
	Provide a rehabilitation program for injured employees.	Return to work plans were implemented as required.
	The Occupational Health and Safety Committee meet and undertake activities.	8 meetings of the Occupational Health and Safety Committee were held.
To enhance the skills and knowledge of the workforce.	Implement the training plan.	<p>The following training was undertaken:</p> <ul style="list-style-type: none"> • OHS Building and Construction Induction • Traffic control stop/slow • Harassment prevention • Induction/orientation • Emergency management • Sediment and erosion controls • Chainsaw operations (crosscut and tree fell) • Chemcert Chemical Uses • Explosive power tools • Finance for Non Finance Managers • First aid refresher • Privacy and Personal Information • Report writing • Tourism sales • Project Planning • Anti-corruption • Confined spaces • Water Treatment Operations • Asbestos awareness • Noise • Certificate III Horticulture • Certificate IV Information Technology • Cultural Event Management • Stress Management • Trade Waste Regulation • Playground safety
	Prepare the draft training plan for 2008/09.	The training plan was finalised.
	Risk Management	
To manage Council's risk.	Develop and implement risk management strategies.	An assessment of a Central Tablelands Alliance was approached and a contract with the Alliance and Echelon signed.
Stores		
To maintain an adequate level of stock for internal supply to operational programs.	Order and issue stock items as required.	<p>Bi-annual stock takes were undertaken at both the Lithgow and Wallerawang stores on 24 January 08 and 17 June 08.</p> <p>\$314,960.20 of stock held at 30 June 2008.</p>

Principal Activity Achievements

2007/08 Capital Works and New Initiatives – Governance and Administration Services

Capital Work or Initiatives	Quarterly Achievements
Building Improvements	
Continued refurbishment of the Administration Centre	Minor refurbishments undertaken
Corporate Planning	
Develop corporate plans	Commenced
Depot	
Install exhaust fumes eliminator in the Lithgow workshop	Fume Eliminator ordered and received. Installation to be carried out by Council's Water & Wastewater plumbers.
Election	
Contribute funds to the local government election	Election date 13 Sept 2008. Electoral information being received and responded to as required. Shared Returning officer appointed to Lithgow & Katoomba. Election budget of \$120,000 provided for in 2008/09 Management Plan.
Information Technology	
Investigate and implement asset management system	Investigation completed.
Purchase Chem Alert software	Completed
Ongoing personal computer replacement program	Completed
Prepare IT strategic plan	Underway
Upgrade off site telephone networks	Completed
Upgrade servers	Completed
Upgrade software including:	
Datafuel	Investigated and deferred to depot review
Finance One and People One	Rescheduled for 08/09
Ibis information system for rate modelling	Completed
IT help desk	Completed
Upgrade of remote access software and hardware	Completed
Dataworks upgrade	Completed
Personnel	
Provide personnel with name tags and identification cards	Name tags provided to all Administration Building staff.
Conduct staff hearing tests	Completed
Conduct occupational health and safety audit	Completed



Statements Against Reporting Requirements

State of the Environment Report

Please note that the supplementary State of the Environment Report 2007/08 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:

- In 2007/2008 condition surveys were undertaken for timber bridges. No condition surveys were undertaken in relation to other assets and therefore the condition of those assets as at 30 June 2008 was estimated on the movement of the condition stated from 30 June 2007.
- 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 has subscribed to the NAMS.PLUS system. NAMS.PLUS, is an initiative of the Institute of Public Works Engineering Australia, and is a program designed to assist in writing Asset Management Plans. This includes generation of expenditure projections for input into long term financial planning. Council is also committed to moving towards the implementation of a comprehensive assets management system.

Statements Against Reporting Requirements

Legal Proceedings

The following table provides a summary of legal proceedings in which Council was a party to in 2007/08:

Matter	Amount	Outcome
Agonic Holdings v Council	\$87,169.51	No decision was forthcoming as at 30 June 2008
Lilley v Council	46,007.81	The Land and Environment Court upheld the appeal.
EPA v Council	\$29,165.08 Council's legal costs \$48,250 Fines \$20,000 EPA's costs	Council convicted and fined
Other Legal	\$81,131.60	Sale/purchase of land Road opening/closing Debt recovery not recoverable Subdivisions, etc.

Fees, Expenses and Facilities Provided to the Mayor and Councillors

Fee, Expense or Facility	Amount
Mayoral allowance	\$18,000
Councillor fees	\$68,150
Provision of a mobile phone for the Mayor	\$780
Telephone calls	\$1005
Mayoral Vehicle	\$52,065
NOTE: The Mayor paid \$2,000 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.	
Attendance of councillors at conferences and seminars	\$16,126
Training and skill development	\$2,999
Interstate visits	\$0

Statements Against Reporting Requirements

Overseas visits	\$0
Expenses of any spouse, partner or other person who accompanied a councillor	\$0
Provision of care for a child or an immediate family member	\$0
Miscellaneous	\$6,793
NOTE: Includes service award, board membership, parking and meals.	

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 2007/08.

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	\$173,248.62	\$94,177.25	\$105,900.62
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	\$23,303.56	\$11,928.12	\$25,633.03
Total value of non-cash benefits	\$10,455.46	\$9,543.08	\$8,000
Total payable fringe benefits tax	\$0	\$0	\$0

Statements Against Reporting Requirements

Contracts Awarded over \$150,000

Council resolved to award the following contracts in 2007/08 which were over \$150,000:

Contract Description	Contractor	Amount*
Waste collection	JR Richards	\$921,071.12
Waste Disposal	Henry Plant Hire	\$352,438.74
Purchase water from Fish River Water Supply	State Water	\$961,745.88
Supply of mass blocs, Rocla Pipeline products	Farmers Creek Flood Mitigation	\$223,234
Supply of road base, Wolgan Road Project	Hy-Tec Industries P/L	\$327,500
Portland Pool	Ocean Blue Pool Liners and Covers P/L	\$161,401.08
South Bowenfels Reservoir	Precision Pipelines P/L	\$1,351,900
Lithgow Sewerage Treatment Plant lining of sludge lagoon	Northcote Construction P/L	\$229,750

NOTE: * The amount of contract as awarded

Bushfire Hazard Reduction Activities

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

Statements Against Reporting Requirements

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 Statement was prepared and adopted by the Council at its Ordinary Meeting of 17 December 2007. (Minute 07-546).

The 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.

Harmony Day 2008

Council joined the Lithgow Information and Neighbourhood Centre and Bathurst Information and Neighbourhood Centre in holding Harmony Day activities at Cook Street Plaza in March 2008. The project involved school students and community groups from the Local Government Area and the region.

List of Multicultural Services

A list of multicultural services on the community website was updated.

Social Plan 2006-2011

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

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 2007/08:

Statements Against Reporting Requirements

Active Young Bowenfels Project

The Active Young Bowenfels Project was 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. The project commenced in 2006/07 with the holding of a number of school holiday activities in the Bowenfels community. These were completed in 2007/08.

Children's Activities at the Lithgow Library Learning Centre

The following activities were held at the Lithgow Library Learning Centre for children during the year:

- Visits by Santa Claus and the Easter Bunny with appropriate activities and goodies.
- Summer Reading Program, concluding with a Superheroes party.
- School holiday 'Pirate and Fairy' party and craft activities.
- Two storytime sessions per week for pre-schoolers with book readings and craft activities.
- 'Books for Babies' - every baby born in Lithgow receives a book to keep.
- Delta Homework Zone operates 2 afternoons per week during term time, with a qualified teacher.
- Book Week activities and visits by classes to the library as well as visits by library staff to schools.
- Book launch by Cartoon Dave for his latest book with cartooning lessons for children and adults.

Financial support for children's programs and services

Council's Financial Assistance Program in 2007/08 provided funding to the following organisations which provide programs and/or services for children:

- LINC Family Days
- LINC Dads & Kids Days
- St Patricks School
- Zig Zag Public School
- Portland Central School
- St Joseph's School
- Coerwull Public School
-

Social Plan 2006-2011

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

Statements Against Reporting Requirements

Access and Equity Activities

Activities undertaken or participated in by Council in relation to access and equity have included the following during 2007/08:

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.

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 2007/08 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.

Statements Against Reporting Requirements

Grants and Donations

During 2007/08, Council made contributions/donations under section 356 of the Local Government Act 1993 to the value of \$103,400. The organisations who received funding included the following:

Organisations which Received Funding	
Mitchell Conservatorium	Zig Zag school
Lithgow Information & Neighbourhood Centre (Various)	State Emergency Services
Lithgow Business Association Celebrate Lithgow	St Josephs School
Western Region Academy Of Sport	Rydal A H And P
Lithgow Show Society	Capertee Progress Association
Lithgow Domestic Violence Liaison Group	Lithgow State Mines Railway
White Ribbon Day	Quota International
Solid Fuel Removal Incentive	Eskbank House
Lithgow Senior Citizens Centre	Lifeline
Portland Art Show	Lithgow Community Orchestra
Arts Out West	Wallerawang CWA
International Women's Day	St Patricks School
Ironfest	Cullen Bullen Progress Association
Josephite Foundation	Newnes Hotel Museum
Waste To Art	Portland Swimming Pool
Tidy Towns Committees All Areas	Mathew Sharp Scholarship Fund
Lithgow District Poultry Society	Wallerawang Pub
La Salle Academy	Cullen Bullen Tidy Towns
Rock Up	Capertee Progress Association Blue Light Disco
Portland Central School	Cooerwull Public School

Human Resources Activities Undertaken by Council

Human resource activities for 2006/07 have included:

- The appointment of 42 people to permanent positions
- 15 people left permanent employment with Council.
- The Occupational Health and Safety Committee meet every 6 weeks.
- 10,726 hours of sick leave was taken by employees.
- There were 43 incidents reported with 20 of these resulting in a workers compensation claim.
- The Consultative Committee meet every month.
- Introduction of Staff Recognition of Service Award presentation.

Statements Against Reporting Requirements

- Training provided to employees during the year included the following:
 - OHS Building and Construction Induction
 - Traffic control stop/slow
 - Harassment prevention
 - Induction/orientation
 - Emergency management
 - Sediment and erosion controls
 - Chainsaw operations (crosscut and tree fell)
 - Chemcert Chemical Uses
 - Explosive power tools
 - Finance for Non Finance Managers
 - First aid refresher
 - Privacy and Personal Information
 - Report writing
 - Tourism sales
 - Project Planning
 - Anti-corruption
 - Confined spaces
 - Water Treatment Operations
 - Asbestos awareness
 - Noise
 - Certificate III Horticulture
 - Certificate IV Information Technology
 - Cultural Event Management
 - Stress Management
 - Trade Waste Regulation
 - Playground safety

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.

Statements Against Reporting Requirements

External Bodies Exercising Functions Delegated by Council

There were no functions delegated by Council to external bodies during 2007/08

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
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.
State Library of NSW	Provision of support service for the Lithgow Library Service.

Statements Against Reporting Requirements

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	\$194,016
Expenditure on stormwater management services	\$284,499

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.

Statements Against Reporting Requirements

Companion Animals

The following information is provided on Council's activities during 2007/08 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 2007/08 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 2007/08:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <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;">22 424</td> </tr> <tr> <td colspan="2" style="text-align: center;">Expenditure</td> </tr> <tr> <td>Employee Costs</td> <td style="text-align: right;">46 913</td> </tr> <tr> <td>Materials</td> <td style="text-align: right;">27 050</td> </tr> <tr> <td>Plant</td> <td style="text-align: right;">19 788</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">93 751</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	22 424	Expenditure		Employee Costs	46 913	Materials	27 050	Plant	19 788	Total	93 751
Budget Item	Amount																
Income																	
Department of Local Government	22 424																
Expenditure																	
Employee Costs	46 913																
Materials	27 050																
Plant	19 788																
Total	93 751																
Companion animal community education programs.	Community education program held at Council for school children from St Patricks School on dog behaviour and responsible handling of animals.																
Strategies to promote and assist the de-sexing of dogs and cats.	Information was provided to the community through Council's website																
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.																

Statements Against Reporting Requirements

Freedom of Information and Privacy

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

	2006/07	2007/08
Freedom of Information Applications	0	3

Planning Agreements

The following planning agreements were approved by Council in 2007/08:

Development Application No.	Description of Planning Agreement	Compliance with Planning Agreement
65/07	Contribution toward roundabout in Lithgow Street	Contribution received.

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Appendix A
Financial Statements and Auditors Report

Lithgow City Council

GENERAL PURPOSE FINANCIAL REPORT
for the year ended 30 June 2008

“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

General Purpose Financial Report

for the financial year ended 30 June 2008

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- On the Conduct of the Audit (Sect 417 [3])	

Overview

- (i) This Financial Report covers the consolidated operations for Lithgow City Council.
- (ii) Lithgow City Council is a body corporate of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is specified in Section 8 of the LGA and includes;

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

A description of nature of Council's operations and its principal activities are provided in Note 2(b).

- (iii) All figures presented in this Financial Report represent Australian Currency.
- (iv) This Financial Report was authorised for issue by the Council on 31 October 2008
Council has the power to amend and reissue the financial report.

Lithgow City Council

General Purpose Financial Report for the financial year ended 30 June 2008

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:

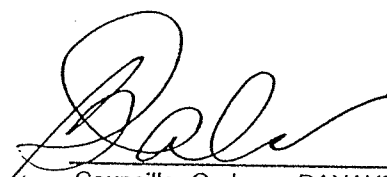
- presents fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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 21 October 2008.



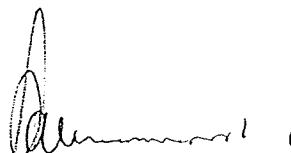
Councillor Neville CASTLE
MAYOR



Councillor Grahame DANAHER
DEPUTY MAYOR



Mr Roger BAILEY
GENERAL MANAGER



Mrs Carol FARNSWORTH
RESPONSIBLE ACCOUNTING OFFICER

Lithgow City Council

Income Statement

for the financial year ended 30 June 2008

Budget ⁽¹⁾				Actual	Actual
2008	\$ '000		Notes	2008	2007
Income from Continuing Operations					
<i>Revenue:</i>					
15,918	Rates & Annual Charges		3a	15,735	15,175
3,191	User Charges & Fees		3b	2,954	2,770
638	Interest & Investment Revenue		3c	1,257	917
605	Other Revenues		3d	524	720
6,156	Grants & Contributions provided for Operating Purposes		3e,f	5,483	4,846
7,444	Grants & Contributions provided for Capital Purposes		3e,f	4,183	3,185
<i>Other Income:</i>					
270	Net gains from the disposal of assets		5	133	-
34,222	Total Income from Continuing Operations			30,269	27,613
Expenses from Continuing Operations					
12,069	Employee Benefits & On-Costs		4a	10,389	9,492
440	Borrowing Costs		4b	705	594
7,939	Materials & Contracts		4c	7,188	7,536
3,659	Depreciation & Amortisation		4d	4,122	3,521
2,669	Other Expenses		4e	3,006	2,903
	Interest & Investment Losses		3c		-
	Net Losses from the Disposal of Assets		5	-	220
26,776	Total Expenses from Continuing Operations			25,410	24,266
7,446	Operating Result from Continuing Operations			4,859	3,347
7,446	Net Operating Result for the Year			4,859	3,347
2	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes			676	162

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

Lithgow City Council

Balance Sheet

as at 30 June 2008

\$ '000	Notes	Actual 2008	Actual 2007
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	13,209	13,714
Investments	6b	1,720	2,000
Receivables	7	4,328	2,749
Inventories	8	675	748
Other	8	68	6
Total Current Assets		20,000	19,217
Non-Current Assets			
Inventories	8	378	378
Infrastructure, Property, Plant & Equipment	9	216,887	186,596
Total Non-Current Assets		217,265	186,974
TOTAL ASSETS		237,265	206,191
LIABILITIES			
Current Liabilities			
Payables	10	3,956	3,415
Borrowings	10	408	440
Provisions	10	2,614	2,814
Total Current Liabilities		6,978	6,669
Non-Current Liabilities			
Payables	10	606	597
Interest Bearing Liabilities	10	5,978	6,358
Provisions	10	5,045	4,759
Total Non-Current Liabilities		11,629	11,714
TOTAL LIABILITIES		18,607	18,383
Net Assets		218,658	187,808
EQUITY			
Retained Earnings	20	183,424	178,565
Revaluation Reserves	20	35,234	9,243
Council Equity Interest		218,658	187,808
Total Equity		218,658	187,808

Lithgow City Council

Statement of Changes in Equity
for the financial year ended 30 June 2008

\$ '000	Notes	Council				Total Equity
		Retained Earnings	Reserves (Refer 20b)	Equity Interest	Minority Interest	
2008						
Opening Balance (as per Last Year's Audited Accounts)		171,013	9,243	180,256	-	180,256
a. Correction of Prior Period Errors	20 (c)	7,552		7,552		7,552
Revised Opening Balance (as at 1/7/07)		178,565	9,243	187,808	-	187,808
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)		26,271	26,271		26,271
- Other Income/Expenses recognised	20b (ii)		(280)	(280)		(280)
Net Income Recognised Directly in Equity		-	25,991	25,991	-	25,991
d. Net Operating Result for the Year		4,859		4,859	-	4,859
Total Recognised Income & Expenses (c&d)		4,859	25,991	30,850	-	30,850
Equity - Balance at end of the reporting period		183,424	35,234	218,658	-	218,658

\$ '000	Notes	Council				Total Equity
		Retained Earnings	Reserves (Refer 20b)	Equity Interest	Minority Interest	
2007						
Opening Balance (as per Last Year's Audited Accounts)		171,673		171,673		171,673
a. Correction of Prior Period Errors	20 (c)	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 - Balance at end of the reporting period		178,565	9,243	187,808	-	187,808

Lithgow City Council

Cash Flow Statement

for the financial year ended 30 June 2008

Budget		Notes	Actual	Actual
2008	\$ '000		2008	2007
Cash Flows from Operating Activities				
Receipts:				
15,918	Rates & Annual Charges		15,932	14,987
3,191	User Charges & Fees		3,015	3,075
638	Interest & Investment Revenue Received		1,089	832
13,600	Grants & Contributions		8,218	7,561
605	Other		305	481
Payments:				
(12,069)	Employee Benefits & On-Costs		(10,589)	(9,345)
(7,939)	Materials & Contracts		(6,298)	(7,308)
(440)	Borrowing Costs		(445)	(324)
(2,849)	Other		(3,321)	(2,351)
10,655	Net Cash provided (or used in) Operating Activities	11b	7,906	7,608
Cash Flows from Investing Activities				
Receipts:				
	Nil			
	Sale of Investment Securities		-	50
270	Sale of Infrastructure, Property, Plant & Equipment		754	428
	Deferred Debtors Receipts		1	-
Payments:				
	Nil			
(16,575)	Purchase of Infrastructure, Property, Plant & Equipment		(8,754)	(4,467)
	Purchase of Real Estate Assets		-	(47)
(16,305)	Net Cash provided (or used in) Investing Activities		(7,999)	(4,036)
Cash Flows from Financing Activities				
Receipts:				
	Nil			
5,650	Proceeds from Borrowings & Advances		-	2,425
Payments:				
	Nil			
(412)	Repayment of Borrowings & Advances		(412)	(324)
5,238	Net Cash Flow provided (used in) Financing Activities		(412)	2,101
(412)	Net Increase/(Decrease) in Cash & Cash Equivalents		(505)	5,673
13,714	plus: Cash & Cash Equivalents - beginning of year	11a	13,714	8,041
13,302	Cash & Cash Equivalents - end of the year	11a	13,209	13,714

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

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of this financial report are set out below in order to assist in its general understanding.

Under Australian Equivalents to International Financial Reporting Standards (AIFRS), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial reports.

(a) Basis of preparation

(i) Background

This financial report is a general purpose financial report which has been prepared in accordance with:

- applicable Australian equivalents to International Financial Reporting Standards (AIFRSs),
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulations and
- the Local Government Code of Accounting Practice and Financial Reporting.

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Australian Accounting Standards (AASB's) include Australian equivalents to International Financial Reporting Standards (IFRS's).

Because AASB's are sector neutral, some standards either (i) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's or (ii) specifically exclude application by Not for Profit entities.

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &

- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) IAS 116 (IAS 16) regarding accounting for the Revaluation of Assets.

Accordingly in preparing this Financial Report and Accompanying Notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act, Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with Australian Accounting Standards.

(iii) Application of AAS 27

Council is required to comply with AAS 27 – "Financial Reporting by Local Government", and where AAS 27 conflicts with AIFRS, the requirements of AAS 27 have been applied.

Where AAS 27 makes reference to another Australian accounting standard, the new Australian IFRS equivalent standards will apply and in particular any specific "not for profit" reporting requirements.

(iv) Basis of Accounting

These financial statements have been prepared on an **historical cost basis** except for (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value, (ii) the write down of any Asset on the basis of Impairment (if warranted) and (iii) certain classes of Infrastructure, property, plant & equipment.

The accrual basis of accounting has also been applied in their preparation.

(v) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Unless otherwise stated, there have also been no changes in accounting policies when compared with previous financial reports.

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(vi) Critical Accounting Estimates

The preparation of this financial report (and financial statements) in conformity with AIFRS requires the use of certain critical accounting estimates.

It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for doubtful debts on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Income from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, and (i) it is probable that the economic benefits comprising the contribution will flow to the Council and (ii) the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those

conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contributions required from developers under the provisions of S94 of the EPA Act 1991.

Whilst Council generally incorporates these amounts as part of A Development Consents Orders, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant or payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for doubtful debt is recognised when collection in full is no longer probable.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

Sale of Infrastructure, Property, Plant and Equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

Interest and Rents

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

(c) Principles of Consolidation

These Financial Reports incorporate (i) the assets and liabilities of Council and any entities (or operations) that it controls (as at 30/6/08) and (ii) all the related operating results (for the financial year ended the 30th June 2008).

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated fund:

- General Purpose Operations
- Water Supply Fund
- Sewerage Service Fund
- Land Development

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the

purposes of or in accordance with the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these reports.

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) Joint Venture Entities

Jointly Controlled Assets

Council had no interest in any Jointly Controlled Assets during the financial year ended 30 June 2008.

consolidated or otherwise included within these Financial Reports.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either Finance or Operating Leases.

Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in other long term payables.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The interest element of the finance cost is charged to the income statement over the lease period so as

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

- cash on hand,
- deposits held at call with financial institutions,
- other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- financial assets at fair value through profit or loss,
- loans and receivables,

- held-to-maturity investments, and
- available-for-sale financial assets.

Each classification depends on the purpose/intention for which the investment was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

(ii) Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "fair value through profit or loss" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

loss - is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with Section 625 of the Local Government Act and S212 of the LG (General) Regulations 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing council funds.

(g) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Councils policy.

A provision for doubtful receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

costs of completion and the estimated costs necessary to make the sale.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(j) Infrastructure, property, plant and Equipment (I,PP&E)

Acquisition of assets

Council's non current assets are being progressively revalued to fair value in accordance with a staged implementation as advised by the Department of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** which are valued at Fair Value – refer Note 1(k), and
- **Water and Sewerage Networks** which are carried at Fair Value (generally based upon Depreciated Replacement Cost).
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)

- **Plant and Equipment** (as approximated by depreciated historical cost)

The remaining asset classes to be revalued in future reporting periods include;

- **2008/09:** Roads, bridges, footpaths and drainage, land improvements, other structures and other assets
- **2009/10:** Community land

Until these designated future reporting periods, the above asset classes are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses.

Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an assets cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial report at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

Asset Revaluations

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve.
- To the extent that the increase reverses a decrease previously recognising profit or loss, the increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following:

Land	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads	100% Capitalised

Plant & Equipment

Office Furniture	> \$2,000
Office Equipment	> \$2,000
Other Plant & Equipment	> \$2,000

Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
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Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
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Water & Sewer Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

Stormwater Assets

Drains & Culverts	> \$5,000
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Other	> \$5,000
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Transport Assets

Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs:	> \$10,000

Bridge construction & reconstruction	> \$10,000
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Depreciation

Depreciation on Councils infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of their residual values) over its estimated useful life.

Land is not depreciated.

The range of estimated useful lives for Councils assets include:

Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

Buildings

- Buildings – Masonry	50 to 100 years
- Other	20 to 40 years

Stormwater Drainage

- Drains	80 to 100 years
- Culverts	50 to 80 years

Transportation Assets

- Sealed Roads : Surface	20 year
- Sealed Roads : Structure	50 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	50 years

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

- Road Pavements	60 years
- Kerb, Gutter & Paths	40 years

Water & Sewer Assets

- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	15 to 20 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
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All asset residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1 (p) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Intangible Assets**IT development and software**

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

(l) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

A working party of interested representatives from both State and Local Government is being formed to consider the accounting issues related to the Crown Reserves, with the intention of developing a consistent approach to their recognition and future accounting treatment across both tiers of government.

(m) Rural Fire Service assets

Under section 119 of the Rural Fire Services Act 1997, "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, council will continue to account for these assets as it has been doing in previous years.

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(n) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields or capital gains (or both) and is not occupied by Council.

Council has no Investment property.

(o) Land

Land in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) is classified on purchase as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

(p) Land under roads

Council has elected not to recognise land under roads in accordance with the deferral arrangements available to it under AASB 1045.

These deferral arrangements cease to apply as of 1 July 2008.

(q) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and

revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

This amortisation of the discount is shown as a borrowing cost.

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date. These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Specific Information relating to Councils provisions relating to Close Down, Restoration and Remediation costs can be found at Note 21.

(r) Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis.

Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets classified as "Non Current Assets Held for Sale", an impairment loss is recognised where the assets carrying value is greater than its fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

(s) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For non-cash generating assets of Council such as roads, drains, public buildings etc - value in use is represented by the "deprival value" of the asset which is approximated as it's written down replacement cost.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

(t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(v) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Council's outstanding borrowings during the year.

(w) Provisions

Provisions for legal claims and service warranties are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(x) Employee benefits**(i) Wages & salaries, annual leave and sick leave**

Liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

Calculations therefore incorporate (where the leave is expected to be paid more than 12 months after the reporting date) the use of discounted cash flows.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

Long Service Leave is measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

Accordingly, Councils contributions to the scheme have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 19th June 2007 and covers the period ended 30 June 2006.

This valuation found that the Schemes assets were \$3,291.1 million and its past service liabilities were \$2,980.3 million, giving it a Surplus of \$310.8 million.

The existence of this surplus has resulted in Councils contributing during the 06/07 year at half the normal level of contributions.

The financial position of the Scheme is monitored annually.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those arising from the payment of employee benefits in future periods – including Superannuation and Workers Compensation expenses which will be payable upon the future payment of some Leave Liabilities accrued as at 30/6/07.

(z) Allocation between current and non-current

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are classified as current even if not expected to be realised in the next 12 months.

(aa). Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Statement of Cash Flows are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO). ie. they are exclusive of GST.

Accordingly, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2008.

Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with the implications:

- Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further

Amendments to Australian Accounting Standards arising from AASB 101

- AASB 1051 Land Under Roads,

AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008.

Council will be required to nominate whether to recognise Land under roads (acquired after 30 June 2008) or to exclude these Assets from recognition.

This Standard could have a significant impact on the Council's Balance Sheet depending on Council's accounting policy choice.

- AASB 1052 Disaggregated Disclosures,

AASB 1052 requires disclosure of financial information by function or activity.

Council already provides this information in Note 2(a) so there will be no additional impact on the financial statements.

- AASB 1004 Contributions (revised),

AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed.

Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.

- AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31,

Council will no longer apply AAS 27 from 1 July 2008 due to its withdrawal. Council currently applies AIFRS (but with AAS 27 taking precedence).

The withdrawal of AAS 27 will see specific paragraphs transferred to existing AIFRS, and accordingly there is little impact from its withdrawal.

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

Applicable to Local Government but no implications for Council;

- Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

Applicable to Local Government but not relevant to Council at this stage;

- AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures
- ASB-I 13 Customer Loyalty Programmes
- AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Not applicable to Local Government per se;

- AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
- AASB 1049 Whole of Government and General Government Sector Financial Reporting
- AASB 1050 Administered Items
- Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities (revised)

Council has not adopted any of these standards early.

(ac) Rounding of amounts

Unless otherwise indicated, amounts in the financial report have been rounded off to the nearest thousand dollars.

(ad). Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within this Financial Report and/or the Notes.

(ae). Disclaimer

Nothing contained within this report may be taken to be an admission of any liability to any person under any circumstance.

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 2(a). Functions / Activities - Financial Disclosures

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2008	Actual 2008	Actual 2007	Original Budget 2008	Actual 2008	Actual 2007	Original Budget 2008	Actual 2008	Actual 2007	Actual 2008	Actual 2007	Actual 2008	Actual 2007
Governance	700	632	412	6,313	5,896	1,352	(5,613)	(5,264)	(940)	9	-	20,168	2,919
Administration													
Public Order & Safety	301	316	201	417	606	698	(116)	(290)	(497)	70	-	4,755	23,349
Health	196	50	5	540	249	205	(344)	(199)	(200)	-	-	2,505	1,966
Community Services & Education	2	2	5	241	240	38	(239)	(238)	(33)	-	-	181	162
Housing & Community Amenities	3,548	3,289	2,973	3,473	3,957	3,833	75	(668)	(860)	531	71	24,421	13,084
Water Supplies	4,167	4,294	3,776	4,167	4,344	4,707	-	(50)	(931)	92	91	27,003	22,766
Sewerage Services	5,437	3,845	4,035	5,437	3,768	5,348	-	77	(1,313)	319	339	17,272	14,921
Recreation & Culture	362	368	1,355	2,466	2,667	3,015	(2,104)	(2,299)	(1,660)	66	77	18,706	10,452
Fuel & Energy													20
Mining, Manufacturing & Construction	1,079	1,077	506	809	948	1,321	270	129	(815)	-	-	-	-
Transport & Communication	4,908	2,926	1,280	2,426	2,207	2,976	2,482	719	(1,696)	2,702	1,970	116,815	113,187
Economic Affairs	332	302	538	487	528	773	(155)	(226)	(235)	-	-	5,439	3,365
Total Functions & Activities	21,032	17,101	15,086	26,776	25,410	24,266	(5,744)	(8,309)	(9,180)	3,789	2,548	237,265	206,191
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)													
General Purpose Income ¹	13,190	13,168	12,527				13,190	13,168	12,527	3,790	3,654		
Operating Result from Continuing Operations	34,222	30,269	27,613	26,776	25,410	24,266	7,446	4,859	3,347	7,579	6,202	237,265	206,191

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Non-Capital General Purpose Grants & Unrestricted Interest & Investment Income.

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 2(b). Components of Functions / Activities

Details relating to the Council's functions / activities as reported in Note 2(a) are as follows:

GOVERNANCE

Costs relating to the Council's role as a component of democratic government, including elections, members fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance, together with related administration costs.

ADMINISTRATION

Costs not otherwise attributed to other functions / activities.

PUBLIC ORDER & SAFETY

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

HEALTH

Administration and inspection, immunisations, food control, insect/vermin control, noxious plants, health centres, other.

COMMUNITY SERVICES & EDUCATION

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

HOUSING & COMMUNITY AMENITIES

Housing, town planning, domestic waste management services, other waste management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public cemeteries, public conveniences, other community amenities.

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

FUEL & ENERGY - Gas Supplies

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries and pits, other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, street lighting, other.

ECONOMIC AFFAIRS

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards & markets, real estate development, commercial nurseries, other business undertakings.

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2008	Actual 2007
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		4,675	4,931
Farmland		1,072	1,144
Mining		1,388	789
Business		1,169	1,231
Total Ordinary Rates		8,304	8,095
Special Rates			
Nil			
Sewerage Services		2,727	2,684
Parking		108	68
Total Special Rates		2,835	2,752
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		2,447	2,220
Stormwater Management Services		191	193
Water Supply Services		1,651	1,616
Sewerage Services		279	280
Gas Mains		19	
Other		9	19
Total Annual Charges		4,596	4,328
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>15,735</u>	<u>15,175</u>

Council has used 2004 year valuations provided by the NSW Valuer General in calculating its rates.

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		1,694	1,608
Trade Waste		36	105
Total User Charges		1,730	1,713
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608, 610A & 611)			
Planning & Building Regulation		786	598
Private Works - Section 67		246	218
Total Fees & Charges - Statutory/Regulatory		1,032	816
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Leaseback Fees - Vehicles		76	121
Swimming Centre		105	106
Other		11	14
Total Fees & Charges - Other		192	241
<u>TOTAL USER CHARGES & FEES</u>		2,954	2,770

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(c). Interest & Investment Revenue (incl. losses)			
Interest on Overdue Rates & Annual Charges		120	112
Interest earned on Investments (interest & coupon payment income)		1,137	805
TOTAL INTEREST & INVESTMENT REVENUE		1,257	917
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		120	112
General Council Cash & Investments		1,074	778
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		63	27
Total Interest & Investment Revenue Recognised		1,257	917
(d). Other Revenues			
Rental Income - Other Council Properties		386	431
Recycling Income (non domestic)		-	51
Sales - Tourism		54	49
Planning Legal		-	27
Traffic Control Training		8	7
Building Control		6	39
Library Charges		19	21
Eskbank House		5	-
Inspections		9	-
Derelict Vehicles		2	-
Other		35	95
TOTAL OTHER REVENUE		524	720

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	2008 Operating	2007 Operating	2008 Capital	2007 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,678	2,581	-	-
Financial Assistance - Local Roads Component	822	787	-	-
Pensioners' Rates Subsidies - General Component	290	286	-	-
Total General Purpose	3,790	3,654	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	92	91	-	-
- Sewerage	86	85	-	-
Sewerage Services	99	-	134	255
Community Centres	-	-	-	17
Employment & Training Programs	9	-	-	-
Environmental Protection	142	62	-	-
Flood Restoration	-	-	312	270
Heritage & Cultural	77	-	16	14
Library	50	50	-	-
Street Lighting	43	42	-	-
Transport (Roads to Recovery)	-	-	24	400
Transport (Other Roads & Bridges Funding)	177	-	2,458	527
Pool Complex	-	-	-	700
Emergency Services	-	-	70	-
Other	-	35	-	-
Total Specific Purpose	775	365	3,014	2,183
Total Grants	4,565	4,019	3,014	2,183
Grant Revenue is attributable to:				
- Commonwealth Funding	3,500	3,368	1,121	1,100
- State Funding	1,065	651	1,893	1,083
- Other Funding	-	-	-	-
	4,565	4,019	3,014	2,183

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	2008		2007	
	Operating	Operating	Capital	Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 93F - Contributions using Planning Agreements	-	-	304	166
S 94 - Contributions towards amenities/services	-	-	287	144
S 64 - Water Supply Contributions	-	-	296	91
S 64 - Sewerage Service Contributions	-	-	282	73
Total Developer Contributions	17	-	1,169	474
Other Contributions:				
Business Development	10	30	-	-
Kerb & Gutter	-	4	-	-
Other Councils - Joint Works/Services	39	-	-	-
Paving / Traffic Calming	37	-	-	98
Planning Study	-	15	-	-
Recreation & Culture	31	-	-	-
RTA Contributions (Regional/Local, Block Grant)	279	255	-	80
Water Supplies (excl. Section 64 contributions)	89	125	-	-
Legal Contribution - Past Years	-	70	-	-
Accounting Support - Aged Care	-	50	-	-
Fire Contribution	188	170	-	-
Fuel Tax Rebate - Past Years	56	83	-	-
Contribution - Property Acquired Medow Flat Hall	-	-	-	350
Bank Entry: 2002 CBA General Loan 91	77	-	-	-
O H & S	18	-	-	-
Insurance Claims	67	-	-	-
Other	27	25	-	-
Total Other Contributions	918	827	-	528
Total Contributions	918	827	1,169	1,002
TOTAL GRANTS & CONTRIBUTIONS	5,483	4,846	4,183	3,185

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2008	Actual 2007
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	2,449	1,385
add: Grants and contributions recognised in the current period which have not been spent:	1,526	1,929
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(502)	(865)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	1,024	1,064
Unexpended at the Close of this Reporting Period and held as Restricted Assets	3,473	2,449
Comprising:		
- Specific Purpose Unexpended Grants	2,334	1,858
- Developer Contributions	1,139	591
	3,473	2,449

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2008	Actual 2007
(a) Employee Benefits & On-Costs			
Salaries and Wages		8,298	7,762
Employee Leave Entitlements (ELE)		1,199	1,414
Superannuation		1,032	710
Workers' Compensation Insurance - Premium		833	231
Workers' Compensation Insurance - Prior Year Reimbursement		(83)	(91)
Workers' Compensation Insurance - Performance Incentive Rebate		(35)	(39)
Fringe Benefit Tax (FBT)		13	5
Payroll Tax		27	30
Training Costs (other than Salaries & Wages)		80	85
Employee Medicals		6	6
Central West Group Apprentices		44	-
Total Employee Costs		11,414	10,113
less: Capitalised Costs		(1,025)	(621)
TOTAL EMPLOYEE COSTS EXPENSED		10,389	9,492
Number of "Equivalent Full Time" Employees at year end		173	170
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Nil			
Interest on Overdraft		1	2
Interest on Loans		418	323
Total Interest Bearing Liability Costs		419	325
(ii) Other Borrowing Costs			
Nil			
Fair Value Adjustments on Recognition of Advances & Deferred Debtors			
Discount adjustments relating to movements in Provisions (other than ELE)		286	269
Total Other Borrowing Costs		286	269
TOTAL BORROWING COSTS EXPENSED		705	594

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(c) Materials & Contracts			
Raw Materials & Consumables		6,629	7,035
Contractor & Consultancy Costs		91	175
Auditors Remuneration			
- Council's Auditor			
i. Audit Services		41	26
Legal Expenses - Planning & Development		138	123
Legal Expenses - Other		172	54
Operating Lease Rentals - Cancellable		117	123
Total Materials & Contracts		7,188	7,536
less: Capitalised Costs			-
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>7,188</u>	<u>7,536</u>

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Depreciation/Amortisation		Impairment Costs	
	Actual 2008	Actual 2007	Actual 2008	Actual 2007
(d) Depreciation, Amortisation & Impairment				
Plant and Equipment	502	378	-	-
Office Equipment	97	113	-	-
Furniture & Fittings	26	27	-	-
Buildings - Specialised	805	796	-	-
Other Structures	347	340	-	-
Infrastructure:				
- Roads, Bridges & Footpaths	551	647	-	-
- Stormwater Drainage	142	141	-	-
- Water Supply Network	621	557	-	-
- Sewerage Network	951	614	-	-
Other Assets				
- Library Books	30	40	-	-
Asset Reinstatement Costs 9 & 22	168	168	-	-
Total Depreciation & Impairment Costs	4,240	3,821	-	-
less: Capitalised Costs	(118)	(300)	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED	4,122	3,521	-	-

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		104	89
Bank Charges		80	96
Commissions		11	12
Councillor Expenses - Mayoral Fee		18	17
Councillor Expenses - Councillors Fees		68	60
Councillors Expenses (incl. Mayor) - Other (excluding fees above)		12	12
Donations, Contributions & Assistance to other organisations (Section 356)		545	540
Electricity & Heating		307	348
Insurance		1,059	994
Office Expenses (including computer expenses)		133	151
Postage		60	47
Printing & Stationery		37	51
Street Lighting		301	258
Subscriptions & Publications		42	29
Telephone & Communications		178	130
Valuation Fees		46	45
Other - (specify if material)		5	24
Total Other Expenses		3,006	2,903
<u>TOTAL OTHER EXPENSES</u>		3,006	2,903

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 5. Gains or Losses on Disposal of Assets

\$ '000	Notes	Actual 2008	Actual 2007
Property (excl. Investment Property)			
Proceeds from Disposal		-	126
less: Carrying Amount of Property Assets Sold		-	(296)
Net Gain/(Loss) on Disposal		-	(170)
Plant & Equipment			
Proceeds from Disposal		754	302
less: Carrying Amount of P&E Assets Sold		(621)	(352)
Net Gain/(Loss) on Disposal		133	(50)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		133	(220)

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 6a. - Cash Assets and Note 6b. - Investment Securities

\$ '000	2008		2007	
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)				
Cash on Hand and at Bank	497	-	960	-
Cash-Equivalent Assets ¹				
- Deposits at Call	1,033	-	1,847	-
- Other Financial Assets	11,679	-	10,907	-
Total Cash & Cash Equivalents	13,209	-	13,714	-
Investment Securities (Note 6b)				
- Managed Funds	1,000	-	1,000	-
- Long Term Deposits	500	-	500	-
- CDO's	220	-	500	-
Total Investment Securities	1,720	-	2,000	-
<u>TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS</u>	14,929	-	15,714	-

¹ Those Investments where time to maturity (from date of purchase) is < 3 mths.

Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"

13,209

-

13,714

-

Investments

Nil

a. "At Fair Value through the Profit & Loss"

- "Held for Trading"

6(b-i)

1,000

-

1,000

-

d. "Available for Sale"

6(b-iv)

720

-

1,000

-

Investments

1,720

-

2,000

-

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 6b. Investments (continued)

\$ '000	2008	2008	2007	2007
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Nil				
Balance at the Beginning of the Year	1,000	-	1,000	-
Balance at End of Year	1,000	-	1,000	-
Comprising:				
- Managed Funds	1,000	-	1,000	-
Total	1,000	-	1,000	-
Note 6(b-iv)				
Reconciliation of Investments classified as "Available for Sale"				
Nil				
Balance at the Beginning of the Year	1,000	-	1,050	-
Revaluation (transferred to equity)	(280)			
Disposals (sales & redemptions)	-	-	(50)	-
Balance at End of Year	720	-	1,000	-
Comprising:				
- Term Deposit	500	-	500	-
- CDO's	220		500	
Total	720	-	1,000	-

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 6c. Restricted Cash, Cash Equivalents & Investments

\$ '000	2008	2008	2007	2007
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	14,929	-	15,714	-
attributable to:				
External Restrictions (refer below)	9,915	-	10,557	-
Internal Restrictions (refer below)	3,361	-	3,103	-
Unrestricted	1,653	-	2,054	-
	14,929	-	15,714	-

2008	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance

Details of Restrictions

External Restrictions - Included in Liabilities

Nil				
Specific Purpose Unexpended Loans-General (A)	1,275	-	(195)	1,080
Specific Purpose Unexpended Loans-Water (A)	1,150	-	(159)	991
Specific Purpose Unexpended Loans-Sewer (A)	500	-	(201)	299
External Restrictions - Included in Liabilities	2,925	-	(555)	2,370

External Restrictions - Other

Nil				
Developer Contributions - General (D)	591	637	(89)	1,139
RTA Contributions (E)	10	122	-	132
Specific Purpose Unexpended Grants (F)	1,848	180	(502)	1,526
Specific Purpose Unexpended Grants (F) - Water Fund	1	-	(1)	-
Water Supplies (Inc PWD)	2,475	-	(197)	2,278
Sewerage Services (Inc PWD)	1,742	-	(121)	1,621
Domestic Waste Management (G)	965	-	(116)	849
External Restrictions - Other	7,632	939	(1,026)	7,545
Total External Restrictions	10,557	939	(1,581)	9,915

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 6c. Restricted Cash, Cash Equivalents & Investments (continued)

2008 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Nil				
Plant & Vehicle Replacement	488	626	(587)	527
Employees Leave Entitlement (Gen Only Water & Sew)	817	14	-	831
Deposits, Retentions & Bonds	659	-	(205)	454
Land & Buildings	485	422	(185)	722
Election	110	25	-	135
Works in Progress	544	393	(245)	692
Total Internal Restrictions	3,103	1,480	(1,222)	3,361
TOTAL RESTRICTIONS	13,660	2,419	(2,803)	13,276

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Advances by the Roads and Traffic Authority for works on the State's classified roads.
- C Self Insurance liability resulting from reported claims or incurred claims not yet reported.
- D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E RTA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 7. Receivables

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
Purpose				
Rates & Annual Charges	984	-	1,181	-
Interest & Extra Charges	251	-	174	-
User Charges & Fees	386	-	435	-
Accrued Revenues				
- Interest on Investments	159	-	68	-
Government Grants & Subsidies	1,974	-	535	-
Deferred Debtors	1	-	2	-
Other Debtors	586	-	367	-
Total	4,341	-	2,762	-
less: Provision for Impairment				
Nil				
User Charges & Fees	(13)	-	(13)	-
Total Provision for Impairment - Receivables	(13)	-	(13)	-
TOTAL NET RECEIVABLES	4,328	-	2,749	-
Externally Restricted Receivables				
Nil				
Water Supply				
- Specific Purpose Grants	-	-	1	-
- Rates & Availability Charges	490	-	578	-
- Other	-	-	6	-
Sewerage Services				
- Specific Purpose Grants	333	-	45	-
- Rates & Availability Charges	18	-	261	-
General: Grants & Subsidies	1,641	-	535	-
Total External Restrictions	2,482	-	1,426	-
Unrestricted Receivables	1,846	-	1,323	-
TOTAL NET RECEIVABLES	4,328	-	2,749	-

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates & charges at 10.00% (2007 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 8. Inventories & Other Assets

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
Inventories				
Real Estate for resale (refer below)	360	378	360	378
Stores & Materials	315	-	388	-
Total Inventories	675	378	748	378
Other Assets				
Prepayments	66	-	6	-
Other	2	-	-	-
Total Other Assets	68	-	6	-
<u>TOTAL INVENTORIES & OTHER ASSETS</u>	743	378	754	378
Details for Real Estate Development				
Residential	360	378	360	378
Total Real Estate for Resale	360	378	360	378
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	360	378	38	378
Development Costs	-	-	322	-
Total Costs	360	378	360	378
Movements:				
Real Estate assets at beginning of the year	360	378	313	378
- Purchases and other costs	-	-	47	-
Total Real Estate for Resale	360	378	360	378

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 8. Inventories & Other Assets (continued)

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
(i) Externally Restricted Assets				
Water				
Nil				
Stores & Materials	118	-	148	-
Total Water	118	-	148	-
Sewerage				
Nil				
Stores & Materials	18	-	14	-
Total Sewerage	18	-	14	-
Total Unrestricted Assets	607	378	592	378
TOTAL INVENTORIES & OTHER ASSETS	743	378	754	378

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2007				as at 30/6/2008			
	At		Accumulated		At		Accumulated	
	Cost	Fair Value	Deprec.	Carrying Value	Cost	Fair Value	Dep'n	Carrying Value
Plant & Equipment	13,183		11,073	2,110	2,130	14,692	11,575	3,117
Office Equipment	2,739		2,314	425	63	2,804	2,413	391
Furniture & Fittings	248		186	62		275	239	36
Plant & Equipment (under Finance Lease)								
Land:								
- Operational	4,239			4,239		5,606		5,606
- Community	4,229			4,229		4,229		4,229
Buildings - Non Specialised	41,003		25,425	15,578	199	72,937	33,061	39,876
Buildings - Specialised	11,028		6,938	4,090	227	11,288	7,318	3,970
Other Structures:								
- Roads, Bridges, Footpaths	130,417		88,523	41,894	3,632	134,052	89,077	44,975
- Bulk Earthworks (non-depreciable)	69,081			69,081		69,081		69,081
- Stormwater Drainage	14,194		10,530	3,664	595	14,790	10,673	4,117
- Water Supply Network		51,088	28,328	22,760	983	52,070	28,948	23,122
- Sewerage Network		51,973	37,092	14,881	1,023	52,994	38,041	14,953
Other Assets:								
- Library Books	534		443	91	29	562	472	90
Reinstatement, Rehabilitation & Restoration Assets (refer Note 21):								
- Tip Asset	3,996		504	3,492		3,996	672	3,324
TOTAL INFRASTRUCTURE								
PROPERTY PLANT & EQUIP	294,891	103,061	211,356	186,596	8,881	233,769	222,489	216,887
						(621)	(4,240)	26,271

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 9b. Infrastructure, Property, Plant & Equipment
that is Externally Restricted

Class of Asset	Actual 2008				Actual 2007			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Plant & Equipment	1,705		1,702	3	1,705		1,701	4
Office Equipment	56		55	1	56		54	2
Infrastructure		50,309	27,191	23,118		51,088	28,328	22,760
Total Water Supply	1,761	50,309	28,948	23,122	1,761	51,088	30,083	22,766
Sewerage Services								
Plant & Equipment	151		122	29	151		112	39
Office Equipment	8		7	1	8		7	1
Infrastructure		52,835	37,912	14,923		51,973	37,092	14,881
Total Sewerage Services	159	52,835	38,041	14,953	159	51,973	37,211	14,921
Domestic Waste Management								
Land								
- Operational Land	477	-	-	477	308	-	-	308
- Community Land	15	-	-	15	15	-	-	15
Total DWM	492	-	-	492	323	-	-	323
TOTAL RESTRICTED I,PP&E	2,412	103,144	66,989	38,567	2,243	103,061	67,294	38,010

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2008		2007	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - Operating		2,130	-	1,313	-
Accrued Expenses:					
- Borrowings		20	-	46	-
Advances		277	-	265	-
Security Bonds, Deposits & Retentions		597	-	659	-
Department of Public Works		732	606	732	597
EPA Load Licence		200	-	400	-
Total Payables		3,956	606	3,415	597
Borrowings					
Nil					
Loans - Secured ¹		408	5,978	440	6,358
Total Interest Bearing Liabilities		408	5,978	440	6,358
Provisions					
Employee Benefits;					
Annual Leave		977	-	1,062	-
Sick Leave		91	-	88	-
Long Service Leave		1,546	-	1,664	-
Sub Total - Aggregate Employee Benefits		2,614	-	2,814	-
Asset Remediation/Restoration (Future Works)	21		5,045		4,759
Total Provisions		2,614	5,045	2,814	4,759
Total Payables, Interest Bearing Liabilities & Provisions					
		6,978	11,629	6,669	11,714
(i) Liabilities relating to Restricted Assets					
		2008		2007	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Nil					
Water		1,024	1,256	1,065	1,286
Sewer		1,012	939	1,140	1,100
Liabilities relating to externally restricted assets		2,036	2,195	2,205	2,386
Total Liabilities relating to restricted assets		2,036	2,195	2,205	2,386

¹ Loans are secured over the General Rating Income of Council
Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 10a. Payables, Interest Bearing Liabilities & Provisions (continued)

\$ '000

(ii) Current Liabilities not anticipated to be settled within the next 12 months

The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.	2008	2007
Provisions - Employees Benefits	2,041	2,068
	2,041	2,068

Note 10b. Description of and movements in Provisions

Class of Provision	2007			2008		Closing Balance as at 30/6/08
	Opening Balance as at 1/7/07	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,062	-	(85)	-	-	977
Sick Leave	88	3	-	-	-	91
Long Service Leave	1,664	-	(118)	-	-	1,546
Asset Remediation	4,759	286	-	-	-	5,045
TOTAL	7,573	289	(203)	-	-	7,659

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.
- c. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 11. Cash Flow Statement - Additional Information

\$ '000	Notes	Actual 2008	Actual 2007
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	13,209	13,714
BALANCES as per STATEMENT of CASH FLOWS		13,209	13,714
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		4,859	3,347
Adjust for non cash items:			
Depreciation & Amortisation		4,122	3,521
Unwinding of Discount Rates on Reinstatement Provisions		286	270
Net Losses/(Gains) on Disposal of Assets		(133)	220
Non Cash Capital Grants and Contributions		(9)	(189)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,580)	(555)
Decrease/(Increase) in Inventories		73	(48)
Decrease/(Increase) in Other Current Assets		(62)	98
Increase/(Decrease) in Payables		817	276
Increase/(Decrease) in accrued Interest Payable		(26)	-
Increase/(Decrease) in other accrued Expenses Payable		-	31
Increase/(Decrease) in Other Current Liabilities		(241)	490
Increase/(Decrease) in Employee Leave Entitlements		(200)	147
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from CASH FLOW STATEMENT		7,906	7,608

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(c) Non-Cash Investing & Financing Activities			
Nil			
Acquisition of Plant & Equipment by means of Finance Lease			
Subsidised Works (Sewer Scheme)		9	9
Bushfire Grants			
S94 Contributions In Kind			
Other Dedications		-	350
Other Non Cash Items		-	(170)
Total Non-Cash Investing & Financing Activities		9	189

(d) Financing Arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank Overdraft Facilities ¹		500	500
Credit Cards / Purchase Cards		20	20
Total Financing Arrangements		520	520

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

(e) Net Cash Flows Attributable to Discontinued Operations

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2008	Actual 2007		
(b) Other Expenditure Commitments (exclusive of GST)					
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:					
Waste Management Services - Collection & Recycle		860	1,600		
Waste Management Services - Disposal		-	310		
Total Commitments		860	1,910		
These expenditures are payable as follows:					
Within the next year		-	1,050		
Later than one year and not later than 5 years		860	860		
Total Payable		860	1,910		
(c) Finance Lease Commitments					
(i) Commitments under Finance Leases at the Reporting Date are payable as follows:					
Within the next year		114	114		
Later than one year and not later than 5 years		235	349		
Total Minimum Lease Payments		349	463		
less: Future Finance Charges		(349)	(463)		
Amount Recognised as a Liability		-	-		
(iii) General Details					
Council Leases the following Property, Plant & Equipment under Finance Leases:					
	Term (Years)	Option to Purchase	Contingent Rent Clauses		
Motor Vehicles - Carrying Value	7	YES		349	463
Other Equipment/Assets		Y/N	Y/N	(349)	(463)
Total Carrying Value at Year End				-	-

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(f) Remuneration Commitments			
Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:			
Within the next year		291	467
Later than one year and not later than 5 years		882	1,078
Total Payable		1,173	1,545

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 13. Statement of Performance Measurement

\$ '000	Amounts		Indicator	Prior Periods	
	2008	2008		2007	2006
1. Unrestricted Current Ratio					
Current Assets less all External Restrictions ⁽¹⁾	<u>7,467</u>		2.57 : 1	3.17	1.08
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>2,901</u>				
2. Debt Service Ratio					
Debt Service Cost	<u>831</u>		3.41%	2.79%	2.83%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>24,393</u>				
3. Rates & Annual Charges Coverage Ratio					
Rates & Annual Charges	<u>15,735</u>		51.98%	54.96%	55.01%
Revenue from Continuing Operations	<u>30,269</u>				
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage					
Rates, Annual & Extra Charges Outstanding	<u>1,235</u>		7.18%	8.24%	7.65%
Rates, Annual & Extra Charges Collectible	<u>17,210</u>				
5. Building & Infrastructure Renewals Ratio					
Asset Renewals ⁽⁴⁾	<u>5,233</u>		170.46%	n/a	n/a
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>3,070</u>				

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

⁽²⁾ Refer to Note 10(a).⁽³⁾ Refer to Note 10(c) - excludes all ELE not expected to be paid in the next 12 months.⁽⁴⁾ Asset Renewals represents Capital Expenditure on the replacement, refurbishment or upgrade to an existing Asset/s.

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 15. Financial Risk Management

\$ '000

Risk Management

Council's activities expose it to a variety of financial risks including (i) price risk, (ii) credit risk, (iii) liquidity risk and (iv) interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2008	2007	2008	2007
Financial Assets				
Cash and Cash Equivalents	13,209	13,714	13,209	13,714
Investments				
- "Held for Trading"	1,000	1,000	1,000	1,000
- "Available for Sale"	720	1,000	720	1,000
Receivables	4,328	2,749	4,328	2,749
Total Financial Assets	19,257	18,463	19,257	18,463
Financial Liabilities				
Payables	4,562	4,012	4,562	4,012
Loans / Advances	6,386	6,798	6,386	6,798
Total Financial Liabilities	10,948	10,810	10,948	10,810

Fair Value is determined as follows:

- Cash & Cash Equivalents, Receivables, Payables - are estimated to be the carrying value which approximates mkt value.
- Borrowings & Held to Maturity Investments - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "at fair value through profit & loss" or (ii) Available for Sale - are based upon quoted market prices at the reporting date or independent valuation.

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 15. Financial Risk Management (continued)

\$ '000

(a) Cash & Cash Equivalents, Financial assets "at fair value through the profit & Loss",
"Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Financial Section manages its Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Ministers Investment Order. This Policy is regularly reviewed by Council and its staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the counterparty (to an investment) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (during the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2008				
Impact of a 10% movement in Market Values	457	21,865	457	21,865
Impact of a 1% movement in Interest Rates	5	2,186	5	2,186
2007				
Impact of a 10% movement in Market Values	334	18,314	334	18,314
Impact of a 1% movement in Interest Rates	3	1,831	3	1,831

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

Council's major receivables comprise (i) Rates & Annual charges and (ii) User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts. - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates & annual charges at higher than market rates which further encourages the payment of debt.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	2008	2008	2007	2007
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Aging of Receivables				
Current (not yet overdue)	-	232	-	109
Past due by up to 30 days		23		11
Past due between 31 and 180 days	4	2,851	5	1,343
Past due between 181 and 365 days	631	251	757	118
Past due by more than 1 year	349		419	
	984	3,357	1,181	1,581
(ii) Movement in Provision for Impairment of Receivables			2008	2007
Balance at the beginning of the year			13	13
Balance at the end of the year			13	13

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

As well, payment terms can (in extenuating circumstances) be extended and overdraft facilities can be drawn down.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2008									
Trade/Other Payables	597	3,965						4,562	4,562
Loans & Advances		821	801	784	770	737	7,074	10,987	6,386
Total Financial Liabilities	597	4,786	801	784	770	737	7,074	15,549	10,948
2007									
Trade/Other Payables	659	3,353						4,012	4,012
Loans & Advances		852	821	801	784	770	7,811	11,839	6,798
Total Financial Liabilities	659	4,205	821	801	784	770	7,811	15,851	10,810

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

The following interest rates were applicable to Council's Borrowings at balance date:

	2008		2007	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	4,562	10.0%	4,012	9.0%
Loans & Advances - Fixed Interest Rate	6,386	7.1%	6,798	7.1%
	10,948		10,810	

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 07/08 was incorporated as part of its Management Plan and was adopted by the Council on 28 June 2007.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act permits Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various movements in actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Material Variations represent those variances that amount to 10% or more of the original budgeted figure.

Note that for Variations: F = Favourable Budget Variation, U = Unfavourable Budget Variation

\$ '000	2008 Budget	2008 Actual	2008 Variance*		
REVENUES					
Rates & Annual Charges	15,918	15,735	(183)	(1.1%)	U
User Charges & Fees	3,191	2,954	(237)	(7%)	U
Interest & Investment Revenue	638	1,257	619	97%	F
Revenue increased \$619,000 on budget due to an original very conservative budget estimate. Planned Capital Expenditure did not occur for major projects such as the upgrade of the Lithgow Sewerage Treatment Plant resulting in monies being available for investment. Grant funds were received earlier than expected during the year allowing cash to be invested.					
Other Revenues	605	524	(81)	(13%)	U
Reduction in property rentals due to the economic climate and properties remaining vacant for a considerable length of time. Also Council experienced a reduction in tourism souvenir sales for the year.					
Operating Grants & Contributions	6,156	5,483	(673)	(11%)	U
Operating grants estimated in the original budget were not received due to deferral of the projects. For example the Roads to Recovery Program., employment of an Economic Development Officer and the construction of an SBS Radion transmission tower.					
Capital Grants & Contributions	7,444	4,183	(3,261)	(44%)	U
Capital grants estimated in the original budget were not received due to the deferral of programs. The Flood Mitigation Program and the upgrade of Lithgow Sewerage Treatment Plant.					
Net Gains from Disposal of Assets	270	133	(137)	(51%)	U
Proposed sale of land at Cary Gardens, Wallerawang did not proceed in 2007/08.					

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 16. Material Budget Variations (continued)

\$ '000	2008 Budget	2008 Actual	2008 Variance*		
EXPENSES					
Employee Benefits & On-Costs	12,069	10,389	1,680	14%	F
Increase in ordinary salaries and overtime paid, which increased superannuation payments accordingly. Council experienced and increase in the workers compensation premium by \$278,000.					
Borrowing Costs	440	705	(265)	(60%)	U
Proposed loan borrowing program did not occur due to the deferrment of the upgrade of the Lithgow Sewerage Treatment Plant.					
Materials & Contracts	7,939	7,188	751	9%	F
Proposed Capital works did not commence. Major upgrade of the Lithgow Sewerage Treatment works, finalisation of the Emirates Wolgan Rd project and finalisation of the Flood Mitigation program.					
Depreciation & Amortisation	3,659	4,122	(463)	(13%)	U
Variation to budget due to revaluation of assets to fair value 30.06.07.					
Other Expenses	2,669	3,006	(337)	(13%)	U
Increase experienced for advertising and an unforeseen rise in Council's Public Liability Insurance premium by \$218,000.					

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 17. Statement of Developer Contributions

\$ '000

Under Section 94 & Section 94A of the Environmental Planning and Assessment Act 1979, a Council may require (i) the payment of a monetary contribution or dedication of land or (ii) a % levy on the value of development, in relation to development works that are subject to a development consent issued by Council.

These developer contributions (under S94) or developer levies (under S94A) must be spent specifically for the purpose they were levied and any interest applicable to unspent funds must be attributed to the funds and also spent in accordance with the purpose levied.

As well, Council may under Section 93F enter into a Planning Agreement with Developers under which the developer is required to either dedicate land free of cost, pay a monetary contribution, or provide any other material public benefit (or any combination of the three) to be used for or applied towards a public purpose.

S94F funds are also required to be spent on the public purposes nominated within each individual Planning Agreement.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in use by their nature and must be spent for the specific purposes raised.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Roads	227	-	-	-	-	-	227	-	-	227
Open Space	116	-	-	-	(89)	-	27	-	-	27
Bushfire	82	-	-	-	-	-	82	-	-	82
S94 Contributions - under a Plan	425	-	-	-	(89)	-	336	-	-	336
S94A Levies - under a Plan	166	574	-	63	-	-	803	-	-	803
Total S94 Revenue Under Plans	591	574	-	63	(89)	-	1,139	-	-	1,139
Total Contributions	591	574	-	63	(89)	-	1,139	-	-	1,139

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Roads	227						227			227
Open Space	116				(89)		27			27
Bushfire	82						82			82
Total	425	-	-	-	(89)	-	336	-	-	336

S94A LEVIES - UNDER A PLAN

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Planning Agreements	166	574		63			803			803
Total	166	574	-	63	-	-	803	-	-	803

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

LIABILITIES NOT RECOGNISED:**1. Guarantees****(i) Statewide Limited**

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government. Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the Fund Years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(ii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements of APRA.

StateCover Limited (Continued)

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

(iii) Other Guarantees

Council has provided other Guarantees other than those listed above to Community organisations and sporting \$840k (\$1,050 2006/7)

2. Other Liabilities**(i). Third Party Claims**

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the manner and timing set out in those Plans.

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

(iii) Legal Expenses / Contracts for Sale**Gasworks Site Contract**

Sale of Council land.

Barclay / Lithgow City Council

Settlement between parties to finalise preparation of land zonings

**(ii) Defined Benefit Superannuation
Contribution Plans (continued)**

Accordingly, contributions made to the defined benefit scheme are recognised as an expense when they become payable - similar to accounting for a defined contributions plan.

(iii) Land Under Roads

As permitted under AASB 1045 and in accordance with DLG recommendations, Council has not brought to account in these Reports the value of Land Under Roads.

This is due to the divergence of opinion as to what value should be ascribed to such assets.

ASSETS NOT RECOGNISED:**(i) Defined Benefit Superannuation
Contribution Plans**

Council participates in an employer sponsored Defined Benefit superannuation Scheme, and makes contributions as determined by the Superannuations Trustees.

The Local Government Superannuation Scheme however, has advised that it is unable to provide Council with an accurate estimate of its share of the Defined Benefit Schemes assets and liabilities in accordance with AASB 119.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were more than sufficient to meet the accrued benefits of the Schemes defined benefit member category.

Council has not recorded any asset in these Financial Reports to represent any future economic benefit relating to the Scheme's Financial Position, nor has it recorded any movements in the Schemes Financial Position in these Accounts.

At present, the transitional period for deferral of recognition ends on 1 July, 2008.

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2008	Actual 2007
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		171,013	171,673
a. Correction of Prior Period Errors		7,552	3,545
d. Net Operating Result for the Year		4,859	3,347
Balance at End of the Reporting Period		183,424	178,565
b. Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Reserve		35,514	9,243
- Available for Sale Investments		(280)	
Total		35,234	9,243
(ii). Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Reserve			
- Opening Balance		9,243	-
- Revaluations for the year	9(a)	26,271	9,243
- Balance at End of Year		35,514	9,243
"Available for Sale" Financial Investments			
- Opening Balance		Nil	
- Gains/(Losses) in Value for the year		(280)	
- Balance at End of Year		(280)	-
TOTAL VALUE OF RESERVES		35,234	9,243

(iii). Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

"Available for Sale" Financial Investments Revaluation Reserve

- The "Available for Sale" Financial Investments Revaluation Reserve is used to account for the Fair Value movements in all financial assets so classified that remain on hand at year end.

Upon sale, amounts in Reserves are recognised in the Income Statement (in full) by way of transfer from the Reserve.

c. Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.

These amount to the following Equity Adjustments:

- Adjustments to Opening Equity - 1/7/06 (relating to adjustments for the 30/6/06 reporting year end and prior periods)	7,552	3,545
Total Prior Period Adjustments - Prior Period Errors	7,552	3,545

Lithgow City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 21. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations;

Asset/Operation	NPV of Provision	
	2008	2007
Tip Operations	5,045	4,759
Balance at End of the Reporting Period	10 5,045	4,759

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:

- the timing of the future reinstatement costs, &
- the final works (& costs) required to fulfill Council's obligations.

Reconciliation of movement in Provision for year:

Balance at beginning of year	4,759	4,489
Amortisation of discount (expensed to borrowing costs)	286	270
Total - Reinstatement, rehabilitation and restoration provision	5,045	4,759

Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded as determined by Councils Management Plan.

Lithgow City Council

Notes to the Financial Statements for the financial year ended 30 June 2008

Note 23. Events occurring after Balance Sheet Date

\$ '000

Events that occur after the reporting date of 30 June 2008, up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing this financial report.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to this General Purpose Financial Report. Accordingly, the "authorised for issue" date is 31/10/08.

Events that occur after the Reporting Date represent one of two types:

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial reports (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2008.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial reports (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2008 and which are only indicative of conditions that arose after 30 June 2008.

Council is aware of the following 'non adjusting events' that merit disclosure:

Investment Market Downturn

Since balance date a significant downturn has occurred in global credit markets. This event has impacted on the market value of one of Councils' investments. The Asset Class impacted in Councils portfolio was was a Credit Linked Note held as 'available for sale'.

The Council entered into this transaction as part of it's long term strategy with the intention of holding it until maturity date, at which time Council would redeem the full face value of the security provided there were no default in the underlying securities. The Council's cash flow has not been affected as Council continues to receive interest on the face value of the security.

The financial impact to Councils' investment portfolio is that the market valuation of Councils investment securites classified as 'available for sale' has been reduced between balance date and 31 October 2008. If Council was forced to sell the security for liquidity reasons it could potentially realise a loss. However the investment portfolio is structured with adequate diversification to provide sufficient liquidity until the impaired investment matures on the basis of current cash flow projections.

The Council continues to closely monitor the porfolio in the current investment environment to ensure continued compliance and minimal exposure to risk.

Lithgow City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 27. Additional Council Disclosures - Council Information

Principal Place of Business:

180 Mort Street
LITHGOW NSW 2790

Contact Details

Mailing Address:

PO Box 19
LITHGOW NSW 2790

Telephone: 02 6354 9999

Facsimile: 02 6351 4259

Opening Hours

Admin Centre:

8:15am to 4:30pm

Monday to Friday

Internet: www.lithgow.nsw.gov.au

Email: council@lithgow.nsw.gov.au

Officers

GENERAL MANAGER

Mr Roger BAILEY

RESPONSIBLE ACCOUNTING OFFICER

Mrs Carol FARNSWORTH

PUBLIC OFFICER

Mrs Carol FARNSWORTH

AUDITORS

The Morse Group, Bathurst

Elected Members

MAYOR

Councillor Neville CASTLE

COUNCILLORS

Councillor Grahame DANAHER

Councillor Ray THOMPSON

Councillor Wayne McANDREW

Councillor Howard FISHER

Councillor Joe McGINNES

Councillor Wayne MARSHALL

Councillor Martin TICEHURST

Councillor Colin HUNTER

Other Information

ABN: 59 986 092 492

MORSE | GROUP

ACCOUNTANTS & ADVISORS

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 2008. 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.



Chartered Accountants



Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

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: 31 October 2008

Lianne Smith

LR SMITH
PARTNER

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 2008. 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 2008. 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 \$4,859,000 (2007 - \$3,347,000 surplus). Some items of note in the Income Statement include:

- The operating surplus from continuing operations before capital amounts was \$676,000 (2007 - \$162,000).
- Rates and annual charges increased by \$560,000 to \$15,735,000 (2007 - \$15,175,000) which is an increase of 3.7%. This is consistent with the 3.4% rate pegging for the year and slight increases in annual charges.
- Interest and investment revenue increased from \$917,000 in 2007 to \$1,257,000 in 2008 (\$340,000 increase).
- Operating grants and contributions increased by \$637,000 to \$5,483,000 (2007 - \$4,846,000).

Capital grants and contributions increased to \$4,183,000 from \$3,185,000 in 2007 (\$998,000 increase). The main reason for this increase was a combined total of \$1,747,000 received from Emirates (Australia) Pty Ltd and the State and Federal governments for the upgrade of Wolgan Road due to the 6-star resort being developed by Emirates in the Wolgan Valley.

This was offset by the fact that the year ended 30 June 2007 included a number of capital grants and contributions for which significantly reduced or no funding was received in the current year. These included \$700,000 for the construction of a pool complex (2008 - nil), and the non-cash contribution of \$350,000 in relation to the Meadow Flat Hall (2008 - nil).

- Employee costs increased by \$897,000 from \$9,492,000 in 2007 to \$10,389,000 in 2008. The main contributor to this was a \$536,000 increase in salaries and wages costs, together with an increase in superannuation costs. This was partially offset by a decrease in employee leave entitlements over the period.

(b) Financial Position

Council's net assets stood at 30 June 2008 were \$218,658,000 (2007 - \$187,808,000). This is an increase of \$30,850,000 which is the result of Council's surplus from ordinary activities after capital amounts of \$4,859,000 and the revaluation of Council's buildings and operational land by \$26,271,000 as required by the Department of Local Government.

This was offset by a \$280,000 revaluation decrement relating to Council's "available for sale" financial instruments.

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:-

	2008 \$'000	2007 \$'000
Net current assets	13,022	12,548
Less: Amounts externally restricted for special purposes (refer Notes 6; 7 & 8) of financial statements	(12,533)	(12,145)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(3,361)	(3,103)
Add: Applicable current liabilities (refer Note 10)		
- Water	1,024	1,065
- Sewerage	1,012	1,140
Add: employee leave entitlements not expected to be paid within 12 months (refer Note 10)	2,041	2,068
Unrestricted net current asset surplus/(deficit)	1,205	1,573
Unrestricted net current assets comprise:-		
<i>Assets</i>		
Cash		
Receivables	1,653	2,054
Real estate development land	1,846	1,323
Inventories	360	360
Other assets	179	226
	68	6
	4,106	3,969
<i>Liabilities</i>		
Payables		
Interest bearing liabilities	(3,956)	(3,415)
Provisions	(408)	(440)
	(2,614)	(2,814)
Add: restricted liabilities (refer Note 10)	2,036	2,205
Add: employee leave entitlements not expected to be paid within 12 months	2,041	2,068
Unrestricted net current asset surplus/(deficit)	1,205	1,573

Council's net current asset position at 30 June 2008 is slightly lower than the prior year but continues to remain strong.

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 \$14,929,000 (2007 - \$15,714,000). Of this amount \$9,915,000 (2007 - \$10,557,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$3,361,000 (2007 - \$3,103,000) 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 \$1,653,000 (2007 - \$2,054,000) 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 2.57% (2007 - 3.17%) remains strong, despite decreasing since last year. 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 3.41% (2007 - 2.79%) 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 51.98% (2007 - 54.96%) is slightly lower than the prior year, primarily due to the increase in total grants and contributions of \$1,635,000.

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 7.18% (2007 - 8.24%) is lower than the previous year but is still considered high for a regional local government authority.

(d) Cash Flow Statement

The Statement of Cash Flows reports a net decrease in cash assets held of \$505,000 (2007 - \$5,673,000 increase) as follows:

	2008 \$'000	2007 \$'000
Cash flow provided by / (used in)		
Operating activities	7,906	7,608
Investing activities	(7,999)	(4,036)
Financing activities	(412)	(2,101)
Net increase / (decrease) in cash held	<u>(505)</u>	<u>5,673</u>

Cash Flows from Operating Activities

The net cash flow provided by operating activities totalled \$7,906,000 (2007 - \$7,608,000), which is consistent with the prior year.

Cash Flows from Investing Activities

The net cash flow used in investing activities totalled \$7,999,000 (2007 - \$4,036,000). The major cash flows related to:

- Proceeds from the sale of fixed assets of \$754,000 (2007 - \$428,000).
- Expenditure on fixed assets totaling \$8,754,000, including plant and equipment of \$2,130,000. A total of \$3,632,000 was spent on roads, bridges and footpaths during the year. This included \$1,747,000 on the Wolgan Road upgrade for the Emirates development and \$956,000 spent on Dark Corner Road.

Cash Flows from Financing Activities

The net cash flow used in financing activities was \$412,000 (2007 - provided by \$2,101,000). Repayments were in line with the requirements of the loans. No borrowings were drawn down during the year.

(e) Comparison of Actual and Budgeted Performance

Council's surplus from operations for the year of \$4,579,000 was \$2,867,000 less than Council's original estimated surplus of \$7,446,000.

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 lower than anticipated grants and contributions income. 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 2008. 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 2008 has been issued.

(b) Management Letters

Interim management letters were issued on 29 April 2008 and 10 July 2008, 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
MORSE GROUP

266 Howick Street
Bathurst
Dated: 31 October 2008

Leanne Smith
LR SMITH
PARTNER

Lithgow City Council

SPECIAL PURPOSE FINANCIAL REPORTS
for the year ended 30 June 2008

"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 2008

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1. Statement by Councillors & Management	1
2. Special Purpose Financial Reports:	
- Income Statement of Water Supply Business Activity	2
- Income Statement of Sewerage Business Activity	3
- Income Statement of Other Business Activities	4
- Balance Sheet of Water Supply Business Activity	5
- Balance Sheet of Sewerage Business Activity	6
- Balance Sheet of Other Business Activities	7
3. Notes to the Special Purpose Financial Reports	8 - 15
4. Auditor's Report	

Background

- (i) These Special Purpose Financial Reports have been prepared for the use by both Council and the Department of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include (a) those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and (b) those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).
 - (iv) In preparing these financial reports for Council's self classified Category 1 businesses and ABS defined activities, councils must (a) adopt a corporatisation model and (b) apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

Lithgow City Council

Special Purpose Financial Reports for the financial year ended 30 June 2008

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:

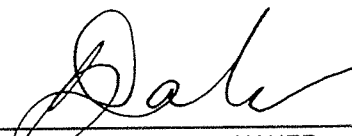
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

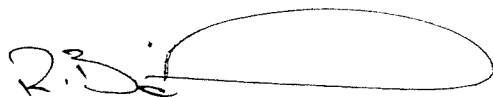
Signed in accordance with a resolution of Council made on 21 October 2008.



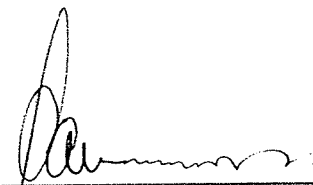
Councillor Neville CASTLE
MAYOR



Councillor Grahame DANAHER
COUNCILLOR



Mr Roger BAILEY
GENERAL MANAGER



Mrs Carol FARNSWORTH
RESPONSIBLE ACCOUNTING OFFICER

Lithgow City Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2008

\$ '000	Actual 2008	Actual 2007	Actual 2006
Income from continuing operations			
Access charges	1,675	1,648	1,555
User charges	1,844	1,716	1,768
Fees	16	16	-
Interest	288	263	18
Grants and contributions provided for non capital purposes	174	306	163
Other income	1	86	-
Total income from continuing operations	3,998	4,035	3,504
Expenses from continuing operations			
Employee benefits and on-costs	782	1,464	1,489
Borrowing costs	92	-	-
Materials and contracts	1,886	1,994	1,063
Depreciation and impairment	622	559	536
Water purchase charges	962	931	722
Debt guarantee fee (if applicable)	-	-	33
Total expenses from continuing operations	4,344	4,948	3,843
Surplus (deficit) from Continuing Operations before capital amounts	(346)	(913)	(339)
Grants and contributions provided for capital purposes	296	-	-
SURPLUS (DEFICIT) AFTER TAX	(50)	(913)	(339)
plus Opening Retained Profits	24,774	24,774	19,635
plus/less: Prior Period Adjustments		-	662
plus Adjustments for amounts unpaid:			
- Debt guarantee fees	-	-	33
less:			
- Tax Equivalent Dividend paid		-	(33)
Closing Retained Profits	24,724	24,774	19,958
Return on Capital %	-1.1%	-4.0%	-2.1%
Subsidy from Council	1,699	1,463	-
Calculation of dividend payable:			
Surplus (deficit) after tax	(50)	(913)	(339)

Lithgow City Council

Income Statement of Council's Sewerage Business Activity
for the financial year ended 30 June 2008

\$ '000	Actual 2008	Actual 2007	Actual 2006
Income from continuing operations			
Access charges	2,762	2,714	2,635
User charges	279	280	261
Liquid Trade Waste Charges	36	105	45
Fees	31	24	-
Interest	119	153	-
Grants and contributions provided for non capital purposes	191	413	129
Other income	11	87	672
Total income from continuing operations	3,429	3,776	3,742
Expenses from continuing operations			
Employee benefits and on-costs	962	1,906	1,425
Borrowing costs	72	-	-
Materials and contracts	1,773	2,176	1,017
Depreciation and impairment	961	625	540
Debt guarantee fee (if applicable)		-	10
Other expenses		-	8
Total expenses from continuing operations	3,768	4,707	3,000
Surplus (deficit) from Continuing Operations before capital amounts	(339)	(931)	742
Grants and contributions provided for capital purposes	416	-	-
SURPLUS (DEFICIT) AFTER TAX	77	(931)	519
plus Opening Retained Profits	15,243	13,062	9,437
plus/less: Prior Period Adjustments		-	2,883
adjustments for amounts unpaid:			
- Debt guarantee fees	-	-	10
- Corporate taxation equivalent	-	-	223
less:			
- Tax Equivalent Dividend paid		-	(10)
- Surplus dividend paid		-	-
Closing Retained Profits	15,320	13,062	13,062
Return on Capital %	-1.8%	-6.2%	9.1%
Subsidy from Council	1,203	1,036	-
Calculation of dividend payable:			
Surplus (deficit) after tax	77	(931)	519
less: Capital grants and contributions (excluding developer contributions)	(416)	-	-
Surplus for dividend calculation purposes	-	-	519
Potential Dividend calculated from surplus	-	-	260

Lithgow City Council

Income Statement of Council's Other Business Activities
for the financial year ended 30 June 2008

\$ '000	Land Development	
	Actual 2008	Actual 2007
Income from continuing operations	-	-
Total income from continuing operations	-	-
Expenses from continuing operations		
Materials and contracts	-	47
Total expenses from continuing operations	-	47
Surplus (deficit) from Continuing Operations before capital amounts	-	(47)
SURPLUS (DEFICIT) AFTER TAX	-	(47)
plus Opening Retained Profits	1,893	1,940
Closing Retained Profits	1,893	1,893
Return on Capital %	n/a	n/a
Subsidy from Council	-	47

Lithgow City Council

Balance Sheet of Council's Water Supply Business Activity
as at 30 June 2008

\$ '000	Actual 2008	Actual 2007
ASSETS		
Current Assets		
Cash and cash equivalents	3,269	3,626
Receivables	490	585
Inventories	118	148
Total Current Assets	3,877	4,359
Non-Current Assets		
Infrastructure, property, plant and equipment	23,126	22,766
Total non-Current Assets	23,126	22,766
TOTAL ASSETS	27,003	27,125
LIABILITIES		
Current Liabilities		
Interest bearing liabilities	60	64
Provisions	964	1,001
Total Current Liabilities	1,024	1,065
Non-Current Liabilities		
Interest bearing liabilities	1,256	1,286
Total Non-Current Liabilities	1,256	1,286
TOTAL LIABILITIES	2,280	2,351
NET ASSETS	24,723	24,774
EQUITY		
Retained earnings	11,209	11,260
Revaluation reserves	13,514	13,514
Council equity interest	24,723	24,774
TOTAL EQUITY	24,723	24,774

Lithgow City Council

Balance Sheet of Council's Sewerage Business Activity
as at 30 June 2008

\$ '000	Actual 2008	Actual 2007
ASSETS		
Current Assets		
Cash and cash equivalents	1,921	2,242
Receivables	351	306
Inventories	18	14
Total Current Assets	2,290	2,562
Non-Current Assets		
Infrastructure, property, plant and equipment	14,982	14,921
Total non-Current Assets	14,982	14,921
TOTAL ASSETS	17,272	17,483
LIABILITIES		
Current Liabilities		
Interest bearing liabilities	103	452
Provisions	909	688
Total Current Liabilities	1,012	1,140
Non-Current Liabilities		
Interest bearing liabilities	939	1,100
Total Non-Current Liabilities	939	1,100
TOTAL LIABILITIES	1,951	2,240
NET ASSETS	15,321	15,243
EQUITY		
Retained earnings	5,782	5,704
Revaluation reserves	9,539	9,539
Council equity interest	15,321	15,243
TOTAL EQUITY	15,321	15,243

Lithgow City Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2008

	Land Development	
	Cat. 1/2	Cat. 1/2
	Actual 2008	Actual 2007
\$ '000		
ASSETS		
Current Assets		
Receivables	1,249	1,249
Total Current Assets	1,249	1,249
Non-Current Assets		
Inventories	738	738
Total Non-Current Assets	738	738
TOTAL ASSETS	1,987	1,987
LIABILITIES		
Current Liabilities		
Total Current Liabilities	-	-
Non-Current Liabilities		
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	1,987	1,987
EQUITY		
Retained earnings	1,987	1,987
Council equity interest	1,987	1,987
TOTAL EQUITY	1,987	1,987

Lithgow City Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2008

Note 1. Significant Accounting Policies

These financial statements are Special Purpose Financial Reports (SPFR's) prepared for use by the Council, the Department of Local Government and the Department of Water & Energy.

For the purposes of these statements, the council's activities (listed herein) are based upon them not being reporting entities.

This special purpose financial report, unless otherwise stated, has been prepared in accordance with:

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Consensus Views,
- the Local Government Act and Regulations,
- the Local Government Code of Accounting Practice and Financial Reporting, and
- the Local Government Asset Accounting Manual.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets.

Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government". The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Department of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents: council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Water Supply Service

Comprising the whole of the water supply operations and net assets servicing the Lithgow area

b. Sewerage (Waste Water) Service

Comprising the whole of the sewerage reticulation & treatment operations and net assets servicing the Lithgow area.

Category 2

(where gross operating turnover is less than \$2 million)

a. Land Development

Comprising land parcels Council has specified for Real Estate Development in the Lithgow local government area.

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the Department of Water & Energy, some amounts shown in Notes 2 and Note 3 are shown in whole dollars.

Lithgow City Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2008

Note 1. Significant Accounting Policies (continued)

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (General Purpose Financial Report) just like all other costs.

However, where council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all council nominated business activities and are reflected in the SPFR.

For the purposes of disclosing comparative information relevant to the private sector equivalent the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – 1.6% + \$100 on combined land values above \$359,000

Payroll Tax – 6% on Salaries and Wages in excess of \$600,000

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income Tax

An income tax equivalent has been applied on the profits of the business. Whilst income tax is not a

specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in the GPFR.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges for all Category 1 businesses have been applied to all assets owned or exclusively used by the business activity.

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Lithgow City Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2008

Note 1. Significant Accounting Policies (continued)

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of Business Activities.

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Councils business activities on the Income Statement.

(iv) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities.

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed 50% of this surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2008 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Water & Energy prior to making the dividend and only after the Department has approved its payment.

Lithgow City Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2008

Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2008

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	23,934
(iii)	Amounts payable for tax-equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-												
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	239,340												
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2008, less the cumulative dividends paid for the 2 years to 30 June 2007	-												
	<table border="0" style="width: 100%;"> <tr> <td style="width: 33%;">2008 Surplus</td> <td style="width: 33%; text-align: right;">-</td> <td style="width: 33%;">2007 Surplus</td> <td style="width: 33%; text-align: right;">-</td> <td style="width: 33%;">2006 Surplus</td> <td style="width: 33%; text-align: right;">-</td> </tr> <tr> <td></td> <td></td> <td>2007 Dividend</td> <td style="text-align: right;">-</td> <td>2006 Dividend</td> <td style="text-align: right;">-</td> </tr> </table>	2008 Surplus	-	2007 Surplus	-	2006 Surplus	-			2007 Dividend	-	2006 Dividend	-	
2008 Surplus	-	2007 Surplus	-	2006 Surplus	-									
		2007 Dividend	-	2006 Dividend	-									
(iv)	Maximum Dividend from Surplus [least of (i), (ii) and (iii) above]	-												
(v)	Dividend paid from Surplus [refer below for required pre-dividend payment Criteria]	-												

3. Required outcomes for 7 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	NO
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	Integrated Water Cycle Management Evaluation	NO
(vii)	Complete and implement Integrated Water Cycle Management Strategy	NO

Lithgow City Council

Notes to the Special Purpose Financial Reports
for the financial year ended 30 June 2008

Note 2. Water Supply Business

Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2008

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Revenue (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	4,027
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	44.07%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	23,122
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	3,702
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	983
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Total Cost (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-1.37%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

Notes. 1. References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Reporting.

2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions

Lithgow City Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2008

Note 3. Sewerage Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2008

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i) Calculated Tax Equivalents	<input type="text" value="-"/>
(ii) No of assessments multiplied by \$3/assessment	<input type="text" value="22,137"/>
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	<input type="text" value="-"/>
(iv) Amounts actually paid for Tax Equivalents	<input type="text"/>

2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	<input type="text" value="-"/>
(ii) No. of assessments x (\$30 less tax equivalent charges per assessment)	<input type="text" value="221,370"/>
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2008, less the cumulative dividends paid for the 2 years to 30 June 2007	<input type="text" value="519,400"/>

2008 Surplus	<input type="text" value="-"/>	2007 Surplus	<input type="text" value="-"/>	2006 Surplus	<input type="text" value="519,400"/>
		2007 Dividend	<input type="text" value="-"/>	2006 Dividend	<input type="text" value="-"/>

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	<input type="text" value="-"/>
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	<input type="text" value="-"/>

3. Required outcomes for 5 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i) Completion of Strategic Business Plan (including Financial Plan)	<input type="text" value="YES"/>
(ii) Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	<input type="text" value="YES"/>
Complying charges (a) Residential [Item 2(c) in Table 1]	<input type="text" value="YES"/>
(b) Non Residential [Item 2(c) in Table 1]	<input type="text" value="YES"/>
(c) Trade Waste [Item 2(d) in Table 1]	<input type="text" value="YES"/>
DSP with Commercial Developer Charges [Item 2(e) in Table 1]	<input type="text" value="NO"/>
Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	<input type="text" value="YES"/>
(iii) Complete Performance Reporting Form (by 15 September each year)	<input type="text" value="YES"/>
(iv) Integrated Water Cycle Management Evaluation	<input type="text" value="YES"/>
(v) Complete and implement Integrated Water Cycle Management Strategy	<input type="text" value="NO"/>

Lithgow City Council

Notes to the Special Purpose Financial Reports
for the financial year ended 30 June 2008

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2008

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	3,726
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	14,953
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	2,817
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	1,032
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-0.28%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	324

National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	7,753
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	3.43%
NWI F13	Operating Cost (OMA) (Water & Sewerage) Operating Cost (Water & Sewerage) (NWI F11 + NWI F12)	\$'000	6,519
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	2,015
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	-0.94%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	\$'000	-

Lithgow City Council

Notes to the Special Purpose Financial Reports
for the financial year ended 30 June 2008Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2008

National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-7.31%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		-
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	27
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	266

Notes: 1. References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Reporting.

2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

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 2008, 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.



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

(Continued)

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: 31 October 2008

Lianne Smith

LR SMITH
PARTNER

Lithgow City Council

SPECIAL SCHEDULES

for the year ended 30 June 2008

"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 Schedules

for the financial year ended 30 June 2008

Contents		Page
Special Schedules¹		
- Special Schedule No. 1	Net Cost of Services	2 - 4
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- Special Schedule No. 3	Water Supply - Income Statement	6 - 9
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¹ Special Purpose Schedules are not audited.

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the Department of Energy, Utilities & Sustainability (DEUS), and
 - the Department of Local Government (DLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of specific service financial activities.

Lithgow City Council

Special Schedule No. 1 - Net Cost of Services
for the financial year ended 30 June 2008

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Governance	5,896	5,896	632	-	632	(5,264)	(5,264)
Public Order and Safety							
Contributions to Fire Service Levy	101		-	-		(101)	
Fire Protection - Other	382		180	-		(202)	
Animal Control	74		25	-		(49)	
Enforcement of Local Govt Regs	46		41	-		(5)	
Emergency Services	3		-	70		67	
Other	-	606	-	-	316	-	(290)
Health							
Food Control	89		6	-		(83)	
Noxious Plants	112		-	-		(112)	
Other	48	249	44	-	50	(4)	(199)
Community Services and Education							
Youth Services	8		2	-		(6)	
Other Families and Children	231		-	-		(231)	
Aged and Disabled	1		-	-		(1)	
Education	-	240	-	-	2	-	(238)

Lithgow City Council

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2008

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Housing and Community Amenities							
Town Planning	474		334	-		(140)	
Domestic Waste Management	2,197		2,241	-		44	
Other Waste Management	131		130	-		(1)	
Street Cleaning	122		-	-		(122)	
Drainage	197		-	-		(197)	
Stormwater Management	-		-	312		312	
Environmental Protection	142		142	-		-	
Public Cemeteries	317		130	-		(187)	
Public Conveniences	377		-	-		(377)	
Other Community Amenities	-	3,957	-	-	3,289	-	(668)
Water Supplies	4,344	4,344	3,998	296	4,294	(50)	(50)
Sewerage Services	3,768	3,768	3,429	416	3,845	77	77
Recreation and Culture							
Public Libraries	788		78	-		(710)	
Museums	36		5	-		(31)	
Art Galleries	2		-	-		(2)	
Public Halls	158		35	-		(123)	
Other Cultural Services	71		-	-		(71)	
Swimming Pools	299		110	-		(189)	
Sporting Grounds	424		20	-		(404)	
Parks and Gardens (Lakes)	624		12	-		(612)	
Other Sport and Recreation	265	2,667	92	16	368	(157)	(2,299)
Mining, Manufacturing and Construction							
Building Control	948		486	591		129	
Other	-	948	-	-	1,077	-	129

Lithgow City Council

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2008

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Transport and Communication							
Urban Roads (UR) - Local	229		224	24		19	
Urban Roads - Regional	81		-	-		(81)	
Sealed Rural Roads (SRR) - Local	216		177	2,458		2,419	
Unsealed Rural Roads (URR) - Local	890		-	-		(890)	
Bridges on UR - Local	39		-	-		(39)	
Footpaths	250		-	-		(250)	
Aerodromes	32		-	-		(32)	
Street Lighting	301		43	-		(258)	
Other	169	2,207	-	-	2,926	(169)	719
Economic Affairs							
Tourism and Area Promotion	392		58	-		(334)	
Other Business Undertakings	136	528	244	-	302	108	(226)
Totals – Functions		25,410	12,918	4,183	17,101		(8,309)
General Purpose Revenues ⁽¹⁾			13,168		13,168	13,168	13,168
NET OPERATING RESULT FOR YEAR	25,410		26,086	4,183	30,269	4,859	4,859

Notes:

(1) Includes: Rates & Annual Charges (incl. Ex Gratia), Non Capital General Purpose Grants & Interest on Investments (excl. Restricted Assets)

Lithgow City Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2008

Financial statements for the year ended 30 June 2008 were audited by Ernst & Young Australia Pty Ltd, Chartered Accountants, who have issued an unqualified audit opinion.

\$'000

Classification of Debt	Principal outstanding at beginning of the year		New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year	
	Current	Non Current		From Revenue	Sinking Funds			Current	Non Current
Loans (by Source)									
Financial Institutions	440	6,358		412				408	5,978
Total Loans	440	6,358	-	412	-	-	-	408	5,978
Total Debt	440	6,358	-	412	-	-	-	408	5,978
		6,798							6,386
		6,798							6,386

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the Face Value of debt obligations, rather than Fair Value (as per the GPFR's).

Lithgow City Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2008

\$'000	Actuals 2008	Actuals 2007
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	1,353	1,320
b. Engineering and Supervision		359
- Mains		
d. Maintenance expenses	686	984
- Reservoirs		
e. Operation expenses	21	29
f. Maintenance expenses	174	274
- Pumping Stations		
h. Energy costs	19	16
i. Maintenance expenses	9	23
- Treatment		
k. Chemical costs	45	39
l. Maintenance expenses	416	414
- Other		
n. Maintenance expenses	17	-
o. Purchase of water	962	931
3. Depreciation		
a. System assets	642	559
5. Total expenses	4,344	4,948

Lithgow City Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS. ie. prepared on a Gross Basis.
for the financial year ended 30 June 2008

\$'000	Actuals 2008	Actuals 2007
Income		
6. Residential charges		
a. Access (including rates)	1,675	1,648
b. User charges	1,320	1,149
7. Non-residential charges		
b. User charges	524	567
8. Extra charges	22	-
9. Interest income	267	263
10. Other income	16	16
11. Grants		
b. Grants for pensioner rebates	174	91
c. Other grants	-	215
12. Contributions		
c. Other contributions	296	86
13. Total income	4,294	4,035
15. Operating Result	(50)	(913)
15a. Operating Result (less grants for acquisition of assets)	(50)	(913)

Lithgow City Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2008

\$'000	Actuals 2008	Actuals 2007
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
b. Other new system assets	983	407
17. Repayment of debt		
a. Loans	1,215	-
19. Totals	2,198	407
 Non-operating funds employed		
21. Borrowing utilised		
a. Loans	159	-
23. Totals	159	-
 C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	6,795	6,747
b. Residential (unoccupied)	795	725
c. Non-residential (occupied)	335	339
d. Non-residential (unoccupied)	53	52
25. Number of ETs for which developer charges were received	83 ET	32 ET
26. Total amount (actual dollars) of pensioner rebates	\$ 164,775	\$ 163,545

Lithgow City Council

Special Schedule No. 3 - Water Supply Cross Subsidies
for the financial year ended 30 June 2008

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?			
	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, Department of Water & Energy, December, '2002. Such charges do not involved significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2007/08 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, Department of Water and Energy, Dec 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

Lithgow City Council

Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2008

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges			-
b. Special purpose grants			-
c. Accrued leave	101		101
d. Unexpended loans	991		991
e. Sinking fund			-
f. Other	2,278		2,278
31. Receivables			
a. Specific purpose grants			-
b. Rates and charges	490		490
c. Other			-
32. Inventories	118		118
33. Property, plant and equipment			
a. System assets		23,125	23,125
b. Plant and equipment		1	1
34. Other assets			-
35. Total assets	3,978	23,126	27,104
LIABILITIES			
36. Bank overdraft			-
37. Creditors	863		863
38. Borrowings			
a. Loans	60	1,256	1,316
b. Advances			-
c. Finance leases			-
39. Provisions			
a. Tax equivalents			-
b. Dividend			-
c. Other	101		101
40. Total liabilities	1,024	1,256	2,280
41. NET ASSETS COMMITTED	2,954	21,870	24,824
EQUITY			
42. Accumulated surplus			11,209
43. Asset revaluation reserve			13,514
44. TOTAL EQUITY			24,723
Note to system assets:			
45. Current replacement cost of system assets			52,070
46. Accumulated current cost depreciation of system assets			(28,948)
47. Written down current cost of system assets			23,122

Lithgow City Council

Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2008

\$'000	Actuals 2008	Actuals 2007
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	254	935
b. Engineering and Supervision	-	331
2. Operation and Maintenance		
- Mains		
b. Maintenance expenses	272	708
- Pumping Stations		
d. Energy costs	74	51
e. Maintenance expenses	582	286
- Treatment		
h. Energy costs	67	68
i. Effluent Management	430	508
k. Maintenance expenses	1,138	1,606
3. Depreciation		
a. System assets	951	614
5. Total expenses	3,768	5,107

Lithgow City Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2008

\$'000	Actuals 2008	Actuals 2007
Income		
6. Residential charges (including rates)	3,001	2,714
7. Non-residential charges		
b. User charges	315	280
8. Trade Waste Charges		
a. Annual Fees	25	24
b. User charges	11	105
10. Interest income	119	153
12. Grants		
a. Grants for acquisition of assets	324	328
b. Grants for pensioner rebates	92	85
13. Contributions		
a. Developer charges	282	87
14. Total income	4,169	3,776
16. Operating Result	401	(1,331)
16a. Operating Result (less grants for acquisition of assets)	77	(1,659)

Lithgow City Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.

for the financial year ended 30 June 2008

\$'000	Actuals 2008	Actuals 2007
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. Subsidised scheme	9	18
b. Other new system assets	1,023	-
18. Repayment of debt		
a. Loans	1,042	-
20. Totals	2,074	18
Non-operating funds employed		
22. Borrowing utilised		
a. Loans	201	-
24. Totals	201	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	6,416	6,367
b. Residential (unoccupied)	600	537
c. Non-residential (occupied)	327	333
d. Non-residential (unoccupied)	36	37
26. Number of ETs for which developer charges were received	83 ET	32 ET
27. Total amount (actual dollars) of pensioner rebates	\$ 154,000	\$ 153,225

Lithgow City Council

Special Schedule No. 5 - Sewerage Cross Subsidies for the financial year ended 30 June 2008

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<p>NB Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, Department of Water and Energy, December, 2002. Such charges do not involve significant cross subsidies.</p>			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input style="width: 100px;" type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input style="width: 100px;" type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> No	
b. Total cross-subsidy in sewerage developer charges for 2007/08 (page 47 of Guidelines)			<input style="width: 100px;" type="text"/>
<p>** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, Department of Water & Energy, Dec 2002.</p>			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input style="width: 100px;" type="text"/> -

* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

Lithgow City Council

Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2008

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges			-
b. Special purpose grants			-
c. Accrued leave	208		208
d. Unexpended loans	299		299
e. Sinking fund			-
f. Other	1,414		1,414
32. Receivables			
a. Specific purpose grants	333		333
b. Rates and charges	18		18
c. Other			-
33. Inventories	18		18
34. Property, plant and equipment			
a. System assets		14,952	14,952
b. Plant and equipment		30	30
35. Other assets			-
36. Total Assets	2,290	14,982	17,272
LIABILITIES			
37. Bank overdraft			-
38. Creditors	701		701
39. Borrowings			
a. Loans	103	939	1,042
b. Advances			-
c. Finance leases			-
40. Provisions			
a. Tax equivalents			-
b. Dividend			-
c. Other	208		208
41. Total Liabilities	1,012	939	1,951
42. NET ASSETS COMMITTED	1,278	14,043	15,321
EQUITY			
42. Accumulated surplus			5,782
44. Asset revaluation reserve			9,539
45. TOTAL EQUITY			15,321
Note to system assets:			
46. Current replacement cost of system assets			52,994
47. Accumulated current cost depreciation of system assets			(38,041)
48. Written down current cost of system assets			14,953

Lithgow City Council

Notes to Special Schedule No.'s 3 & 5
for the financial year ended 30 June 2008**Administration ⁽¹⁾**

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4b of Special Schedules 3 and 5) include all expenses not recorded elsewhere.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b User Charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b User Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and Re-inspection Fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) include capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

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 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.

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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.

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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.

Appendix B

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.

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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.

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- 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

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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.

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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.