



LITHGOW CITY COUNCIL

AGENDA

ORDINARY MEETING OF COUNCIL

TO BE HELD AT

THE ADMINISTRATION CENTRE, LITHGOW

ON

16 OCTOBER 2006

AT 7.00pm

AGENDA

PRESENT

QUESTIONS FROM THE PUBLIC GALLERY

PRESENTATIONS - NIL

**CONFIRMATION OF THE MINUTES OF THE ORDINARY MEETING OF
COUNCIL HELD ON 18 SEPTEMBER 2006**

DECLARATION OF INTEREST - NIL

NOTICES OF MOTION - NIL

NOTICE OF RESCISSION - NIL

CORRESPONDENCE AND REPORTS

General Manager Reports
Regional Services Reports
Community and Corporate Services Reports

REPORTS FROM DELEGATES

Councillor Castle -

COMMITTEE MEETINGS

Conduct Committee
General Managers Performance Review Committee

QUESTIONS WITHOUT NOTICE

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GENERAL MANAGER REPORTS

ITEM:1 GM - 16/10/06 - VISIT TO JOHN MORONEY CORRECTIONAL CENTRE, WINDSOR

REFERENCE

NIL

SUMMARY

This report provides Council with an update of the visit to the John Moroney Correctional Centre by Council's Senior Staff and Mayor. This report will recommend that Council note the inspection.

COMMENTARY

As Council is aware the Lithgow Correctional Centre Management arranged and organised a visit to the John Moroney Correctional Centre for Council's Senior Staff, local media and immediately adjoining and potentially effected residents on the 3 October 2006.

As a result of the organised inspection the General Manager, Group Manager Community and Corporate, Group Manager Regional Services and the Mayor attended the John Moroney Correctional Centre with representatives of the Lithgow Correctional Centre, the Community Consultative Committee, NSW Police and adjoining landholder.

During the inspection those in attendance were able to see the type of facility likely to be developed in Lithgow as part of the upgrade and expansion to the existing correctional facility and the types of industries/services that inmates of the facility would be expected to undertake. Corrective Services Department were also quick to point out that the "image" that the inspection group had of a correctional centre based on Lithgow, should be shattered as the processes and "accommodation" provided in a minimum security facility is significantly different to that provided in a maximum security facility such as the one located currently here in Lithgow.

The Department of Corrective Services also advised during the inspection of the proposed "community information house" that they will provide as part of the development process to ensure that the community has ample opportunity to view proposed plans, ask questions and seek answers to many of the issues identified. During the meeting staff and the Mayor pointed out to the Department of Corrective Services and the Department of Commerce (who are the designing agency) of previous undertakings by Department of Corrective Services staff and Ministers with respect to the provision of a Social Impact Study and the provision of a replacement facility for the oval currently located near the correctional facility which will be utilised for car parking, should the new facility proceed.

As Council is aware we are interested in the Corrective Services Department assisting us with the development and reconstruction of a sporting facility in the Hermitage area in lieu of the facility currently utilised and provided on the grounds of the Correctional Services site.

POLICY IMPLICATIONS

There are no policy implications arising as a result of this report.

FINANCIAL IMPLICATIONS

There are no financial implications arising as a result of this report.

LEGAL IMPLICATIONS

There are no legal implications arising as a result of this report.

CONCLUSION

This report provides Council with an update of the inspection and additional information with respect to community consultation being proposed for the redevelopment and expansion of the Lithgow Correctional Centre.

ATTACHMENTS

NIL

RECOMMENDATION

THAT the report be received and noted.

ITEM:2 GM - 16/10/06 - CONDUCT COMMITTEE PROCESS AND REVIEW OF THE CODE OF CONDUCT

REFERENCE

Min 05-35: Council meeting 24 January 2005

SUMMARY

Council is provided with the attached guidelines for the process of reporting items to the Conduct Committee to ensure all relevant people are aware of the manner in which the Committee operates. It is recommended that the attached updated Code of Conduct, containing the Guidelines, be endorsed by Council and placed on exhibition for 28 days.

The report also contains a recommendation that the Council designate an alternate independent to ensure options are available for the Committee to have an independent person designated to assess matters brought before the Committee.

COMMENTARY

The Department of Local Government developed a model Code of Conduct which Council adopted as its Code of Conduct on 24 January 2005.

At that meeting, Council designated that the Mayor and General Manager and Council's Solicitor would be designated as members of the Conduct Committee.

This report recommends that an alternate independent be nominated to assess matters brought before the Committee in the event the independent on the Committee, Mr Tim Le Fevre, is conflicted out of a participatory role.

The report also presents to Council a set of Guidelines relating to the Council's Conduct Committee. It is recommended that the Guidelines become a part of the Code of Conduct and be inserted as an appendix to that document. The guidelines have also been created following recent investigations of the Code of Conduct and questions from Council and the public as to the process followed.

In the process of developing the Guidelines, a review of the Code of Conduct has been completed, and this has highlighted some minor changes are needed to correct typographic errors and to update references to the new version of the Local Government Act (General) Regulation as amended in late 2005.

It is recommended that the updated Code of Conduct (inclusive of the Guidelines) be exhibited for 28 days.

A definition of "associated documents" has also been attached as appendix.

POLICY IMPLICATIONS

NIL

FINANCIAL IMPLICATIONS

Regardless of whom Council appoints as the independent on the Conduct Committee there will be a cost involved. The quantum is impossible to determine as this would be dependent upon the frequency of meetings of the Conduct Committee as well as the fee the independent may charge.

LEGAL IMPLICATIONS

NIL

ATTACHMENTS

1. Updated Code of Conduct.

RECOMMENDATION

THAT:

1. The Guidelines for the operation of the Lithgow City Council Conduct Committee be adopted by Council and attached to the Council's Code of Conduct;
2. Council designate Mr Ian Woodward if Mr Tim Le Fevre determines he is conflicted out of a matter as the independents on the Conduct Committee;
3. The updated Code of Conduct be placed on exhibition for 28 days.

REGIONAL SERVICES REPORTS

ITEM:3 REG - 16/10/06 - EXTINGUISHMENT OF RIGHT CARRIAGEWAY - SOUTH BOWENFELS

REPORT FROM: ANDREW MUIR - GROUP MANAGER REGIONAL SERVICES

SUMMARY

To advise Council of a request to extinguish a right of Carriageway over which it has an interest and recommend extinguishment of such.

COMMENTARY

Council is in receipt of a request on behalf of the owners of Lot 1 DP 1044978, Col Drew Drive South Bowenfels and the proponents of Treeview Estate Retirement Village proposal to release a right of Carriageway over which Council has an interest. Some years ago the right of carriageway was created to provide legal access to the gun emplacements. It is now proposed to provide legal access to the gun emplacements by an extension to Hassan Street and an existing right of carriageway. Providing this process is finalised first there is no objection raised to the extinguishment of the Right of Carriageway.

POLICY IMPLICATIONS

No specific policy implications arise.

FINANCIAL IMPLICATIONS

Should the extinguishment of the right of Carriageway be approved by Council it would be recommended that all costs be borne by the proponents.

LEGAL IMPLICATIONS

No specific legal implications arise.

ATTACHMENTS

1. A plan indicating the location of the Right of Carriageway and surrounding lands.

RECOMMENDATION

THAT:

1. Council issue its consent to extinguishment of the Right of Carriageway and authorise affixing the common seal to the document of extinguishment.
2. The transfer of land to Council for the extension of Hassan Street to be registered in the first instance.
3. All costs be borne by the proponents requesting extinguishment of the Right of Carriageway.

**ITEM:4 REG - 16/10/06 - CONFIDENTIAL REPORT - PROPOSAL TO TRADE
PART OF FISH RIVER WATER ALLOCATION**

REPORT FROM: GROUP MANAGER REGIONAL SERVICES - ANDREW MUIR

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(d) of the Local Government Act 1993, which permits the meeting to be closed to the public for business relating to the following: -

- (d) commercial information of a confidential nature that would if disclosed:
 - (i) prejudice the commercial position of the person who supplied it

REFERENCE

NIL

SUMMARY

To advise of a proposal put forward by Delta Electricity to purchase part of Council's annual water allocation.

RECOMMENDATION

THAT Council consider this report in the closed Council pursuant to the provision of Sec 10(A) (2) (d)(i) of the Local Government Act 1993.

**ITEM:5 REG - 16/10/06 - LITHGOW STATE MINE RAILWAY LIMITED
REQUESTS FOR ASSISTANCE**

REPORT FROM: GROUP MANAGER REGIONAL SERVICES – ANDREW MUIR.

SUMMARY

To advise of requests from the Lithgow State Mine Railway Limited to assist with the removal of trees and shrubs following a recent cleanup in the vicinity of the Eskbank Railway Station and the write off of an account for a Work at Owners Cost for undertaking works to clean up grass and shrubs from the Eskbank Station Masters Residence in Railway Parade.

COMMENTARY

Two requests have been received from Lithgow State Mine Railway Limited indicating that they have recently become the lessee of a number of railway properties including the Eskbank Railway Station which have been overgrown and in need of repair. Recently a number of volunteers removed a number of trees, shrubs and an infestation of blackberries were removed from the front of the Eskbank Station building. Lithgow State Mine Railway Limited have requested that Council assistance be provided to remove and dispose of the trees.

The second request relates to an account for \$335 following a Work at Owners cost to clean up grass and shrubs from the Eskbank Station Masters residence in August this year. Lithgow State Mine Railway Limited have requested that the account be withdrawn.

POLICY IMPLICATIONS

No immediate policy implications arise.

FINANCIAL IMPLICATIONS

Should Council provide the staff and plant to undertake the clean-up works at Eskbank Station the cost has been estimated at \$477.00. In addition should Council also resolve to write off the amount of \$355 this would total of \$832 that would need to be funded from another program or more formally sourced from the Section 356 allocation.

LEGAL IMPLICATIONS

Section 67 of the Local Government Act 1993 states that:

- (1) A council may, by agreement with the owner or occupier of any private land, carry out on the land any kind of work that may lawfully be carried out on the land.
- (2) A council must not carry out work under this section unless:
 - (a) it proposes to charge an approved fee for carrying out the work as determined by the council in accordance with Division 2 of Part 10 of Chapter 15, or
 - (b) if it proposes to charge an amount less than the approved fee, the decision to carry out the work is made, and the proposed fee to be charged is determined, by resolution of the council at an open meeting before the work is carried out.

Section 356 of the Local Government Act 1993 states that :

- (1) A council may, in accordance with a resolution of the council, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions.
- (2) A proposed recipient who acts for private gain is not ineligible to be granted financial assistance but must not receive any benefit under this section until at least 28 days' public notice of the council's proposal to pass the necessary resolution has been given.
- (3) However, public notice is not required if:
 - (a) the financial assistance is part of a specific program, and
 - (b) the program's details have been included in the council's draft management plan for the year in which the financial assistance is proposed to be given, and
 - (c) the program's proposed budget for that year does not exceed 5 per cent of the council's proposed income from the ordinary rates levied for that year, and
 - (d) the program applies uniformly to all persons within the council's area or to a significant group of persons within the area.

Section 377 of the Local Government Act states:

- (1) A council may, by resolution, delegate to the general manager or any other person or body (not including another employee of the council) any of the functions of the council, other than the following:
 - (n) the decision to carry out work on private land for an amount that is less than the amount or rate fixed by the council for the carrying out of any such work

Therefore, in summary, a Council may conduct works on private lands but if it proposes to charge less than in its fees and charges as indicated in the Management Plan this must be approved by the full Council and cannot be delegated to a Committee. Financial assistance can be granted to others subject to statutory limitations and the required advertising.

ATTACHMENTS

Two items of correspondence from Lithgow State Mine Railway Limited.

RECOMMENDATION

THAT

1. Council provide assistance to the Lithgow State Mine Railway Limited through the disposal of removed vegetation at Eskbank Station and this be funded through Section 356 Donation allocations.
2. The request to write off an amount \$335 for a Work at Owners be declined but the option of paying the account off before the end of this financial year without intent be accepted.
3. Should the account not be finalised by 30 June 2007 that Council charge intent or the outstanding amount backdated to the date of Council carrying out the works.

ITEM:6 REG - 16/10/06 - BRIDGE STREET STABLES

REPORT FROM: DEVELOPMENT MANAGER – J NICHOLS

REFERENCE

Question Without Notice Councillor MJ Wilson Council Meeting 18 September 2006

SUMMARY

To advise of the current position in relation to the stables located adjacent to the Union Theatre and Tin Shed in Bridge Street, Lithgow.

COMMENTARY

The stables have been in a dilapidated condition for some time following partial collapse of the rear wall.

As previously reported to Council a valuation was obtained for the premises and negotiation commenced with an adjoining owner to determine if they were interested in purchasing the building. The intention was to obtain funds for the continued redevelopment for the Union Theatre. At its meeting of 15 May 2006 the Council resolved for the General Manager to negotiate the sale of the Old Stables and associated land described as Part Lot 2, DP 1077295 Bridge Street, Lithgow "for the price as discussed". It is relevant to note that this "price as discussed" was significantly higher than the independent valuation of the property.

The adjoining owner has indicated that the price Council is attempting to negotiate is excessive based on the potential cost of the extensive repairs required to the building to make it usable.

FINANCIAL IMPLICATIONS

The estimated cost of repairs to the building is \$35,000 and there are no funds available for this work. Should any funds be realised from the potential sale then this could be utilised on the Union Theatre, although in accordance with Council policy any fund will be internally restricted in a property development fund.

RECOMMENDATION

THAT the Council determine if it wishes for negotiations to be continued in respect of the stables in accordance with the independent valuation received.

COMMUNITY AND CORPORATE SERVICES REPORTS

ITEM:7 COMM - 16/10/06 - DRAFT SOCIAL PLAN 2006-2011

REPORT FROM: COMMUNITY DEVELOPMENT OFFICER – E WANT

REFERENCE

Nil

SUMMARY

The draft Social Plan for the Lithgow Local Government Area is reported for Council's consideration. It is suggested that the draft Social Plan be placed on public exhibition for a period of 14 days.

COMMENTARY

The draft Social Plan has been prepared for the Lithgow Local Government Area (LGA) in accordance with the Social and Community Planning and Reporting Guidelines 2002. The draft Social Plan describes the community of the LGA, summaries the key issues facing the LGA and recommends strategies that Council and other agencies could implement to address the identified needs.

Community engagement and participation was a key component of developing the draft Social Plan through Council's Social Plan Working Group, Focus Group participation and surveys. It is suggested that this process be further enhanced by placing the draft Social Plan on public exhibition for a period of 14 days from 19 October 2006 at Council's Administration Centre, the Lithgow Library Learning Centre, the Portland and Wallerawang Libraries and the Lithgow Information and Neighbourhood Centre. Upon expiration of the exhibition period, any submissions and suggested amendments to the draft Social Plan will be reported to Council for consideration and adoption of a final Social Plan.

POLICY IMPLICATIONS

The draft Social Plan provides recommended actions for the development of policies, standard work procedures and consideration of issues in plans such as the Strategic and Management Plans. Upon adoption, the Plan will form Council's policy.

FINANCIAL IMPLICATIONS

The draft Social Plan contains estimated costs of each action listed. These actions are to be recalculated in each applicable management planning process for consideration by Council.

LEGAL IMPLICATIONS

The Local Government Act 1993 and Local Government (General) Regulation 2005 sets out a requirement for councils to develop a social/community plan. In addition, councils must include an access and equity activity statement in their management plans including the priority access and equity activities from the social/community plan and report on identified access and equity activities in their annual reports.

The Director General of the Department of the Local Government extended the due date for the receipt of Council's Social Plan to 30 November 2006.

ATTACHMENTS

1. Draft Social Plan 2006-2011 in Councillors Business Paper Packages.

RECOMMENDATION

THAT the draft Social Plan be placed on public exhibition for a period of 14 days from 19 October 2006 at Council's Administration Centre, the Lithgow Library Learning Centre, the Portland and Wallerawang Libraries and the Lithgow Information and Neighbourhood Centre.

**ITEM:8 COMM - 16/10/06 - LEASE OF LOTS 17 & 18 SEC 1 VALE ST
 PORTLAND TO BLINKY BILL CHILDCARE**

REPORT FROM: INTERNAL SERVICES MANAGER - C FARNSWORTH

REFERENCE

Min 06-333 Finance and Services Committee – 4 September 2006

SUMMARY

This report seeks Council's formal resolution to apply the seal to the lease documents for the lease to Blinky Bill Childcare Centre, Lots 17 & 18 Sec 1 Vale St Portland as referred to in the report which Council adopted on 4 September 2006.

COMMENTARY

Blinky Bill Childcare will lease the premises and the value of the lease has been negotiated at the equivalent of \$1 plus all charges, rates, water, sewerage, garbage, trade waste and all property outgoings will be met by the lessee.

The lease documents have been prepared as per the resolution of the 4 September 2006 meeting and need to be executed under seal.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Annual Rental equivalent of \$1 plus all charges, rates, water, sewerage, garbage, trade waste and all property outgoings.

LEGAL IMPLICATIONS

Lease agreement for a period of three years from 1 October 2006

ATTACHMENTS

Nil

RECOMMENDATION

THAT Council affix the Common Seal to the lease to Blinky Bill Childcare Centre, Lots 17 & 18 Sec 1 Vale St Portland with the lease period reflecting tenancy from 1 October 2006 to 30 September 2009.

ITEM:9 COMM - 16/10/06 - POLICIES REGISTER

REPORT FROM: GROUP MANAGER COMMUNITY AND CORPORATE – K. WOOLLEY

REFERENCE

Min 06-260: Council Meeting 21 August 2006

SUMMARY

This report is presented to Council as the exhibition period for the Draft Policies Register has now concluded and the policies are presented to Council for endorsement and adoption.

COMMENTARY

Council resolved on 21 August 2006 to place the Draft Policies Register on exhibition for 28 days. The exhibition was advertised in the local newspaper on 24 August 2006 and concluded on 21 September 2006. In accordance with Council's resolution (Min 06-260) the policies have remained available for 42 days from the date advertised until 5 October 2006 for anyone requesting copies of the draft policies.

During exhibition, submissions on the policies were invited. No public submissions were received.

In the process of reviewing and adopting Council's policies, and the subsequent creation of the latest version of the Policies Register, a number of additional policies were identified by staff which will be presented to Council through the Policy and Strategy Committees as the new policies are prepared.

The Policies Register will be a dynamic document. New policies will be brought to Council in draft before being placed on exhibition. At the conclusion of exhibition, new policies will be brought back to Council for consideration before being incorporated into the Policies Register.

To ensure all policies are current and have been reviewed, the recommendation to Council is that Council formally rescind all policies other than those in the Policies Register.

The Policies Register will be made available at Council's Customer Service Centre and will also be placed on Council's web site.

POLICY IMPLICATIONS

The policy regarding the provisions of fees, expense compensation and facilities for Councillors must be specified by a policy and which, in accordance with clause 253 of the Local Government Act 1993, has been exhibited for 28 days and thence advice on the contents of the Policy must be given to the Director-General of the Department along with any submissions received in the exhibition period, Council's comment on the submission and a copy of the public notice advertising the exhibition period.

FINANCIAL IMPLICATIONS

NIL

LEGAL IMPLICATIONS

NIL

ATTACHMENTS

NIL

RECOMMENDATION

THAT:

1. Council rescinds all former policies not contained in the Policies Register;
2. The policies contained in the Council's Policies Register be endorsed and adopted by Council as the policies of Council;
3. Council provide advice to the Director-General of the Department of Local Government that the Payment of Expenses and Provisions of Facilities to Councillors has been reviewed and exhibited in accordance with clause 253 of the Local Government Act 1993;
4. Any new policy adopted by Council is to be placed in the Policies Register after completion of appropriate consultation and exhibition and final endorsement by Council on each occasion.

ITEM:10 COMM - 16/10/06 - 2005/06 GENERAL PURPOSE FINANCIAL REPORTS

REPORT FROM: INTERNAL SERVICES MANAGER - C FARNSWORTH

REFERENCE

Council's adopted 2005/06 Management Plan and quarterly reviews in Sept, Dec and March.

SUMMARY

To advise of the completion of the 2005/06 General Purpose Financial Reports and seek Council authorisation as required by Chapter 13, Part 3, Division 2 of the Local Government Act 1993 to present the reports to the auditors.

This report will also recommend Council invite the Auditors to present a formal report of the audit results to the meeting of the Finance and Services Committee on the 4 December 2006.

COMMENTARY

Council's 2005/06 'Draft' General Purpose Financial Reports are submitted to Council for acceptance.

Principal Reports are attached and a complete set of reports will be tabled at the meeting.

INTRODUCTON OF AUSTRALIAN INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)

The 2005/06 General Purpose Financial Reports (GPFR) reflect the first year of reporting following the introduction of (AIFRS) including comparative and reconciliations between Australian Generally Accepted Principles (AGAPP) and AIFRS. The Local Government Code of Accounting Practice and the Financial Reporting (the Code) No 14 prescribes the form of the financial statements as approved by the NSW Department of Local Government.

As a result of the introduction and the reworking of financial data for the major dates of concern, 1 July 2004, 30 June 2005 and 30 June 2006 comparative data is only available for the previous financial year 2004/05 which has been reworked to reflect the required changes.

As reported to the Council meeting of 17 July 2006 the following major changes affect Council's statements to comply with AIFRS:

- Property, Plant and Equipments
- Impairment of Assets
- Restoration and Remediation
- Investment Properties
- Employee Benefits
- Financial Instruments
- Non Commercial Loans

The following information is supplied to advise of Council's treatment for implementation of AIFRS.

PROPERTY, PLANT & EQUIPMENT

All assets are held at deemed cost and Council's assets are currently held at deemed cost so no change was required.

IMPAIRMENT OF ASSETS

All assets are subject to impairment testing depending on whether the assets are commercial (cash generating) or for community use. It is unlikely that any NSW Council possess assets are impaired because they are generally not cash generating, for example roads, unless tolls are collected. Lithgow Council does not have any impaired assets.

RESTORATION AND REMEDIATION

The Australian Accounting Standards Board (AASB) Standard 116 (AASB 116) definition of the cost of an asset includes the following items:

- The purchase price
- Costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended and
- The initial estimate of the costs of dismantling and removing the items and restoring the site on which it is located, the obligation for which Council incurs either whether the item is acquired or as a consequence of having used the item

Points 1 and 2 are traditionally included in the cost of an asset, 3 is a new concept introduced by the AIFR standards.

The intent is that the full cost of the asset is accounted for and in some cases this includes the cost of restoring a site to its original state and the recognition of the corresponding liability as a provision for the restoration.

Under the requirements of AASB 137 - Provision, Contingent Liabilities and Contingent Assets, a provision would only be made if Council has a present legal or constructive obligation to restore the site, or the asset, and if so the restoration costs must be reliably estimated. Any such provision will be discounted to the present value of future cash flows and added to the cost of the asset at acquisition date. This is then depreciated along with the remainder of the asset over the estimated useful life.

EPA obligations for restoration and remediation costs will be applied to all waste disposal facilities and the gasworks site.

An assessment has been undertaken in regard to Council's obligation for the remediation of waste disposal facilities and potentially the gasworks site.

The following entries have been processed for the initial recognition of the provision in 2005/06:

| SUBJECT LAND | YEAR | VALUE OF TIP REMEDIATION |
|--------------------------------|------|--------------------------|
| Blackmans Flat | 2031 | \$2,500,000.00 |
| Lithgow | 2010 | \$400,000.00 |
| Portland | 2010 | \$110,000.00 |
| Wallerawang | 2008 | \$110,000.00 |
| Cullen Bullen | 2007 | \$60,000.00 |
| Glen Davis | 2007 | \$40,000.00 |
| Capertee | 2015 | \$70,000.00 |
| Angus Place | 2010 | \$70,000.00 |
| Gasworks Site | 2031 | \$636,000.00 |
| TOTAL REMEDIATION COSTS | | \$3,996,000.00 |

INVESTMENT PROPERTIES

AASB 140 defines investment property as land and or buildings which are held for the purpose of earning rental income, for capital appreciation, or for both. A property is not classed as an investment property if it is held to meet service delivery objectives of the entity and in such cases it will be separately accounted for. A property is not held for investment purposes if it is:

- held for strategic purposes
- held to provide a community or social service

Council Minute 06-216 of the 17 July 2006 resolved that Council held no investment properties as defined by the Standard. All Council's properties have been determined to be held for strategic purposes or community use.

EMPLOYEE BENEFITS

Provision for employees entitlements are now subject to AASB 119 Employee Benefits which classifies wages, salaries, annual and sick leave entitlement expected to occur within 12 months of balance date as short term employees' benefits.

The impact has moved all ELE into current liabilities as they cannot be unconditionally deferred.

FINANCIAL INSTRUMENTS

Council's financial instruments are now subject to AASB 139 - Financial Instruments: Recognition and Measurement and AASB 132 - Financial Instruments Disclosure and Presentation.

Council must designate each financial instrument by one of four following categories:

- Financial asset or financial liability at fair value through profit or loss
- Held to maturity investments
- Loans and receivables
- Available for sale financial assets

AIFRS Note 6, required Council's cash equivalents and investments to be analysed as at 30 June 2006 into one of the below categories:

| CASH ASSETS & INVESTMENTS | VALUE |
|--------------------------------------|---------------------|
| Cash Assets | |
| Cash on Hand (Bank A/c & Petty Cash) | \$363,000 |
| Deposits at Call | \$1,027,000 |
| Other (Maturity 3-12mths) | \$6,651,000 |
| Investment Securities | |
| Managed Funds | \$1,000,000 |
| Available for Sale (>12 months) | \$1,050,000 |
| TOTAL CASH & INVESTMENTS | \$10,091,000 |

NON COMMERCIAL LOANS

Should a situation exist where a Council has a loan from a third party on which it pays below market interest rates, there is a possibility that the Council has an asset based on the difference between commercial rates and actual charges under the loan agreement. Alternatively Council may have granted a loan on concessional terms in which case it may have a liability.

Lithgow Council has no loans of this nature.

2005/06 GENERAL PURPOSE FINANCIAL REPORTS - OVERVIEW

Due to the implementation of AIFRS comparative data is restricted to the reporting periods which are affected, 1 July 2004, 30 June 2005 and 30 June 2006.

2005/06 Net Operating Result

Council's final draft result for the 2005/06 financial year, including Capital Income and Contributions is a surplus of \$958,000.

2004/05 produced a surplus of \$4,494,000 which has been adjusted, as required by the implementation of AIFRS, to \$4,087,000. The 2004/05 result included the inclusion of Three Tree Lodge and Portland Pool.

2005/06 Net Operating Result Before Capital Grants & Contributions

The 2005/06 operating result, before abnormal and capital items, is a deficit of \$1,802,000 (2004/05 deficit of \$2,842,000 adjusted as required by the implementation of AIFRS, to a deficit of \$3,249,000).

The following 2005/06 Capital grants and contributions of \$2,760,684 contributed to the result:

➤ Capital grants and contributions:

| | |
|---------------------------------|-----------|
| Lithgow STP Augmentation | \$792,651 |
| RTA Construction | \$74,250 |
| Forests NSW Dark Cnr | \$274,989 |
| SCA Kanimbla Rd | \$89,817 |
| Roads to Recovery | \$400,000 |
| Roads to Recovery Supplementary | \$453,389 |
| Flood Mitigation | \$300,000 |
| Developer Contributions | \$231,191 |
| Headwork Charges | \$94,000 |
| Library Resources | \$50,397 |

➤ Acquisitions or improvement to assets \$6,377,981 and in summary:

| | |
|--------------------------------|-------------|
| Plant | \$1,197,144 |
| Road & Ancillary Works | \$1,324,915 |
| Drainage (Inc Flood Works) | \$899,343 |
| Sewerage Infrastructure | \$1,308,035 |
| Water Infrastructure | \$545,478 |
| Cary Gardens | \$132,186 |
| Gasworks Site | \$152,463 |
| Tourism Lift | \$43,458 |
| Civic Ballroom | \$135,906 |
| Golf Club Building | \$119,296 |
| Glanmire Hockey Clubhouse | \$14,958 |
| Crystal Theatre | \$9,450 |
| Wallerawang Stadium | \$4,200 |
| Union Theatre | \$96,936 |
| Eskbank St Office | \$58,036 |
| Blackman's Flat Waste Disposal | \$203,872 |
| Glanmire Cricket Facility | \$5,850 |
| P & G Playground Equipment | \$55,049 |
| Q E Park Fencing | \$15,621 |
| Blast Furnace Stabilisation | \$12,327 |
| Lithgow Pool Cover & Fence | \$54,349 |

- Sale of plant assets for \$755,909.18 cash, and write off of the book value of those assets of \$800,976, to produce a nett loss of \$45,000.
- Operating revenues increased by \$592,000 to \$22,110,000 (\$24,871,000 less Capt Grants & Contributions of \$2,761,000) and compared favourably with the 2004/05 result of \$21,518,000. The was no impact on operating revenue as a result of the implementation of AIFRS

Revenue comparatives:

| FINANCIAL YEAR | VALUE |
|-----------------------|--------------|
| 2005/06 | \$22,110,000 |
| 2004/05 | \$21,518,000 |
| 2003/04 | \$23,580,000 |
| 2002/03 | \$20,390,000 |
| 2001/02 | \$18,024,000 |

- Operating expenditure decreased by \$855,000 to \$23,912,000 and compared favourably with the 2004/05 result of \$24,767,000 (adjusted from \$24,360,000 to comply with AIFRS due to the inclusion of \$407,000 for landfill remediation)

Expenditure comparatives:

| FINANCIAL YEAR | VALUE |
|---------------------------------|--------------|
| 2005/06 | \$23,912,000 |
| 2004/05 (Adjusted for AIFRS) | \$24,767,000 |
| 2003/04 | \$23,668,000 |
| 2002/03 | \$22,168,000 |
| 2001/02 | \$21,841,000 |

Depreciation

Council's assets have been depreciated by \$3,612,000 for the 2005/06 financial year. The introduction of AIFRS presented the opportunity to reconsider the depreciation rates and useful life of Council's road network. Road improvements over the previous 5 years shows the life expectancy of roads to be 100 years and depreciation rates have been adjusted to reflect the revised useful life. Bulk road earthworks had also in the past been considered to be 65% of the value of road construction this has been adjusted in 2005/06 to reflect the industry standard of 75% and bulk road earthworks are non depreciable.

Investments

Council's investment portfolio decreased in 2005/06 by \$1,063,000 to \$10,091,000 and generated interest of \$503,000. In comparison the 2004/05 investment portfolio was \$11,154,000 with interest of \$531,000. The result for the current year is attributed to Council resolution not to utilise the loan funds but rather Council's operating revenue for the current year. This will also save an additional \$16,500 per annum on a loan over 15 years.

Investment comparatives:

| FINANCIAL YEAR | VALUE |
|-----------------------|--------------|
| 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 |

Loans

Principal amounts outstanding on borrowings at the end of the year totalled \$4,679,000 with repayments during the year of \$282,000. The 2005/06 loan borrowing program was the subject of a report to Council on the 5 June 2006 (Minute 06-172).

It was resolved by Council that no loans would be drawn down during the financial year and the programs noted for loan funds ie Civic Ballroom improvements, Crystal Theatre, Golf Clubhouse roofing and the Lithgow Pool would be funded from operating revenue.

Cash and Reserves

Note 6 of the GPFR, discloses cash and investments of \$10,091,000. It should be noted that a majority of funds are held as restricted assets, both internal and external.

Externally restricted assets total \$8,000,000 and are held for specific purpose grants, unexpended loan funds, Sec 94 Developer contributions, Water and Wastewater infrastructure reserves and headwork charges.

Reserves for Water and Wastewater are favourable at \$3,592,000 and \$3,013,000 respectively but Council needs to be aware that future infrastructure works will commit a large portion of the reserves.

Council has \$1,859,000 restricted for its own previously identified internal purposes employees leave entitlements, Council's share of the flood mitigation program, election expenses and the Waste Fund which is \$1,043,000 and primarily reserved for the construction of the Blackman's Flat Waste disposal facility.

The Employees Leave Entitlement reserve is currently \$636,000 and provides provision for annual and long service leave for employees of 25% of their entitlement.

Council's unrestricted cash is \$232,000 due to Council resolution not to draw loan funds for 2005/06 and the carrying of the debt from State Forest for the construction of the Dark Corner Rd of \$250,000 as at 30 June 2006. (It should be noted payment was received from State Forests on the 2 August 2006). Should the loan program have continued and the payment for Dark Corner made prior to the 30 June Council's unrestricted cash would have been approx \$667,000. Unrestricted cash for 2004/05 was \$468,000.

Financial Ratios

In summary the ratios reveal:

(NB Comparative are provided for the 2004/05 financial year only in compliance with AIFRS.)

➤ **Current Ratio:**

| | | | | |
|---------------------|---------------------|------|---------|------|
| Current Assets | <u>\$13,042,000</u> | 232% | 2004/05 | 249% |
| Current Liabilities | \$5,611,000 | | | |

The current ratio is the adequacy of working capital and the ability to satisfy obligations in the short term for the consolidated funds and is expressed as a percentage. (Percentage required by Code 14). This means Council has \$2.32 for every \$1.00 of liability.

➤ **Unrestricted Current Ratio:**

| | | | | |
|-----------------------------------|--------------------|------|---------|------|
| Current Assets (Less Ext Rest) | <u>\$8,055,000</u> | 179% | 2004/05 | 184% |
| Current Liabilities | \$4,511,000 | | | |

The current ratio is the adequacy of working capital and the ability to satisfy obligations in the short term for the unrestricted activities of Council expressed as a percentage. This means Council has \$1.79 for every \$1.00 of liability. In comparison the group average for the equivalent size NSW Council (Group 4) is \$2.40 to \$1.00.

➤ **Debt Service Ratio:**

| | | | | |
|---------------------|------------------|-------|---------|-------|
| Debt Service Cost | <u>\$577,000</u> | 2.83% | 2004/05 | 2.16% |
| Current Liabilities | \$20,402,000 | | | |

Excludes capital items and specific purpose grants and contributions. This ratio provides a means to assess the impact of loan principal and interest repayment on the discretionary revenue of Council. In comparison the group average for the equivalent size NSW Council (Group 4) is 6.61%

➤ **Rate Coverage Ratio:**

| | | | | |
|------------------------|---------------------|--------|---------|--------|
| Rates & Annual Charges | <u>\$13,681,000</u> | 54.75% | 2004/05 | 44.86% |
| Current Liabilities | \$24,989,000 | | | |

To assess the degree of dependency upon revenues from rates and annual charges. In comparison the group average for the equivalent size NSW Council (Group 4) 41.25%.

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

| | | | | |
|-------------------------------|--------------------|-------|---------|-------|
| Rates & Annual Charges O/S | <u>\$1,150,000</u> | 7.65% | 2004/05 | 8.76% |
| Current Liabilities | \$15,040,000 | | | |

To assess the impact of uncollected rates and annual charges on liquidity.

Rate recovery is persistently pursued using internal and external processes and this practice will continue. In comparison the group average for the equivalent size NSW Council's (Group 4) is 7.57%.

Compliance

The following information should be noted with regard to Council's compliance with the Act:

- Council's financial reports are prepared and will be audited within 4 months after the end of the reporting year.
- As per Sec 428 (2) (a) the audited financial reports will be included in Council's Annual Report
- As per Sec 418 as soon as practicable after receipt of the auditors report, no later than 7 November 2006, public notice will be given of presentation of the final reports to Council at a public meeting with the auditors present. The auditors will be invited to attend the Finance and Services Committee meeting of the 4 December 2006. Copies of Council's audited financial reports together with the auditors report will be available at the Administration office for inspection.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Adoption of the 2005/06 General Purpose Financial Reports

LEGAL IMPLICATIONS

Nil

ATTACHMENTS

1. 2005/06 General Purpose Financial primary notes and schedules are attached and a complete copy of the report is tabled. Final reports will be presented to Council at the conclusion of the audit.

RECOMMENDATION

THAT:

1. The accounts be referred for auditors Alan Morse & Co
2. Council advertise the accounts following receipt of the 2005/06 Audit Certificate.
3. Council state the following on the General Purpose Financial Reports for the year ended 30 June 2006:-

The Council's Annual General Purpose Financial Reports have been drawn up in accordance with:-

- a). *The Local Government Act 1993 (as amended) and the Regulations made there under;*
- b). *The Australian Accounting Standards and professional pronouncements;*
- c). *The Local Government Code of Accounting Practice and Financial Reporting;*
- d). *The Local Government Asset Accounting Manual.*

To the best of our knowledge and belief, these reports

1. *Present fairly the Council's financial position and operating result for the year and*
2. *Accord with Council accounting and other records.*

The Mayor, Deputy Mayor, General Manager and Responsible Accounting Officer be authorised attesting to the above and that they are not aware of any matter that would render the reports false or misleading in any way.

4. Council state the following on the Special Purpose Financial Statements for the year ended 30 June 2006:-

The attached special purpose Financial Statements have been drawn up in accordance with the Local Government Code of Accounting Practice and Financial Reporting and the

- *NSW Government Policy Statement “Application of National Competition Policy to Local Government”*
- *Department of Local Government guidelines “Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality”.*
- *The Department of Energy, Utilities and Sustainability “Best Practice Management of Water Supply and Sewerage” guidelines.*

To the best of our knowledge and belief, these reports

- *Present fairly the financial position and operating result for each of Council’s declared Business Units for the year, and*
- *Accord with Council’s accounting and other records*

The Mayor, Deputy Mayor, General Manager and Responsible Accounting Officer be authorised attesting to the above and that they are not aware of any matter that would render the reports false or misleading in any way.

5. Council invite the Auditors to present a formal report to the results to the meeting of the Finance and Services Committee on the 4 December 2006.

DELEGATES REPORTS

ITEM:11 DEL - 16/10/06 - LITHGOW REGIONAL BRANCH OF THE NATIONAL TRUST

REPORT FROM: MAYOR, COUNCILLOR NEVILLE CASTLE

SUMMARY

Correspondence was received from the Lithgow Regional Branch of the National Trust in regards to the Charles Darwin Monument at Charles Darwin Park Wallerawang.

COMMENTARY

The letter stated "We write to you on behalf of the Lithgow Regional Branch of the National Trust to express our gratitude and appreciation for all the wonderful work that Council has contributed towards the Charles Darwin Monument at Charles Darwin Park Wallerawang.

What a great day Tuesday 5 September 2006 was and what a truly great person our Governor Professor Marie Bashir is – so warm and generous with her time; she spent most of her day seeking people out to talk with them and to listen to their stories. Such an exuberance and love of life and people!

The planning of the Charles Darwin Monument and the final unveiling of the finished project was a tribute to many from many different areas of our community who worked hard and brought it to fruition, with such a positive outcome.

Neville we are extremely grateful for all support and assistance along the way and on the day, poignantly as John Wellings could not be there".

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

LEGAL IMPLICATIONS

Nil

ATTACHMENTS

Nil

RECOMMENDATION

THAT the Information be received.

COMMITTEE MEETINGS

ITEM:12 CONDUCT COMMITTEE - 16/10/06 - CODE OF CONDUCT ENQUIRY - COUNCILLOR M F TICEHURST

REFERENCE

NIL

SUMMARY

This report is the final report from the Code of Conduct Committee regarding the complaint from Councillor H K Fisher with respect to confidential information being published on a website, to whom Councillor M F Ticehurst is the "owner" and registrant. This report also outlines the enquiry conducted by the Conduct Committee.

COMMENTARY

A formal complaint was lodged with the General Manager on the 27 February 2006 from Councillor H K Fisher with respect to confidential information being published on a website being www.lithgowcouncil.com

The complaint was with respect to confidential information being published on the above mentioned website.

The Conduct Committee initially met on the 21 March 2006 to consider the complaint, which the General Manager referred to the Code of Conduct Committee for investigation. From that meeting the Conduct Committee resolved to conduct an enquiry into the complaint and investigate the matter subject of the complaint from Councillor Fisher.

As a result of numerous meetings, consideration of submissions and further consideration of additional information and letters provided by the person making the complaint and the person about whom the complaint was made, the Conduct Committee has ultimately resolved to submit the final report to the full Lithgow City Council for consideration and determination as to the processes it wishes to follow.

Under Council's adopted Code of Conduct (adopted 25 January 2005), Council's Conduct Committee must decide whether the matter reported to it discloses a prima facie breach of the Code. The Conduct Committee will report its findings, and the reasons for these findings, in writing to the Council, the complainant and the person subject of the complaint. A Conduct Committee may also recommend that Council takes any actions provided for in the Code of Conduct that the Committee considers reasonable in the circumstances.

As can be seen from the attached Final Report and associated documentation, the Conduct Committee did in fact find that a prima facie breach of the Code of Conduct has occurred in this instance and has resolved to submit the final report to the Council for consideration and determination.

Both the person making the complaint and the person complained about have been provided with a copy of the draft report for comment as well as a copy of this report and the final report of the Conduct Committee.

Under the adopted Code of Conduct where the Council finds that a Councillor has breached the Code, it may decide by resolution to;

- Censure the Councillor for misbehaviour in accordance with Sec 440G of the Local Government Act
- Require the Councillor to apologise to any person adversely affected by the breach
- Counsel the Councillor
- Make public findings of inappropriate conduct
- Refer the matter to the appropriate investigative body if the matter is serious (for eg Department of Local Government, Independent Commission Against Corruption, NSW Ombudsman or the NSW Police)
- Prosecute for any breach of law

In this instance the Conduct Committee have not made a recommendation as to the actions Council may take after considering the report but has left such a matter open for Council discussions and considerations.

POLICY IMPLICATIONS

NIL

FINANCIAL IMPLICATIONS

Obviously Council has incurred costs in carrying out this enquiry; these costs will be identified through Council's normal quarterly budget review processes and included in the Annual Report.

LEGAL IMPLICATIONS

There are no legal complications arising as a result of this report, other than those identified within the report and the adopted Code of Conduct.

CONCLUSION

This report is the finalisation of the investigation of the complaint made by Councillor H K Fisher with respect to the publication of confidential information on the website www.lithgowcouncil.com, a website owned and registered by Councillor M F Ticehurst.

This report has provided Council with the information required under the Act and Council's adopted Code of Conduct to enable Council to consider what, if any, actions it may wish to take with respect to a breach of Code of Conduct and any sanctions it may wish to impose on Councillor M F Ticehurst in accordance with Sec 10 of the adopted code.

ATTACHMENTS

1. Final Report

RECOMMENDATION

THAT Council consider the reports and attached information from the Conduct Committee and determine an appropriate sanction(s), if any, it may wish to impose on Councillor M F Ticehurst

**ITEM:13 GENERAL MANAGER PERFORMANCE REVIEW COMMITTEE -
16/10/06 - CONFIDENTIAL - GENERAL MANAGERS PERFORMANCE
REVIEW**

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(a) of the Local Government Act 1993, which permits the meeting to be closed to the public for business relating to the following: -

- (a) personnel matters concerning particular individuals (other than councillors)

REFERENCE

Min 06-184 - Ordinary Council Meeting held on 19 June 2006.

SUMMARY

This report will provide Council with the results of the recent annual performance review carried out with the General Manager, Councillors and the Local Government and Shires Association.

RECOMMENDATION

THAT Council consider this report in the closed Council pursuant to the provision of Sec 10(A) (2) (a) of the Local Government Act 1993.

QUESTIONS WITHOUT NOTICE

Nil.