

COMMUNITY SUBMISSION 1

From: [REDACTED]
Sent: Sunday, 27 April 2014 4:17:52 PM
To: Deb McGrath
Subject: Ref number IPRO9-12

To: The General Manager
Lithgow City Council
2014-2015 Draft Operational Plan

Apology: We will not be able to attend the planned meeting at Rydal on 30 April but would like to make some comments

Re: Road upgrade of Hampton Road....(the name has now been changed from Rydal Hampton Road)
I think this should be treated as a matter of some urgency.

We own the property [REDACTED] The stretch of road from just past our front gate to the spot where there was a major upgrade Road to Recovery is full of pot holes and has very little paving left. The recent logging of the nearby forest is now complete I think and this logging certainly contributed to the damage to the road. The recent launch of a new tourist brochure promotes among other things the beautiful scenic drives in the district. Many visitors would be quite intimidated by this stretch.

We help to run "Daffodils at Rydal" and open our garden for the event. The Festivities brings many visitors and the idea is that they may come back on other occasions. We already have several big bus groups booked to come to our garden and they will be using this road. We hope it will be repaired before the Daffodils are in bloom.

Waste Disposal at Hampton

We note that the lock no longer works efficiently and that the large recycling bins for paper and bottles are no longer available. The small bins that have been provided are far from adequate so that people can no longer use them for this purpose and much of such rubbish goes to the non-recyclable bin.

Re Plans for improvements of Rydal

We sincerely hope that the plans include purchase of land suitable for public toilets. The many visitors that we bring to Rydal through our Daffodils at Rydal, and our heritage walk need the basic facility of public toilets. On our many drives around the state through small towns and villages public toilets are available but not Rydal.

Yours sincerely

[REDACTED]

COMMUNITY SUBMISSION 2

From: Mac Ross [ironfest@lisp.com.au]
Sent: Monday, 19 May 2014 11:06:25 AM
To: Deb McGrath
Subject: Submission to be considered Ref: IPR09-12

ATTN: Roger Bailey
Lithgow Council General Manager

Dear Sir,
Re 2014/15 Operational Plan

I formally request that Council supports financially the establishment of a proposed 2nd Ironfest event to be held April 25 & 26 2015
(the week after the already programmed & annual Ironfest event to be titled 'Gypsy Dreadnought' in 2015.

This new event to be titled 'The Story of War' is designed to commemorate the 100 year anniversary of both the Great War & Anzac Day & would be markedly different in program to the current show.

If successful, it would also become an annual event expected to attract over 10,000 people & also contribute close to \$2 million to the local community

Macgregor Ross
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COMMUNITY SUBMISSION 3

From: Mac Ross [ironfest@lisp.com.au]
Sent: Monday, 19 May 2014 10:54:53 AM
To: Deb McGrath
Subject: Submission to be considered Ref: IPR09-12

ATTN: Roger Bailey
Lithgow Council General Manager

Dear Sir,
Re 2014/15 Operational Plan

I formally request that Council supports the revival of the 'Festival of the Valley Lithgow Main St Parade' (FVLMP) proposed to be held 2-3pm on Nov 29 in & around Main St) by providing financial, logistical & transport support; specifically: by providing a community grant; by assuming responsibility for the traffic management; & by contributing vehicles & personnel to take part in the Parade

Macgregor Ross
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COMMUNITY SUBMISSION 4

From: [REDACTED]
Sent: Thursday, 15 May 2014 8:34:30 PM
To: Deb McGrath
Subject: Submission to draft operations plan

I would like to make a submission for consideration by Council for the Draft operations plan currently on exhibition.

I live in Henning Cres, which is part of the Mountain View estate in Wallerawang. The estate is growing quite fast, currently there are six new homes under construction. Most of these homes are owned by young families, and so there is a growing number of small children utilising the park on the corner of Rydal Road and Henrietta St.

The equipment in the park installed by the developer is quite modern, however there are no seats where parents (or in my case grandparents) can sit whilst supervising their children. A bench seat or even picnic table and seats would be a very welcome addition. There have been two small trees planted near the park, but some more trees or a small sun shade would also make the park more user friendly.

Thank you for your consideration
Regards

[REDACTED]
[REDACTED]

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COMMUNITY SUBMISSION 5

From: [REDACTED]
Sent: Wednesday, 21 May 2014 11:29:50 AM
To: Deb McGrath
Subject: Submission For Operational Plan 2014

To whom it may concern,

I am a resident of Henning Crescent in Wallerawang and we have a small Park near our estate with play equipment accessed from Henrietta Street. The estate in which this park lies contains a lot of families with small children who benefit greatly from the proximity of the Park to their homes. I would like to point out that while this is a great feature to have, it is often neglected with noxious weeds growing around the perimeter and sometimes even in the woodchip itself. At the moment the 'Whale' on springs is actually broken and in need of a replacement crossbar to sturdy it and make it more safe for children.

What I would like to ask for in the Operational Plan 2014 is for increased amenities at this little Park, especially some seating for adults who have taken their children to the Park, and most importantly a shade sail to keep the sun off in summer and keep the woodchip from water logging when it rains. In this day and age I feel it is very important that all parks be given the amenity of a shade sail where possible. So as well as this Park in Henrietta Street I would like to see all Parks in the Lithgow LGA covered by shade sails and given at least a bench seat for parents and small children to rest on.

yours sincerely,

[REDACTED]

From: Seclusions [enquiries@seclusions.com.au]
Sent: Tuesday, 20 May 2014 8:06:26 PM
To: Lithgow City Council
Subject: Draft Operation Plan Road upgrade 209 Martins Road RYDAL

Dear Sir/Madam

I am the owner and operator of the tourism business known as Seclusions at 209 Martins Road Rydal. Martins road is gravel and well used as a short cut from Hampton to Lithgow and generates traffic of 50 - 80 car movements per day including our guests.

The road is generally graded by council at least once a year. Notwithstanding pot holes and corrugations that occur between grading (and the lack of any road base for many years) the big issue has been the amount of dust this road generates. As the prevailing winds are South/West for 80% of the year and in dry conditions the dust finds its way into our Tourist Cabins and our home.

The bigger problem is that the dust is so bad that my partner and I have to take allergy tablets daily let alone regular cleaning of the cabins and our home to have them to the standard our guests would expect. We have put up with this situation for nearly 8 years now and consider that all or part of Martins road requires some immediate and urgent attention.

Martins road from top to bottom is some **2.3 klms** of unsealed surface. At best a full seal would be welcomed and considered warranted given its use.

Next best option would be seal top of Martins Rd to our bottom boundary which is approx **450** meters. This at least gives our guests the option of entering Martins rd from the top and eliminating any need to travel on gravel.

Lastly the sealing of approx **200** meters which would cover our top to bottom boundary thus eliminating the dust issue we are having.

I appreciate Councils budget constraints but we have endured this for 8 years now and quality of life and our business does suffer.

Thank you for your consideration and would appreciate acknowledgment of this email.

Regards

Tom Graf and Julie Bennetts

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02 6355 6300
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Community Submission 7

Lithgow Business Association Budget Submission.

Thank you for the recent opportunity to meet with you to discuss proposed funding in Lithgow City Council's 2014/15 budget for Council's Economic Development Program and more specifically identifying potential projects that Council might fund to be delivered through the Lithgow Business Association (LBA).

The LBA fully endorses the proposed program of Economic Development initiatives set out in Lithgow City Council's draft 2014/15 budget.

As you would be aware, a new Committee has been appointed to manage the LBA. Building on the significant achievements of previous administrations, the new Committee now seeks to focus on developing a number of key projects targeted to the specific needs of the local business community. At the core of this strategy is fostering the development of a culture of "business excellence".

The LBA recognises the commitment that Lithgow City Council has made to support local businesses over the past several years through its delivery of business development training, shop local initiatives such as Lithglo and Halloween, the Lithgow App, the updating of the Lithgow Visitor Guide, and preparation of the Lithgow CBD Revitalisation Action Plan.

We believe that this approach closely aligns with the business excellence approach that the LBA wishes to foster and therefore opportunities to continue to deliver these initiatives along with new components in a partnership process with Council would be highly desirable.

We would like to propose the following program of projects for consideration for funding by Lithgow City Council within its 2014/15 budget:

1. Business Development Training Program

Funds to facilitate an integrated program of business development training developed in consultation with the LBA membership and delivered in partnership with Lithgow City Council covering topics such as:

- Customer service
- Visual merchandising
- Marketing
- Staff management and training
- Accounting for businesses

Budget request \$10,000

2. Business Mentoring Program

Funds to assist in the development, promotion and delivery of a mentoring program within the LBA where we can connect a person who has asked for support in a certain area of their business with another whose strengths lie in that area, to help every member achieve the best in their business.

Budget request \$1,000

3. LBA website upgrade incorporating local Business Directory

The current website for the LBA is poorly developed and has very limited functionality. Our vision is to create a website with full functionality for members – to sign up, to renew and update membership, with a virtual calendar of events. We would develop this website with monthly ‘business highlights’ and a virtual monthly newsletter.

Our aim is that this website would also have a full Lithgow Business Directory – not just for LBA members but all local businesses. We feel that this would link well to the Council’s website.

Budget request \$8,000

4. Business participation in Shop Local initiatives

The LBA and its members are fully supportive of Lithgow City Council events such as Halloween and Lithglo, and would like to sponsor these in conjunction with council, with the possibility of tying in Celebrate Lithgow.

The LBA wishes to be able to support businesses in getting involved, by way of providing decorations, props and consumables. While many businesses would like to be involved in such events, the cost can limit their involvement.

Budget request \$5,000

5. LBA Business Excellence Awards

The LBA Committee feels it is important to give something back to our local businesses. The aim of these awards would be ensuring ‘recognition’ of businesses in a range of areas. It is also a chance for all business operators to enjoy a sense of comradarie and undertake networking in a social environment. To make the awards fair and reasonable we plan to bring in external judges with no vested interest. We would run a campaign in the lead up to the awards asking consumers to fill in nomination forms for businesses and rate them in specific areas.

The awards will not be focused on revenue, but we would have a range of categories including customer service, visual merchandising, area of business (hospitality, retail etc). We would also ensure there were awards not just for Lithgow businesses, but also businesses in the smaller villages and other areas of the LGA.

We have identified key areas of expenditure including venue hire, awards, catering, decoration, advertising, staff and master of ceremonies and possibly the inclusion of a key note speaker. It is our intention to seek sponsorships for the event and to derive significant income through ticket sales. As the Business Awards have not been run in the LGA for a number of years, we need to make this a really worthwhile event to be able to keep it running in future years.

Budget request \$5,000

6. Partnering Council in the delivery of key projects

It is vital to the economic stability of the LGA to encourage 'decentralisation' and to diversify the Lithgow LGA economy. We understand that the Council already has plans for this through the Lithgow Investment Prospectus and the review of the Economic Development Strategy, and as our local businesses are significantly impacted by the success of these strategic documents, the LBA feels that it is important to be involved.

The LBA would like to be involved in any Council proposed marketing campaigns – including 'branding' Lithgow businesses and shop local campaigns. This would involve advertising and marketing through a range of media.

Parking along Main Street is a long standing issue for a number of our members, and the LBA, working with Council, needs to resolve this issue. The LBA seeks to be involved in research and planning for the improvement of this to aid businesses and customers alike.

Thank you again for the opportunity to put forward these projects for consideration for funding in Council 2014/15 budget. Should you require any further clarification of the intent or extent of these projects please don't hesitate to contact me on 0431 765 767.

Kind regards

Cassandra Baker

LBA Secretary.

Community Submission 8
National Trust of Australia (NSW)
LITHGOW REGIONAL BRANCH



The General Manager
Lithgow City Council

23 May 2014

Dear Sir

Re: Submission to Draft Operations Plan for recurrent funding
for the John Welling Award

In 2014 the Lithgow Regional Branch of National Trust of Australia (NSW) held the inaugural John Welling Award with the support of the Lithgow City Council, including the provision of the prize money of \$800.

The Award encourages the local students to take pride Lithgow its history, monuments and people and commemorates the work of John Welling..

We would ask that the council include recurrent funding of the prize money for this award in the Draft Operation Plan in order to ensure that John Welling Award continue into the future.

Yours faithfully

Jan Pennington
Secretary
Lithgow Regional Branch
National Trust
0402 238 315
Email: janpennington@westnet.com.au

Community Submission 9

From: Mac Ross [ironfest@lisp.com.au]
Sent: Friday, 23 May 2014 9:58:20 AM
To: Deb McGrath
Subject: Submission to be considered Ref: IPR09-12

ATTN: Roger Bailey
Lithgow Council General Manager

Dear Sir,
Re 2014/15 Operational Plan

I formally request that Council supports the Summer of Celebrate Lithgow Festival to be held in & around Main St (Various Oct – Dec & beyond) specifically by providing financial, & logistical support; specifically by [contributing to the 'Lights Down Main St Exhibition' to be launched on Halloween](#)

Macgregor Ross
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Lithgow

*Long Term Financial Plan
2014-2024*



Lithgow
CITY COUNCIL

Our Place ... Our Future



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Introduction

The Integrated Planning and Reporting reforms implemented by the State Parliament, requires Council to adopt a strong sustainability focus with a business planning framework. Council's Resourcing Strategy consists of the Long Term Financial Plan which is aimed at making a transparent financial direction to achieve community priorities for the Lithgow Local Government area over the next ten years along with the Strategic Asset Management Strategy and Workforce Strategy.

The Integrated Planning and Reporting Framework (below) provides a holistic approach to strategic planning. The Framework is based on a perpetual planning and reporting cycle which encourages an inclusive and transparent approach to the development of a sustainable local government area and responsible civic leadership.



The financial modeling supporting the Long Term Financial Plan is used to forecast the Council's financial future over 10 years. The Strategy is a tool which provides for decision making and problem solving, enabling decisions to be made on how to best achieve the Council's corporate objectives while addressing its long term financial challenges. The Long Term Financial Plan is not intended as a document to indicate what services or proposals should be allocated funds, but rather it addresses areas that impact on Council's ability to fund its services and capital works whilst maintaining financial sustainability.

The 2014/15 to 2023/24 Long Term Financial Plan presents the strategic aims, financial objectives, financial indicators and strategies Council will use to continue its progress to meet financial sustainability challenges from 2014/15 to 2023/24.

The plan will be reviewed and updated annually to retain a 10 year horizon meeting the requirements of integrated planning and reporting reforms and addressing Council's ability to meet future demands, community needs and economic growth.

2014/15 to 2023/24 Long Term Financial Plan

Financial Sustainability

A financially sustainable Council can meet its funding requirements relative to the provision of required services including maintenance, renewal and replacement of assets without imposing excessive debt on current or future generations and also without unplanned rate revenue increases.

A successful Long Term Financial Plan will predict Council's performance and position to improve not only infrastructure levels but also standards without the need for unplanned increases in rates or reductions to services.

When reviewing the financial sustainability of all Council's in 2009, IPART noted that a council had to improve their financial performance or achieve strong financial sustainability using a combination of the following:

- Adopting special rate variations to progressively lift or maintain revenue relative to total revenue;
- Maintain a strong rate base equivalent to 50% or more of total revenue;
- Record operating surpluses, excluding capital over a period of time;
- Addressing infrastructure backlogs on a regular basis;
- Retain or reduce expenditure on traditional service levels as a percentage of total expenditure.

Strategic Aim for Financial Sustainability

The strategic aim for financial sustainability is to:

- Demonstrate financial sustainability by 2023/24 whilst at the same time deliver the required services in response to community proprieties previously identified in Our Place...Our Future Community Strategic Plan 2026.
- Generate funding needed to address community service priorities and maintain assets in a serviceable condition by 2023/24.

Objectives to Achieve Financial Sustainability

The 2014/15-2023/24 financial objectives for achieving financial sustainability are to:

- Improve on the operating result from continuing operations.
- Improve the operating balance ratio.
- Improve the 'Rates Coverage Ratio', while considering the communities capacity to pay.
- Address the 'Asset Renewal Ratio'.
- Maintain the 'Debt Service Ratio' at a sustainable level.
- Strive to maintain the capital expenditure ratio at or above benchmark.

2013: Independent Review Panel Review by New South Wales Treasury Corporation (TCorp)

New South Wales Treasury Corporation (TCorp) was requested by the Independent Review Panel, chaired by Professor Graham Samson to undertake an assessment of the financial capacity and sustainability of all 152 Councils in New South Wales. Each Council received a report prepared by TCorp that provides an assessment of the following key areas:

- The financial capacity of the Council to undertake additional borrowings;
- The long term sustainability of the Council;
- The financial performance of the Council in comparison to a range of similar Councils and measured against prudent benchmarks.

TCorp defines sustainability as follows:

“A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community”.

This definition takes into account the effect ongoing change could have on a Council's operating position and service levels over the long term.

In addition TCorp also prepared a Financial Sustainability Rating (FSR) and outlook for each Council. The FSRs and outlooks have been developed by TCorp to provide an overall position of the sustainability of each entity when compared with others.

TCorp allocated all Councils a FSR on a scale from 'Very Strong' to 'Distressed'. A Council needs to be assessed at a 'Moderate' or higher level to be acceptable in terms of its sustainability. A 'Moderate' level FSR is on average equivalent to marginally exceeding the benchmarks utilised in TCorp's assessment process.

Lithgow's Financial Sustainability Rating is 'SOUND' which is the third rating, higher than 'moderate,' 'weak' and 'distressed' and it should be noted that only two other Councils received the higher rating of 'strong' one being the City of Sydney.

Of the remaining 150 Councils, thirty two received the rating of 'sound'. This included Lithgow.

The seven FSR categories that have been used in arriving at the assessed FSR for all Councils are as follows:

- Very Strong:
 - A local government with a very strong capacity to meet its financial commitment in the short, medium and long term.
 - It has a record of reporting operating surpluses.
 - It is highly likely to be able to manage unforeseen financial shock and any adverse changes in its business without revenue and or / expense adjustments.
 - Its capacity to manage core business risks is very strong.
- Strong:
 - A local government with a strong capacity to meet its financial commitments in short, medium and long term.

- It generally has a record of operating surplus and may occasionally report minor operating deficits, It is able to address its operating deficits, manage major unforeseen financial shocks and any adverse changes in its business with minor revenue and / or expense adjustments.
- The expense adjustments are likely to result in only minor changes to the range of and/or quality of services offered.
- Its capacity to manage core business risks is strong.
- Sound:
 - A local government with an adequate capacity to meet its financial commitments in the short, medium and long term.
 - While it is likely that it may be a record of minor to moderate operating deficits, the local government is expected to regularly report operating surpluses. It is likely able to address its operating deficits, manage major unforeseen financial shocks and any adverse changes in its business with minor or moderate revenue and / or expense adjustments.
 - The expense adjustments are likely to result in some changes to the range of and / or quality of services offered.
 - Its capacity to manage core business risks is sound.
- Moderate:
 - A local government with an adequate capacity to meet its financial commitments in the short to medium term and an acceptable capacity in the long term.
 - While it has some record of reporting minor to moderate operating deficits the local government may also have recently reported a significant operating deficit.
 - It is likely able to address its operating deficits, manage unforeseen financial shocks and any adverse change in its bushiness with moderate revenue and / or expense adjustments. The expense adjustments are likely to result in a number of changes to the range of and / or quality of services offered.
 - Its capacity to manage core business risks is moderate.
- Weak:
 - A local government with an acceptable capacity to meet its financial commitments in the short to medium term and a limited capacity in the long term.
 - It has a record of reporting moderate to significant operating deficits with a recent operating deficit being significant.
 - The expense adjustments would result in significant changes to the range of and / or quality of services offered.
 - It may experience difficulty in managing core business risks.
- Very Weak:
 - A local government with a limited capacity to meet its financial commitments in the short to medium term and a very limited capacity in the long term.
 - It has a record of reporting significant operating deficits. It is highly likely to be able to address its operating deficits, manage unforeseen financial shocks and any adverse changes in its business without the need for structural reform and major revenue and / or expenditure adjustments.
 - The expense adjustments are likely to result in significant changes to the range of and / or quality of services offered and it may need the assistance from higher levels of government.
 - It has difficulty in managing its core business risks.
- Distressed:
 - A local government with a very limited capacity to meet its short term financial commitments and no capacity to meet its medium to long term financial commitments.

- It has a record of reporting significant operating deficits.
- To be able to address its operating deficits, meet its medium and long term obligation, manage unforeseen financial shock and any adverse changes in its business, major revenue and expense adjustments and structural reform will be required.
- The local government is unlikely to have the capacity to manage core business risks and may need assistance from higher levels of government.

Three categories have been used by TCorp to rank the future outlook of Councils. The categories are positive, neutral or negative. Only five Councils having a 'positive' outlook, 73 or nearly half, are rated as having a 'negative' outlook, meaning that the overall position of the local government sector is likely to get significantly worse over the next three years. Lithgow was one of the 73 Councils with a rating of 'negative,' a sign of general weakening:

- Positive:
 - As a result of a foreseeable event or circumstance occurring, there is the potential for enhancement in the local government's capacity to meet its financial commitments (short and / or long term) and resulting change in its rating, However, it does not necessarily indicate that a rating change may be forthcoming.
- Neutral:
 - There are no known foreseeable events that would have a direct impact on the financial sustainability of the local government. It may be possible for a rating upgrade or downgrade to occur from a neutral outlook, if warranted by an event or circumstance.
- Negative:
 - As a result of a foreseeable event or circumstance occurring, there is the potential for deterioration in the local government's capacity to meet its financial commitments (short and / or long term) and resulting change in its rating. However, it does not necessarily indicate that a rating change may be forthcoming.

TCorp's Key Findings & Recommendations to All NSW Councils:

- Operating deficits are unsustainable & at least breakeven annual operating positions are essential.
- There is a large annual asset maintenance gap.
- The infrastructure backlog has yet to be addressed.
- Regional performance varies.
- Rate increases must meet underlying costs as well as annual growth in expenditure.
- Medium term pricing paths are needed for ongoing adjustments to rates and charges.
- Asset management planning must be prioritised.
- Councilor and management capacity must be developed.
- The system and guidelines for access restricted funds should be reviewed.
- Increased use of borrowings.

Financial Performance Indicators

The 2014/15-2023/24 Long Term Financial Plan measures 'financial sustainability' using indicators reported in the Treasury Corp Report and those now included in the Local Government Code of Accounting Practice and Financial Reporting. It should be noted that the performance indicators are calculated at a consolidated level and this may mask any adverse results at Individual Fund level.

The indicators selected in this plan are:

1. **Capital Expenditure Ratio:** This is calculated by dividing the forecast capital expenditure by the annual depreciation. The benchmark for this ratio is considered to be 110%. As can be seen in

Appendix 4, Council achieves over the benchmark in 2014/15 and 2015/16 reflecting the large expenditure in relation to Stages 2 and 3 of the Aquatic Centre, Flood Mitigation Works and Upgrade of Portland Sewerage Treatment works. In the following years the ratio declines less than the benchmark reflecting the reduced availability of Capital Grants currently forecast for the period. The Capital Grants income figures have purposely kept at a very conservative level; historically Council has received sizeable capital grants to fund key capital projects.

2. **Cash Expense Ratio:** This ratio measures the period of time in months that Councils expected Cash Balance can be used to fund both cash operating expenses and loan repayments. The benchmark is considered to be satisfactory at a level of 3 months or better. Council modestly exceeds the benchmark over the life of the Plan.
3. **Debt Service Cover Ratio:** This measures the capacity of Council to fund its loan principal and interest repayments out of its operating result after capital revenue and removing the impact of non-cash depreciation and investment income. The benchmark is a ratio of in excess of two times. Council's ratio exceeds this benchmark over the life of the plan.
4. **Interest Cover Ratio:** This is a similar ratio to the Debt Service Cover Ratio and measures the capacity of Council to service its interest payments on loan borrowings. The benchmark considered satisfactory is a ratio in excess of 4 times. Council exceeds this benchmark over the life of the Plan.
5. **Operating Performance Ratio:** This measures the capacity of Council to contain its operating expenditure within its operating revenue. The minimum benchmark for this ratio is better than -4.0% however, the break even net operating result before capital is considered to be very desirable to maintain financial sustainability. The Plan indicates that Council has operating deficits throughout the life of the plan, with the benchmark of exceeding -4.0% being met in the last two years of the plan. This indicates that Council needs to seek further revenue sources through such measures as improved user charges, additional special rate variations and / or a reduction of, and better targeting of operating expenses. The capacity to address infrastructure backlogs and renew ageing infrastructure is difficult unless operational surpluses are achieved. This represents a financial challenge for Council over the life of the Plan. Operating deficits indicate that Councils current ratepayers are consuming Council services that may have to be funded by future generations.
6. **Own Source Operating Revenue:** This measures the degree of reliance by Council on external funding sources to finance its operations. The benchmark to aim for is considered to be in excess of 60%. Council exceeds this ration over the life of the Plan. This indicates that Council has a good degree of financial flexibility in funding its operations and is not overly reliant on external grants and contributions.

Strategies for Financial Sustainability

Major Planned Capital Expenditure 2014/15 -2016/17

A detailed listing of planned capital expenditure over the remaining three years of Council's current delivery program is presented as Appendix 5 to the Long Term Financial Plan. From this point forward broad dollar values for capital expenditure have been presented within the Long Term Financial Plan without detailing item by item the proposed expenditure. Consideration of any new major project will need to take into account Councils financial sustainability, and the need to address additional capital funding required to continue providing existing needed assets in reasonable condition.

Strategies for Increasing Revenue

Council has in the Delivery Program and Operational Plan identified specific strategies aimed at increasing revenue.

These are:

- Adoption of annual rate pegging
- Annual review of Fees and Charges
- Special Rate Variations
- Identifying revenue generating initiatives
- Maximising rental properties.

Annual Rate Pegging

Rates are set annually by the Independent Pricing and Regulatory Authority (IPART) after taking into account an annual review of the Local Government Cost Index (LGCI). The increase for 2014/15 was 2.3% based upon and 2.8% increase in the LGCI less a 0.2% productivity factor and a further 0.3% for the Carbon Tax advance received in 2012/13.

From 2015/16 the Plan is based upon an annual rate peg of 2.8% which allows for an annual LGCI factor of 3.0% and a reduction of 0.2% as a sector wide productivity factor.

It has been assumed in the Plan that Council adopts the full permissible increased forecast of 2.8% each year.

Special Rate Variation

At its meeting held on 9 March 2009, Council resolved to apply for a special variation to the ordinary rate to fund infrastructure improvements. On 3 July 2009, the Minister for Local Government approved a special variation to the ordinary rate which involves a 4.77% increase to the ordinary rate for infrastructure improvements, roads and buildings. This special rate will be ongoing for 10 years including 2009/10 to 2018/19.

For the purposes of the Plan it has been assumed that an application for a new SRV will be made at the same level as the expiring SRV. The funds raised by the SRV are utilised by Council to fund high priority renewal works on Council's buildings and transport asset network.

Fees & Charges

Fees and charges that are controllable by Council are reviewed each year to ensure that they change in accordance with the underlying costs of providing the service. The costs of providing services also need to incorporate the cost of renewing the underlying assets that provide the service. This requires consideration of the whole of life costs of all assets which incorporates operational, maintenance and renewal costs.

The Plan incorporates an annual increase of 3.5% in fees and charges that are controlled by Council.

Some fees and charges are set by legislation and Council must accept the fee determined by other tiers of Government. This includes many building and development application fees, Section 603 fees and some trade waste fees. In some cases these fee structures are set at a level where Council is unable to recover its costs.

Rental Properties

Council is actively seeking to maximize its commercial returns on properties. Where Council buildings are being used on the basis of a community subsidy, then Council will review that arrangement to assess if

the arrangement is in accord with Council's Community Strategic Plan. Any community use subsidies should be disclosed so that the impact is transparent to all parties.

The Plan generally assumes that other income including rentals increase by 3.0% per annum over the life of the plan.

Grants & Subsidies

Council will continue to seek grant and partnership funding for a range of projects and programs, which will be reflected in budgets and the Long Term Financial Plan. It is expected that Lithgow will continue to have reasonable success in this area, but is not making assumptions that this source of income can be relied upon for forward forecasting and financial sustainability. Successful increases in revenue through grants will be treated as they become available, and will in turn improve our financial position. Due to announcements in the recent Federal Budget the assumption has been to hold all levels of operating grants and contributions static over the life of the plan.

Strategies to Maintain or Reduce Expenditure

Council has identified specific strategies aimed at maintaining or reducing expenditure. These are:

- Continually reviewing operating expenditure
- Managing employment costs
- Service and Asset Management Planning.

Maintaining or reducing operational expenditure to produce recurrent savings

To meet operations obligations to the community in the future it is important for Council to manage operational expenditure by continually reviewing costs and aiming for savings.

Service Planning

Service planning presents an opportunity to improve access and equity in existing services and to introduce more innovative service delivery approaches that are affordable. Changes in assets will require a detailed service planning approach.

The ultimate aim with regard to service planning is that Council is able to provide satisfactory, equitable and affordable services to the community at a consistent level whilst at the same time reducing costs and the financial impact on Councils position.

2014/15 – 2023/24 Long Term Financial Plan Assumptions

To develop the Long Term Financial Plan financial modeling has been done to develop scenarios that assist in problem solving and decision making. The modeling which uses high level summary data allows a number of financial scenarios to be tested. The high level summary enables Manager's to reflect the impact of different influences by allowing for adjustment to expenditure and revenue at activity level and the impact of movement due to inflation and other known factors.

In developing the 2014/15 – 2023/24 Long Term Financial Plan the following general assumptions have been used to predict income and expenditure and a number of challenges for revenue and expenditure in future years has been focused on, such as:

- Responding to forecast economic parameters, CPI
- Reflecting on the strategic priorities of the Council against the communities expectations and financial policies

- Predicting responsible forward forecasts using financial sustainability indicators
- Monitoring the adopted Delivery Program and Annual Operational Plan
- Ensuring the Long Term Financial Plan is developed as an early step in the Integrated Planning cycle and is based on the Sustainable Resourcing Principles

If the assumptions stated above are not realised then it will be necessary for Council to reconsider the current expenditure and revenue strategies to realign the Long Term financial Plan to fund changes in future costs or revenue projections.

Rates and Annual Charges

Rates and annual charges account for a large portion of income in future years.

Council relies on the annual rate pegging increase set by the Independent Pricing and Regulatory Tribunal (IPART). The Long Term Financial Plan assumes an annual increase of 2.8% across the life of the plan.

Indications are that the population of the Local government area will be maintained but with an aging population base. Council will need to consider the write off of rate income due to pension rebates and as a result issues for rating as a revenue source become evident. The issues may be:

- Income from rates and annual charges including general rates from residential, business, farmland, rural and mining. Parking, waste and ongoing special infrastructure rate levy is restricted by annual rate pegging.
- The ageing population is likely to limit scope to raise income due to the populations' ability to pay and the fact that more pensioner rebates will be being processed resulting in less rate revenue.

Additional revenue would be required to fund the upgrade of assets and infrastructure from 2014/15 to 2023/24 and as a result Council considers it will be plausible to seek a continuation of the special infrastructure rate levy beyond 2018/2019

Water and Sewerage Charges

The pricing of water and sewerage services is guided by State Government Best Practice Pricing Guidelines. Council has adopted a two part tariff for water supply, consisting of an access charge and a usage charge. Access charges are related to the size of the water meter for non-residential properties and account for 25% of operating income. The guidelines also require that at least 75% of water revenue for residential customers should be generated through the usage component. Sewerage tariffs adopted by Council consist of a uniform sewerage charge for residential properties, a two part tariff for non-residential customers and appropriate fees and charges for liquid trade waste dischargers.

Operating Grants and Contributions

Operating grants and contributions, specifically the financial assistance grant, is based on the population of the local government area and the current stagnate population could affect the level of funding available in the future. There has been some level of debate in respect of changing the financial assistance grant formulae but an adjustment for this has not been made at this time because of the significance on Council total revenue. Due to announcements in the recent Federal Budget the assumption has been to hold all levels of operating grants and contributions static over the life of the plan.

Interest on Investments

Interest on investments is assumed at 3.5% for 2015/2016 then rising to 3.75% for the remainder of the plan. Interest has been calculated on the average balance of funds invested for the year.

Employee Costs

Employee costs make up approximately 40% of the annual projected expenditure. This is reflective of the service based nature of a large proportion of activities as well as the construction and maintenance of infrastructure owned by Council. Movement in employee costs is determined through industry wide award negotiations and market forces and Council is aware unplanned changes may occur with employee costs. The Long Term Financial Plan assumes employee costs will increase by 3% annually.

Council also needs to consider its ability to retain the necessary workforce to achieve the community's expectations for future projects which will be affected by several internal and external factors such as the rising cost of employment, skills shortages, staff turnover, attraction and retention of Council, an increase in superannuation benefits, maternity and paternity leave, award increases and changes in service levels.

Any significant changes in expenditure will have a major impact on Council's Long Term Financial Plan and the organisation would need to monitor the original planned operations to offset any unpredicted movements.

Materials and Contracts

Materials and contracts account for approximately 28% of projected annual expenditure which is reflective of capital works to be constructed and maintained. Considerable pressure is placed on the cost of materials and contracts due to rising raw material costs including fuel and freight. Should unplanned major increases be experienced it will impact on the Long Term Financial Plan. Fuel and energy are subjected to pressure from rising oil prices and market fluctuations.

Interest on Borrowings

The interest for existing loans is as provided for in the existing agreements and the interest assumed on new loans has been calculated at 7% for loans with a tenor of up to 10 years. Any loans with a life exceeding 10 years have been calculated at 7.5%. This reflects the additional risk premium taken by financial institutions as the life of the loans increase.

Depreciation

Depreciation cost will be based on estimated useful life of assets and reviewed every year. In the Long Term Financial Plan, depreciation in future years is increased by 1.25% with additions to account for the depreciation expected for the planned construction of major works.

Other Expenses

All other expenditure for continuing operations is assumed to increase by 3.5%.

The Long Term Financial Plan also provides for the additional cost of operations and maintenance of newly constructed or upgraded assets.

Unexpected Events

The Long Term Financial Plan is prepared on the basis of existing knowledge and cannot take into account any unexpected events that may impact on the forecasts.

Issues for consideration that may have a significant impact on the forecasts are:

1. **Developing Assets Management Plans:** Council has commenced an asset management planning process that will allow for forecasting of assets maintenance and replacement costs but at this early stage a variation may occur with estimates.

2. **Premature Asset Failure:** Council has endeavored to ensure that infrastructure assets remain in a satisfactory condition for the benefit of the community. Maintenance and improvements have been carried out to match available resources, however in some cases infrastructure assets may fail earlier than expected and this will place additional financial pressure on Council and the Long Term Financial Plan.
3. **Natural Disasters:** Natural disasters may occur without notice and ultimately impact on Council resources. The Long Term Financial Plan does not allow for, or provide a contingency for any impact caused.
4. **Unexpected Population Growth:** With the increasing pressure on housing within the Sydney metropolitan area it is possible that there may be pressure in the long term for significant growth in the population moving west over the mountains. No allowance has been provided for an unexpected shift in the population.

Long Term Financial Plan Appendices

The following summary documents are provided as appendices to the Long Term Financial Plan document. They provide a summary of the financial projections of Council over the next ten years. It is important that these documents are considered as a total package and not in isolation to gain a clear picture of council's financial position over the next ten years.

Appendix 1

Income Statement

Appendix 2

Balance Sheet

Appendix 3

Statement of Cash Flows

Appendix 4

Financial Sustainability Indicators

Appendix 5

Capital Works Program

Appendix 1 – Base Case Scenario - Budgeted Income Statement

2014/15 to 2023/24 Best Case Scenario – Budgeted Income Statement										
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/13	2023/24
INCOME FROM CONTINUING OPERATIONS										
Revenue										
Rates & Annual Charges	23,155	23,848	24,560	25,294	26,051	26,831	27,633	28,459	29,311	30,189
User Charges & Fees	6,240	7,008	7,253	7,507	7,770	8,042	8,323	8,614	8,915	9,227
Interest & Investment Revenue	575	347	388	367	383	410	397	382	376	374
Other Revenues	709	730	752	775	798	822	847	872	898	925
Grants & Contributions provided for Operating Purposes	6,207	6,207	6,207	6,207	6,207	6,207	6,207	6,207	6,207	6,207
Grants & Contributions provided for Capital Purposes	5,537	12,390	990	1,390	1,390	990	990	990	990	990
Other Income										
Net gains from the disposal of assets	0	0	0	0	0	0	0	0	0	0
Total Income from Continuing Operations	42,423	50,530	40,150	41,540	42,599	43,302	44,397	45,524	46,697	47,912
Expenses from Continuing Operations										
Employee Benefits & On-Costs	14,229	14,938	15,386	15,848	16,323	16,813	17,317	17,837	18,372	18,923
Borrowing Costs	1,537	1,606	1,511	1,557	1,611	1,585	1,488	1,394	1,296	1,204
Materials & Contracts	9,777	10,235	10,542	10,858	11,184	11,520	11,866	12,222	12,589	12,967
Depreciation & Amortisation	9,216	9,331	9,448	9,566	9,686	9,807	9,930	10,054	10,180	10,307
Other Expenses	3,868	4,087	4,210	4,336	4,466	4,600	4,738	4,880	5,026	5,177
Total Expenses from Continuing Operations	38,627	40,197	41,097	42,165	43,270	44,325	45,339	46,387	47,463	48,578
Net Operating Result for the Year	3,796	10,333	(947)	(625)	(671)	(1,023)	(942)	(863)	(766)	(666)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,741)	(2,057)	(1,937)	(2,015)	(2,061)	(2,013)	(1,932)	(1,853)	(1,756)	(1,656)

Appendix 2 – Base Case Scenario – Balance Sheet Forecasts

2014/15 to 2023/24 Best Case Scenario – Balance Sheet Forecasts										
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
ASSETS										
Current Assets										
Cash & Cash Equivalents	10,651	10,028	9,550	10,888	10,986	10,200	10,180	9,895	10,050	10,052
Investments	0	0	0	0	0	0	0	0	0	0
Receivables	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104
Inventories	514	514	514	514	514	514	514	514	514	514
Other	181	181	181	181	181	181	181	181	181	181
Total Current Assets	14,450	13,827	13,349	14,687	14,785	13,999	13,979	13,694	13,846	13,851
Non Current Assets										
Inventories	738	738	738	738	738	738	738	738	738	738
Receivables	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	394,950	404,885	402,097	399,686	398,478	396,852	394,626	392,647	390,493	388,503
Investment Property	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	395,688	405,623	402,835	400,424	399,216	397,590	395,364	393,385	391,231	389,241
TOTAL ASSETS	410,138	419,449	416,183	415,111	414,001	411,589	409,343	407,079	405,080	403,093
LIABILITIES										
Current Liabilities										
Payables	4,127	4,127	4,127	4,127	4,127	4,127	4,127	4,127	4,127	4,127
Borrowings	1,648	1,772	1,819	1,833	1,939	1,388	1,305	1,401	1,233	1,321
Provisions	4,053	4,053	4,053	4,053	4,053	4,053	4,053	4,053	4,053	4,053
Total Current Liabilities	9,828	9,952	9,999	10,013	10,119	9,568	9,485	9,581	9,413	9,501
Non-Current Liabilities										
Borrowings	22,365	21,469	19,603	19,356	18,911	18,074	16,852	15,355	14,290	12,881
Provisions	11,125	10,875	10,375	10,160	10,060	10,060	10,060	10,060	10,060	10,060
Total Non-Current Liabilities	33,490	32,344	29,978	29,516	28,971	28,134	26,912	25,415	24,350	22,941
TOTAL LIABILITIES	43,318	42,296	39,977	39,529	39,090	37,702	36,397	34,996	33,763	32,442
Net Assets	366,820	377,153	376,206	375,582	374,911	373,887	372,946	372,083	371,317	370,651
EQUITY										
Retained Earnings	250,451	260,784	259,837	259,213	258,542	257,518	256,577	255,714	254,948	254,282
Revaluation Reserves	116,369	116,369	116,369	116,369	116,369	116,369	116,369	116,369	116,369	116,369
TOTAL EQUITY	366,820	377,153	376,206	375,582	374,911	373,887	372,946	372,083	371,317	370,651

Appendix 3 – Base Case Scenario – Cash Flow Statement Forecasts

2014/15 to 2023/24 Best Case Scenario – Cash Flow Statement Forecasts										
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/13	2023/24
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts										
Rates & Annual Charges	23,155	23,848	24,560	25,294	26,051	26,831	27,633	28,459	29,311	30,189
User Charges & Fees	6,240	7,008	7,253	7,507	7,770	8,042	8,323	8,614	8,915	9,227
Interest & Investment Revenue Received	575	347	388	367	383	410	397	382	376	374
Grants & Contributions	11,744	18,597	7,197	7,597	7,597	7,197	7,197	7,197	7,197	7,197
Other	709	730	752	775	798	822	847	872	898	925
Payments										
Employee Benefits & On-costs	(14,229)	(14,938)	(15,386)	(15,848)	(16,323)	(16,813)	(17,317)	(17,837)	(18,372)	(18,923)
Materials & Contracts	(9,777)	(10,235)	(10,542)	(10,858)	(11,184)	(11,520)	(11,866)	(12,222)	(12,589)	(12,967)
Borrowing Costs	(1,537)	(1,606)	(1,511)	(1,557)	(1,611)	(1,585)	(1,488)	(1,394)	(1,296)	(1,204)
Other	(3,868)	(4,087)	(4,210)	(4,336)	(4,466)	(4,600)	(4,738)	(4,880)	(5,026)	(5,177)
Net Cash provided (or used in) Operating Activities	13,012	19,664	8,501	8,941	9,015	8,784	8,988	9,191	9,414	9,641
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Sale of Investment Securities	0	0	0	0	0	0	0	0	0	0
Sale of Infrastructure, Property, Plant & Equipment	337	345	354	363	372	381	391	401	411	421
Payment										
Purchase of Infrastructure, Property, Plant & Equipment	(14,849)	(19,611)	(7,014)	(7,518)	(8,850)	(8,563)	(8,094)	(8,476)	(8,437)	(8,738)
Payment of Rehabilitation Liabilities	0	(250)	(500)	(215)	(100)	0	0	0	0	0
Net Cash provided (or used in) Investing activities	(14,512)	(19,516)	(7,160)	(7,370)	(8,578)	(8,182)	(7,703)	(8,075)	(8,026)	(8,317)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Proceeds from Borrowings & Advances	4,600	1,000	0	1,600	1,600	0	0	0	0	0
Payments										
Repayment of Borrowings & Advances	(1,648)	(1,772)	(1,819)	(1,833)	(1,939)	(1,388)	(1,305)	(1,401)	(1,233)	(1,321)
Net Cash Flow provided (used in) Financing Activities	2,952	(772)	(1,819)	(233)	(339)	(1,388)	(1,305)	(1,401)	(1,233)	(1,321)
Net Increase/(Decrease) in Cash & Cash Equivalents	1,452	(623)	(478)	1,338	98	(786)	(20)	(285)	155	2
Plus: Cash, Cash Equivalents & Investments – Beginning of year	9,199	10,651	10,028	9,550	10,888	10,986	10,200	10,180	9,895	10,050
Cash & Cash Equivalents – End of Year	10,651	10,028	9,550	10,888	10,986	10,200	10,180	9,895	10,050	10,052

Appendix 4 – Base Case Scenario – Sustainability Indicators

2014/15 to 2023/24 Best Case Scenario – Sustainability Indicators											
Benchmark		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
110%	Capital Expenditure Ratio	161%	210%	74%	79%	91%	87%	82%	84%	83%	85%
	Capital Expenditure	14,849	19,611	7,014	7,518	8,850	8,563	8,094	8,476	8,437	8,738
	Depreciation	9,216	9,331	9,448	9,566	9,686	9,807	9,930	10,054	10,180	10,307
3.0	Cash Expense Ratio	4.1	3.7	3.4	3.8	3.7	3.4	3.3	3.1	3.1	3.0
	Current Year's Cash and Cash Equivalent	10,651	10,028	9,550	10,888	10,986	10,200	10,180	9,895	10,050	10,052
	Cash provided for Operating and Financing Activities divided by 12	2,588	2,720	2,789	2,869	2,960	2,992	3,059	3,144	3,210	3,299
2.0	Debt Service Cover Ratio	4.57	6.3	3.01	3.1	2.99	3.49	3.75	3.79	4.23	4.3
	Operating Result after Capital Grants before Interest and Depreciation	14,549	21,270	10,012	10,498	10,626	10,369	10,476	10,585	10,710	10,845
	Principal Repayments plus Interest Expense	3,185	3,378	3,330	3,390	3,550	2,973	2,793	2,795	2,529	2,525
4.0	Interest Cover Ratio	9.5	13.2	6.6	6.7	6.6	6.5	7.0	7.6	8.3	9.0
	Operating Result after Capital Grants before Interest and Depreciation	14,549	21,270	10,012	10,498	10,626	10,369	10,476	10,585	10,710	10,845
	Interest Expense	1,537	1,606	1,511	1,557	1,611	1,585	1,488	1,394	1,296	1,204
-4%	Operating Ratio	-4.7%	-5.4%	-4.9%	-5.0%	-5.0%	-4.8%	-4.5%	-4.2%	-3.8%	-3.5%
	Operating Revenue less Capital Grants and Contributions less Operating Expenses	(1,741)	(2,057)	(1,937)	(2,015)	(2,061)	(2,013)	(1,932)	(1,853)	(1,756)	(1,656)
	Operating Revenue less Capital Grants and Contributions	36,886	38,140	39,160	40,150	41,209	42,312	43,407	44,534	45,707	46,922
60%	Own Source Operating Revenue Ratio	69%	61%	79%	79%	79%	81%	81%	81%	82%	82%
	Rates, Annual Charges, and User Charges	29,395	30,856	31,813	32,801	33,821	34,873	35,956	37,073	38,226	39,416
	Total Operating Revenue	42,423	50,530	40,150	41,540	42,599	43,302	44,397	45,524	46,697	47,912

Appendix 5 – Base Case Scenario – Capital Works Program

Major Projects - New Assets		2014/15	2015/16	2016/17	
Waste	Lithgow Solid Waste Facility	204,386	369,386	109,386	
	Portland Garbage Depot		20,000	660,000	
	Waste and Recycling Strategy		20,000		
Waste Water	Desludging	50,000	50,000	50,000	
	Mains Specialist Cleaning	500,000	500,000	250,000	
	Pump Station Replacement Program	100,000	100,000		
	Pump Station Safety Upgrade		100,000	100,000	
	Sewer Vent Replacement Program	30,000	30,000	30,000	
	Telemetry Upgrade	200,000		200,000	
	Portland Sewerage Treatment Plant Upgrade		12,000,000	3,000,000	
	Water	Chlorinator Renewal	50,000		
		Dam Safety Works	50,000		
Mains Renewal		400,000	400,000	200,000	
Reservoir Renewal		50,000			
Telemetry Upgrade		110,000			
Dam Planned Maintenance			50,000	50,000	
Dam Safety Works				150,000	
Oakey Park WTP			40,000		
Pump Station Renewal			100,000		
Farmers Creek Trunk Main			100,000	300,000	
	Other Water Assets	250,000	250,000	250,000	
Operations		5,778,727	3,010,184	1,256,191	
Recreation	Sports Fields/Aquatic Centre	4,108,132	164,727	156,196	
Plant and Workshop	Heavy Plant	1,337,000	1,183,842	287,628	
	Depot Improvements	200,000	114,394	48,952	
Buildings		474,000	814,773	145,467	
Executive		1,326,344	420,932	357,810	