

*Cabonne Council
Annual Report
2009/2010*



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This document has been prepared in accordance with the NSW Local Government Act 1993 – Section 428

General Manager's Message

2009/2010, a year in which we faced the Global Financial Crisis head on and came out the other end, even if there were a few bruises and bumps. We have hopefully seen the end of one of the longest droughts on record, things are starting to pick up in the region and your Council has had what can only be described in retrospect as a very good year.

The Council is fast approaching the half way point of the current term and the benefits of the new blood and enthusiasm combined with sound governance in the past are starting to be seen. A continuing focus in 2009/2010 and for the coming year will be the production of the Cabonne Community Plan 2020/2025 which sets out the collective vision for the future of our villages, localities and rural areas across the shire. There are a number of noteworthy issues and achievements that I would wish to highlight for the 2009/2010 year and these include:

- The completion of the Waluwin Community Centre – Australia's first fully integrated Community & Health Care Facility.
- The significant progress of the 4 Towns Sewerage Scheme with Cudal completed and operational, Manildra well underway and planning well under way in Cumnock and Yeoval.
- A \$12M road works program completed last year. This has resulted in renewal of existing asset, extension of seals and new bridges.
- The final completion of the refurbishment of the amenities of swimming pools in 6 Cabonne villages.
- The purchase of new Cabonne SES Headquarters at Canowindra.
- The completion of the skate park at Molong and the commencement of the process for a skate park at Canowindra.
- Significant community hall, playground and recreational improvements.
- The establishment of our first solar power generation plant at the Waluwin Centre – this is hoped to be the forerunner of other such initiatives by Council on our buildings across the Shire.
- Council's financial health check receiving 7 green light indicators - a first for Cabonne.
- The development of a Customer Service Action Plan.
- Significant progress with the Wellington, Blayney, Cabonne Strategic Alliance, with over \$700,000 in savings for 2009/2010.
- The engagement of a Communications & Media Officer and a Community & Business Development Officer.
- Ongoing success with our Roads Assets Management Plan.
- The continuation of our successful Trainee and Apprenticeship Program which is now entering its 6th year.

2009/2010 also saw Council and community groups take advantage of the Federal Government's Stimulus Package through participation in the Regional and Local Communities Improvement Projects which generated some \$500,000 in grants and over \$700,000 in total projects for Cabonne. The ability for Council to "work with our communities" in developing these projects was certainly one of the highlights of the year.

It is also worthy to note that Council, through the WBC Alliance, won the National Award for Management Excellence in relation to Service Delivery through Collaboration. This is an independent analysis of Council's performance against all Councils in Australia.

Council's commitment to its long term financial management strategy has certainly benefitted through what was a tumultuous year financially across the world. Council has been able to maintain its workforce, provide services, carry out much needed capital works and participate actively in grant opportunities as they have come along. Sound financial management and relevance to our communities are two of the cornerstones of Council's operations and will be well into the future.

One of the highlights of the 2009/2010 year was Council's nomination in the A R Bluett Memorial Award for the Best Council and Council Making the Greatest Relative Progress. To be nominated in the Award and to be included in the finalists is again an independent assessment of Council's operations.

Council's Audit Report handed down in 2009/2010 indicated that Council is in a "robust" and "financially secure" position. We are continuing to provide for the future and with an assets renewal ratio of 124.6% we are in excess of the benchmark of 100%.

The importance of Council's Annual Report in informing our ratepayers, residents and other key stakeholders cannot be underestimated. It is important that Councils are accountable and transparent and I invite your examination of the report. Naturally should you require any further information, you should feel free to contact Council's Public Officer, Mr Gerry Aguila, on (02) 6392 3221 in the first instance who will only be too pleased to provide further information.

This report also covers Council's official report and requirements under Section 428 of the Local Government Act and ensures that Council is satisfying its statutory obligations, amongst the host of financial and other data that needs to be provided to relevant Government agencies.

Please be assured of the drive and commitment from Councillors, staff and the community to continue to look after the interests of our Shire in the short, medium and long term. Cabonne Council is unique in that it has no major centre of population, we are however, a specialist rural local government authority that serves smaller communities and the diverse rural area. Cabonne's greatest strength will always be the people of the Shire and the support, commitment, enthusiasm, innovation and input from our communities and volunteers has served, and will continue to serve, us well. This Annual Report can be taken as an official record of our appreciation for their efforts. The motto that appears on the side of our plant fleet "Working With Our Communities" says a lot about Cabonne and our people



GLP Fleming
General Manager

Principal Activities

Council's Management Plan is divided into 13 Principal Activities and the performance achieved in these areas compared with the projected performance is contained in Council's Final Strategic Plan (June review) for 2009/2010 which is attached. A Final progress comment is included for each item.

Where actions have not been able to be completed in the 2009/2010 Management Plan, they have after review, if appropriate, been transferred to the 2010/2011 Management Plan.

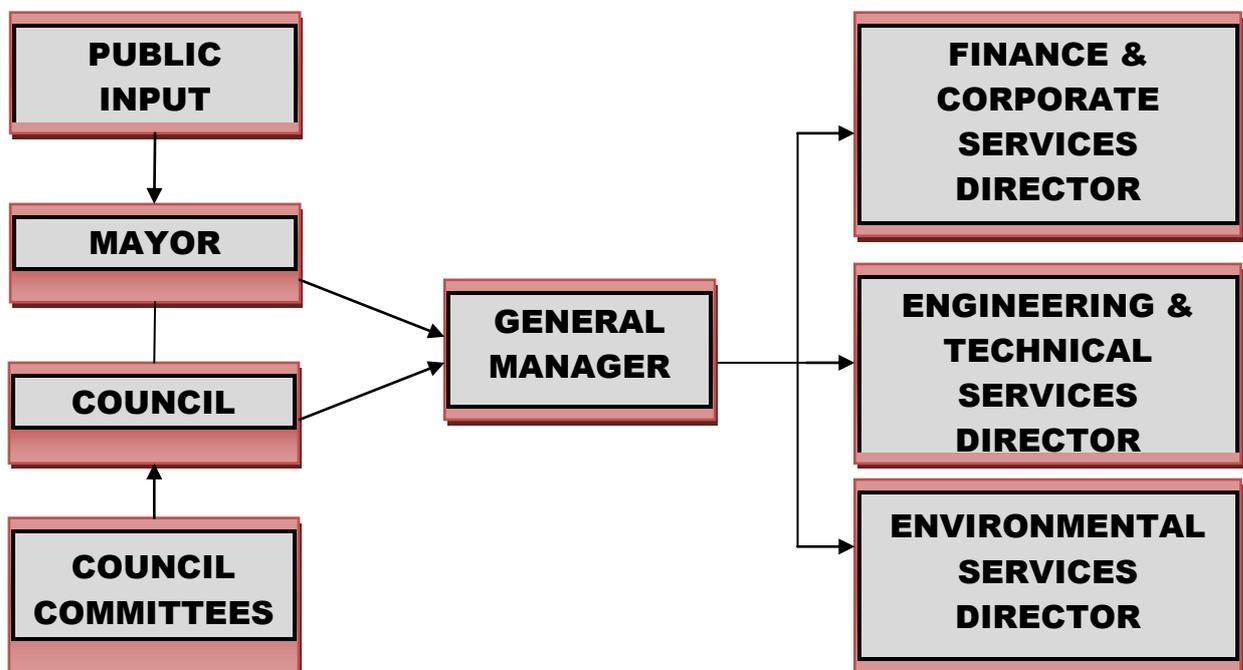
Statement of Affairs as at 30 June 2010

Structure & Functions of Council

Basis of Constitution

Cabonne Council is constituted under the Local Government Act, 1993. Council carries out its functions according to the principles stated in Section 8(1) of the Act.

Structure



Functions & Objectives

Council has adopted as its Vision:

“To be a progressive and innovative Council which maintains relevance through local governance to its community and diverse rural area by facilitating the provision of services to satisfy identified current and future needs”

In support of this, Council’s Functional areas and corresponding objectives are:-

1. GOVERNANCE :

- To provide efficient, effective and relevant Local Governance through an open and responsive Council and Committee meeting process
- To maintain strong relationships and liaise effectively with all relevant Government agencies and other councils
- To ensure long term viability of Wellington/Blayney/Cabonne Strategic Alliance

2. ADMINISTRATION:

- To provide high quality advice and support for Council’s operations and give guidance and leadership on issues
- To control and manage finances and property assets to ensure the future financial sustainability of Council
- To ensure information systems meeting the business needs of Council
- To provide high quality customer service

3. PUBLIC ORDER AND SAFETY:

- To maintain an effective and efficient local emergency system for the protection of life and property
- To respond to concerns over domestic and stock animals to ensure public safety

4. HEALTH:

- To protect the health and safety of the community
- To maintain effective control of noxious weeds
- Equitable access to health and medical services for Cabonne residents

5. COMMUNITY SERVICES AND EDUCATION:

- To provide childcare services to meet the needs of the community
- To provide a flexible and responsive service to Cabonne residents requiring Home and Community Care
- To ensure adequate facilities for the aged to meet the needs of the community

6. HOUSING AND COMMUNITY AMENITIES:

- To maintain and manage public cemeteries
- To provide and maintain systems for waste collection, recycling and disposal
- To develop integrated land use plans to ensure the physical development of Cabonne commensurate with sustainable development
- To enhance the amenity of towns and villages in Cabonne
- To provide high quality and environmentally sensitive drainage systems

7. WATER SUPPLIES:

- To provide an adequate and secure water supply to defined areas

- Potable water supply for all Villages

8. SEWERAGE SERVICES:

- To provide and maintain environmentally sustainable, high quality sewerage facilities

9. RECREATION AND CULTURE:

- To provide library services to Cabonne residents through participation in Central West Libraries
- To provide public hall facilities relevant to the needs of residents
- To provide high quality sporting, recreational and cultural facilities
- To maintain and manage parks and gardens in the Cabonne Shire
- To maintain and manage Council owned buildings and land in the Cabonne Shire

10. MINING MANUFACTURING AND CONSTRUCTION:

- To provide an efficient and effective building assessment and advisory service
- Operation of gravel pits to meet Council's construction and maintenance requirements

11. TRANSPORT AND COMMUNICATION:

- To provide a safe and quality urban and rural transport systems for vehicles and pedestrians
- To provide services to RTA for Regional and State road network
- To provide and maintain bridge structures throughout the Shire
- To maximise safety for road users and pedestrians
- To manage assets in a sustainable manner
- To ensure accessibility for all members of the community

12. ECONOMIC AFFAIRS:

- To promote ***Cabonne Country – Australia's Food Basket*** as a destination to visit
- To encourage, facilitate and support the economic viability of the Cabonne region

13. GENERAL PURPOSE REVENUE:

- To maximize revenue to Council through fair and sustainable means

Effect That Council Functions Have on the Public

The Council's functions are directed towards meeting the needs and expectations of the public, which it serves, and to fulfil legislative and regulatory requirements. In fulfilling these requirements, Council makes decisions that impact the public. These include determining:

- The rating structure and the amount of rates paid by property owners
- Fees and charges levied by Council
- Development and Building applications
- Policies and procedures in the provision of services

Council Policy Development – Public Participation

Meetings of the Council and its Committees are open to the members of the public and all are welcome to attend.

The opportunity is also offered to members of the public to address Council on matters that are within its jurisdiction. Prior arrangements should be made with the General Manager.

In addition, Council periodically holds informal meetings in towns across the Local Government Area to allow residents to raise matters of particular interest with Councillors and Senior Staff.

Business papers and minutes of Committee and Ordinary Council meetings are placed on Council's Website under "About Cabonne Council", "Council Business" www.cabonne.nsw.gov.au. Council's Management Plan, Annual Financial Statements and Annual Report can also be accessed on the website.

Types of Documents held by Council

Cabonne Council holds documents that relate to a number of different issues concerning the Cabonne area. These documents cover a wide range including; files, policy documents, general documents and legal documents.

Some of these documents may be made available to the public by either requesting them over the phone, in person or in writing. Documents that are not normally available to the public may require (from 1 July 2010) an access application under the Government Information (Public Access) Act 2009 to be completed in order that the release of such documents can be assessed.

Because of the wide range of files, documents, manuals etc, held by Council, it may well be that the information sought is not immediately available. Every effort will be made to comply with requests for access to information as quickly as possible.

How Members of the Public May Access Council Documents

Any Government Information (Public Access) Act 2009 inquiries or other document access inquiries should be directed to: - Council's Public Officer, Cabonne Council, Bank Street or PO Box 17, MOLONG NSW 2866. Tel: (02) 6392 3200 Fax: (02) 6392 3260 or email to council@cabonne.nsw.gov.au.

Council's reporting obligations under the Government Information (Public Access) Act 2009 and Privacy and Personal Information Protection Act 1978 are addressed below.

Freedom of Information Requirements

Whilst the Government Information (Public Access) Act 2009 came into effect on 1 July 2010 Council must prepare an annual report on its obligations under the Freedom of Information Act, 1989, and publicise this in its Annual Report for the preceding year. During 2009/2010, Cabonne Council processed one (1) Freedom of Information request. Details are listed below including a comparison with the previous year.

Number of New Requests

FOI Requests	09/10	08/09
New (including transferred in)	1	1
Completed	1	1
Withdrawn		
Unfinished (carried forward)		

What Happened to New Requests

Result of FOI Request	09/10	08/09
Granted in full		1
Granted in part	1	
Refused		
Deferred		

Formal Consultations

No of Requests Requiring Formal Consultation	09/10	08/09
	0	1

FOI Requests Granted in Part or Refused Nil

Costs and Fees of Requests Processed 09/10

	Assessed costs	FOI Fees received
All completed Requests	\$0	\$30

Days to Process

Elapsed Time	09/10	08/09
0-21 Days	1	
22-35 Days		
Over 35 Days		1

Processing Time

Processing Hours	09/10	08/09
0-10 Hours	1	1
11-20 Hours		
21-40 Hours		
Over 40 Hours		

Number of Internal Reviews Finalised - 0

Number of Ombudsman's Reviews Finalised - 0

Number of District Court Appeals Finalised - 0

Privacy and Personal Information Protection Act

In accordance with Section 33(3) of the Privacy and Personal Information Protection Act 1978, a statement must be included in a Council's Annual Report relating to the action taken by Council in complying with the requirements of that Act.

Cabonne Council adopted a Model Privacy Management Plan in July 2000. Council programmed training for key staff in relation to the Plan and the applicable Privacy Codes of Practice.

No reviews were conducted as provided for under Part 5 of the Privacy and Personal Information Protection Act, 1998 during the period under consideration.

As requested by the NSW Privacy Commission, Council hereby confirms that applicants seeking access to their personal information will not be charged a fee.

Cost of Legal Proceedings

Debt recovery: All debt recovery proceedings are either finalised or proceeding in accordance with Councils debt recovery procedures.	\$ 7,838.67
Investment	\$ 4,476.80
Legal Advice (not proceeding to court)	0.00
Total	\$12,315.47
Legal Proceedings	\$ 5,988.00
Public Liability claims	0.00
Employment Advice	0.00
Total	\$ 5,988.00

Legal Action Against Council

With the exception of sundry public liability claims, one proceeding which commenced in the Land & Environment Court in the previous year was resolved.

Contracts Awarded

A Plus Plumbing – On property works for Manildra Sewerage Scheme	\$ 801,475.00 + GST
Donnelly Mining and Civil – Construction of Manildra Sewerage Treatment Plant	\$1,222,330.00 + GST
Smiths Earthmoving – Construction of culvert crossing over Canomodine Creek	\$ 294,714.70 + GST
Downer EDI Works – First year of a two year bitumen sealing contract	\$2,221,562.00 + GST over two years
Rocla Pty Ltd – Design & supply of components for Murrays Bridge	\$ 218,158.00 + GST
Rocla Pty Ltd – Design & supply of components for Rocky Ponds Bridge	\$ 226,674.00 + GST
Carrington Equipment Group - Hyundai 757-7 Loader	\$ 209,780.00
Westrac Pty Ltd - Caterpillar 938 H Wheel Loader	\$ 265,200.00
Adtrans Hino Pty Ltd - Hino FG500 1527 fitted with Ausroads unit	\$ 248,504.00
Westrac Pty Ltd - Caterpillar 953D Crawler Loader	\$ 385,748.00

Financial Reports

A copy of the Cabonne Council General Purpose Financial Statements is attached as an annexure to this report. A copy is also available by contacting Council's Public Officer on (02) 6392 3200.

Business Activities

Category 1- Businesses

Nil

Category 2 - Businesses

Cabonne Council Combined Water Supplies
Cabonne Council Combined Sewerage Supplies
Cabonne Council Agricultural Lime Quarry
Cabonne Council Private Works

Joint Ventures, Co-operatives, Partnerships and Controlling Interests in Companies

- Statewide Insurance Group - bulk purchase of Public Liability, Professionals Indemnity, Motor Vehicle and Fidelity Guarantee Insurance.
- Central West Regional Organisation of Councils (CENTROC).
- Central West Libraries - comprising Cabonne, Orange, Blayney, Forbes and Cowra Councils.
- The Hub – Regional Resource Centre – Cabonne and Orange Councils.
- Southern Phone Company – shareholder.
- Wellington Blayney Cabonne Strategic Alliance.

Cabonne Council does not hold controlling interests in any companies.

Private Works carried out under s67 of the Local Government Act

During 2009/2010, Council carried out private works, the expenditure on which totalled \$312,492.96 for general private work and \$8,440.06 for Noxious Weeds. None of these works were subsidised under s67 of the Local Government Act, 1993.

Expenditure Under s356

Miscellaneous Financial Assistance	\$15,888.58
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Rates and Charges Abandoned

Total rates and charges abandoned during 2009/2010	\$ 5,249.86
Water/Sewer charges abandoned during 2009/2010	\$ 2,867.58
TOTAL	\$ 8,117.44

Write-Offs

Write off of stores and materials \$3787.97

Competitive Neutrality Policy

Council has indicated several businesses that are considered to be significant in the local context as a business activity under the principles of neutrality. To ensure Council meets its obligation regarding competitive neutrality Council has implemented several processes. The process involves applying full cost attribution where practicable to ensure that the integrity of apportioning costs is on an accurate and reliable basis.

Cabonne Council has disclosed, by way of notes to and forming part of the financial statement, information pertaining to their full cost attribution that includes taxation equivalent, council subsidies, loan and debt guarantee fees, rate of return on investment and dividends paid.

It is envisaged that Council will continue to monitor and develop these methods for applying full cost attribution to ensure that Council adheres to the Governments requirements regarding competitive neutrality pricing requirement.

Complaint Handling Mechanism

A Complaint Handling Mechanism has been established including anti-competitive behaviour and is incorporated into Council's Policy Document. Council is not aware of any Competitive Neutrality complaints made against Council during the reporting year.

Mayoral/Councillors Fees and Policy on Reimbursement of Expenses and Provision of Facilities

Mayoral allowance	\$ 20,280.00
Councillors Fees & Allowances	\$111,480.48
Councillor Expenses:	
• Provision of office equipment to Councillors	\$ 552.77
• Telephone Calls	\$ 2,656.93
• Attendance of Councillors at conferences & seminars	\$ 25,433.21
• Councillor Training	\$ 805.00
• Travelling	\$ 33,611.52
• Interstate Visits	\$ -
• Overseas Visits	\$ -
• Expenses of spouses/partners	\$ -
• Carers Expenses	\$ -
• Meals	\$ 11,019.75
• Miscellaneous (stationery, uniform, name tags)	\$ 2,641.53
• Insurance	\$ 1,995.00
Total	\$ 210,476.19

Council's policy on the provision of facilities and payment of expenses is available for perusal on contacting the Public Officer of Council, and has been developed under the following headings:

Section 1 – Expenses

Agreed training; Mandatory Councillor Information session; Conferences & Seminars; Local travel; Interstate Travel; Overseas Travel; Motor Vehicle; Mobile Phone; Internet Access; Stationery; Business Cards, Name tags, etc; Corporate Uniform (50% contribution); Mayoral Office Refreshments.

Note: where individual limits are set for Councillors such limitations are a global amount and not a strict individual limit.

Section 2 – Facilities

The following facilities are currently available to Mayor and councillors as indicated:

Facility	Mayor	Deputy Mayor	Councillors
	Facilities Available / Not available for Council Business Use		
Laptop computer *	Available	Available	Available
Fax Machine*	Available	Available	Available
Mobile Phone *	Available	Not available	Not available
Vehicle Use	Designated Vehicle	When acting as Mayor or subject to policy and availability	Subject to policy and availability
Furnished Mayoral room	Available	Available by arrangement with Mayor	Available by arrangement with Mayor
Secretarial & Administrative support	Available	Not available	Not available
Photocopier Official purposes only at Molong and Cudal Council offices	Available	Available	Available
Stationery & office supplies	Available	Available	Available
Business cards	Available	Available	Available
Consumables e.g. toner	Available	Available	Available
Corporate clothing	Available	Available	Available

Facility	Mayor	Deputy Mayor	Councillors
	Facilities Available / Not available for Council Business Use		
Safety equipment (e.g. Safety vests on Traffic committee inspections)	Available	Available	Available
Meals / refreshments related to council, committee and work group meetings and office functions.	Available	Available	Available
Meals / refreshments related to council, committee and work group meetings and office functions.	Available	Available	Available
Ceremonial garb	Available	Not Available	Not Available
Use of council chamber	When free for use	When free for use	When free for use

Council facilities, equipment and services are not for private use ("private use" includes the production of election material or material for other political purpose).

Section 3 - Arbitration of Claims

Referred to the General Manager.

Senior Staff Employment

Cabonne Council employs the General Manager subject to total remuneration package as detailed:

Note: The costs associated with employment of senior staff include items such as superannuation, motor vehicle and Fringe Benefits Tax.

The Director of Finance and Corporate Services receives an allowance in his position as Assistant General Manager amounting to a maximum of \$3,200.00 where applicable.

Remuneration Package Break-up as at the 30th June 2010

General Manager	Salary	Retention Payment	Total Contract
GLP Fleming	\$78,247	\$15,000	\$227,628

Contract amount as at 30/06/10

Overseas Visits Funded by Council

During the period, Council did not fund any overseas visits.

Human Resource Activities/Development Appraisal Systems/Training Programs

The Local Government (State) Award 2007 provides for each Council to establish and properly maintain a Consultative committee which provides a forum for consultation between Council and its employees. The Committee comprises representatives from Council, Management, office and field staff.

During 2009/2010 the Cabonne Consultative Committee met on 5 occasions to discuss matters relating to Human Resource Activities and made recommendations to Council, specifically the review of Council's salary system and Council's Development Appraisal System.

Council has a Development Appraisal System in place where all staff are reviewed annually. As a result of the review the tasks required in the position are assessed along with the staff member's skills, knowledge and ability to undertake the job. Goals are determined for the following 12 months and training requirements identified for each staff member.

External training arrangements were undertaken by staff during 2008/2009. In addition, in-house training was also provided to staff whose positions were of a nature which enabled on-the-job instruction.

Council continued to dedicate a significant amount of the training budget to Occupational Health and Safety related programs during the 2009/2010 financial year. The major areas for training included Traffic Control, Working near Overhead Powerlines, Chainsaw Operation, Confined Spaces, Senior First Aid, Microsoft Software Applications (Word & Excel) and Performance Appraisal Training for Supervisors and Managers. A total of 15 staff have commenced study for qualifications under the Productivity Placement Program, with qualifications ranging from Certificate III to Diploma level.

A number of professional development activities, seminars, and workshops were also attended by both indoor and outdoor staff to ensure they were kept up to date with current trends and changes in their areas of expertise.

Council continues to support apprenticeships, traineeships and scholarships with its involvement in the Wellington, Blayney & Cabonne Strategic Alliance.

Council also supports a Work Experience program for local school students, coordinated through the school's Careers Advisor.

Equal Employment Opportunity Management Plan

Council continues to revise its Equal Employment Opportunity (EEO) Management Plan annually to ensure its activities are in accordance with obligations relating to EEO, Anti-Discrimination and associated legislation.

Programs to Promote Services

Programs undertaken during the year to promote services and access to services for residents and other users of those services included:

- Community consultation meetings in each of Council's towns and villages are held twice in each Council term to discuss issues of relevance to those areas and of relevance to the Cabonne area and to Local Government as a whole.

- Community committees are operational in Manildra, Cudal, Yeoval, Cumnock to facilitate discussion and implementation of sewerage schemes in each of these towns.
- Assistance with grant funding applications for local events and organisations.
- Production of a Council subsidised revised Visitors Guide to promote the Orange, Cabonne, Blayney region and allow reasonable advertising rates for business.
- Completion of the villages of Cabonne brochure at no cost to operators.
- Production of individual village tourism map/brochures
- Visitor Information Centres provide an outlet for local businesses to promote their products free of charge.
- Participation in Central NSW and Tourism NSW marketing initiatives.
- Promotion and recognition of local businesses through the Daroo Business Awards program.
- “What’s On” Community Calendar produced monthly.
- Facilitate the Wine of the Month program that promotes Cabonne wines.
- Continuous promotion of events in the Local Government Area.
- Attendance at relevant Field Days and Trade Shows including the Australian National Field Days, tourism, economic development and Noxious Weeds conferences.
- Establishment and ongoing liaison with s355 Committees which are charged with the care, control and maintenance of Council assets, or which act as liaison committees e.g. Food Services Committee.
- Establish Cabonne Country Tourism Advisory Committee.
- Maintain Cabonne Tourism website www.cabonnecountry.com
- Cabonne Council actively participates in Local Government Week by contacting schools and community groups indicating preparedness to visit schools, speak to community groups and service organisations, and conduct tours of Council facilities and projects. An information newsletter was also prepared and posted to all Cabonne residents during Local Government Week.
- Cabonne produces a series of information directories designed to assist various client groups. These include:
 - Community Services Directory
 - Information to Ratepayers Booklet
 - Business Directory
- A monthly Mayoral Column appears in all local papers.

- Council makes extensive use of media releases to regularly promote services, events and facilities.
- A weekly radio program is conducted to highlight Council's services and activities.
- Cabonne Council website www.cabonne.nsw.gov.au highlighting Council's services, tourist information and economic/business development.
- Ongoing commitment to Youth of the Month and Youth Ambassador Awards.
- Ongoing commitment to Wellington, Blayney, Cabonne Strategic Alliance.
- Instigation of 'Grantblast' funding information newsletter for private sector, not-for-profit organisations, schools and community organisations.
- Ongoing and increased town commitment to Small Towns Development Committee.
- Delegation of Council representation to all town Progress Associations.
- Installation and support of 88FM (information radio) in Molong and Canowindra.
- Molong and Canowindra are represented on Tourism NSW State Data Warehouse.
- Ongoing major Council projects to local communities e.g. Village Enhancement Program
- Ongoing Events Assistance Programme funding program to assist in the promotion and marketing of local events
- Promotion and membership of Regional Committees such as Film central and Promotion of initiative derived from these.
- Promotion of localised representative committees such as Brand Orange, B&B Association, wine groups and Orchardist Taskforce Committee.
- Programs undertaken during the year to promote services and access to services for residents and other users of those services included

Programs for Diverse Cultural and Linguistic Backgrounds

Frontline administrative staff cater for all sections of the community, including those from diverse cultural and linguistic backgrounds. Council has adopted a Social Plan detailing specific strategies to address the needs of this group. Contact numbers for the telephone interpreter service are held at each of Council's offices.

Council's Community Services section takes care to ensure that the special needs of clients from diverse cultural and linguistic backgrounds are taken into account in the provision of services.

Council conducts regular Citizenship Ceremonies in accordance with the Australian Citizenship Act 2007 and seeks to welcome participants as full Australian Citizens recognising their cultural contributions to our Society. Ceremony proceedings are conducted when required and reflect the significance and dignity of the occasion. In 2009/2010 4 residents became Australian citizens at ceremonies organised by Council.

Community Services

In addition to sponsoring a wide range of community services as listed elsewhere in this report, Council works closely with community groups and government departments to ensure that as wide as possible range of services and facilities are available to the residents of the Cabonne area. This includes needs assessment, consultation, analysis of demographic information, development of strategies to address needs and pursuit of funding opportunities.

Council wishes to improve the cooperation between services and is working to address youth issues, is seeking an improved range of health services and has worked together with community groups to address housing needs within Cabonne.

During 2009/2010 Council constructed the Waluwin Family and Community Service Centre at Molong. The Waluwin Centre houses a General Practitioner, Community Health Services, Family Day Care, and a range of other community and allied health services.

Meetings have been held with the Greater Western Area Health Service and local medical practitioners in planning more integrated health services in the Canowindra and Eugowra areas.

After School Hours Care Services are provided by Council at Mullion Creek and also at Millthorpe and Blayney through the WBC Strategic Alliance and has enabled many families to participate in the workforce knowing that their children are well cared for in a safe and stimulating environment.

Community services provided by Council include;

Family Links

This program recognises and promotes services that help the development of children in the critical first few years of life.

In the past financial year this service has conducted numerous events aimed at linking parents with services that can assist them in raising families and in developing quality strategies in catering for the individual needs of their children.

Events have included Teddy Bears Picnics at Canowindra, Eugowra, Molong and Mullion Creek and work with Clergate and Cumnock Schools in developing transition to school programs.

Community Transport

Cabonne Community Transport Service provides a range of transport services to the residents of the Cabonne local government area. Funding for this project is received from the Ministry of Transport, NSW Department of Ageing, Disabilities and Home Care and the Greater Western Area Health Service and is administered by Council.

The service has 26 local trained volunteer drivers who ensure that the community transport project operates in a professional and efficient manner under the supervision of the Service's Coordinator. Our volunteers are an integral part of the service providing over 100,000 kilometres of transport in the last year. Without the volunteers the service would not be able to operate.

Home and Community Care (HACC) transport is available to eligible clients who fit the criteria for the service and are assessed by the Coordinator. Transport is for the frail aged, people with a disability and their carers and others who may be at risk. These clients can utilise transport for shopping, medical appointments and social activities. HACC transport is about providing clients with access and assisting in maintaining quality of life to help them be able to continue living in their own homes.

Numerous bus services are regularly run to link people from the smaller communities in Cabonne to regional centres. These services allow residents who can use a mainstream form of transport the opportunity to access facilities and services that may not be available in their own communities and to help reduce the gap in public transport availability. Social bus trips are organised throughout the year and provide Cabonne residents with an opportunity to visit interesting places, socialise with others and enjoy a low cost activity.

Health Related Transport provides transport for people in the Cabonne local government area who have a medical specific appointment and have difficulty accessing transport to it. This service requires a referral from a medical body but can be easily accessed and assists those who suffer transport disadvantage.

Cabonne Community Transport Service contracts local bus providers to provide numerous bus services that link local people with services and facilities available in regional centres. Social Bus trips are organised throughout the year and provide Cabonne residents with an opportunity to visit interesting places, socialise with other residents and enjoy low cost activities.

Bus trips this year have seen Cabonne residents travelling to Parkes to see the observatory, Albury and Victoria for 5 days, the Canterbury races and the Premier's Seniors Concert in Sydney. Each of these trips was well patronised and entertaining.

Cabonne Community Transport continues to provide activities and trips for youth in Cabonne with 85 young people travelling to the Jamberoo Water Park near Kiama in late 2009.

The taxi voucher system continued to grow with HACC eligible clients at Canowindra with vouchers towards the taxi fare now worth six dollars. The partnership developing between Cabonne Community Transport and the Canowindra Taxi Service continues to develop benefitting both the local taxi service and clients.

Cabonne Community Transport takes a professional and active approach in service promotion, community awareness and participation and prides itself on the provision of prompt and reliable services that are responsive to the needs of its passengers.

Home and Community Care Services

Council administers a multi-service Home and Community Care (HACC) Outlet that provides four service types. These include Food Services, Other Food Services, Non Output Based and Social Support Services. These are funded by both the Australian and State Governments through the Department of Ageing, Disability and Home Care.

Services are provided by assessment and are based on individual relative need. Priority is given to best quality service provision that is flexible, individually tailored, efficient, effective and planned to provide support to clients and their carers in a manner that allows choice and a high degree of independence. It is aimed at preventing premature or inappropriate institutionalisation.

Because the needs of clients and their carers vary, levels of support through this programme also vary. Clients currently receive a mix of support services that may include hot delivered meals, frozen meal delivery, needs based food packs, shopping assistance, social activities, special interest groups, visiting, telephone support, library book delivery, accompanied payment of accounts and a range of low level "one off" individual services.

The service also offers subsidised assistance with lawn mowing and other handy person activities.

During the year 2009-2010 the programme has provided 4510 hours of Social Support, 11173 home delivered meals, and 958 meals at Community Restaurants. Assessments and Service Reviews are not funded separately but are essential to ensure service provision is suited to client need and complies with funding requirements.

The service conducted several planning sessions and reviewed policies and procedures in the second six months of the year in preparation for the retirement of the Coordinator Merlene James who had been with the service for over 16 years.

Of note is the continued success of the:

- Eugowra Men's Group
- Movie Buffs
- Block bookings for the Skin Cancer Clinic
- Outside window wash
- Cleaning out of guttering
- Card Makers Group

Without the great support and continuing assistance of the Cabonne Joint Committee and the work of many volunteers the programme would be unable to offer the range and level of services that are currently available. The Cabonne HACC Service has 170 volunteers. During the year volunteers were given practical instruction on a variety of issues including safety, confidentiality, advocacy, the complaints system, back care and understanding the grief and loss process. HACC volunteers attended the Neighbour Aid fun activity and the Christmas Party.

All major service types provided were reviewed during the year to ensure that services offered were the ones most needed in the area and were being provided in accordance with the funding guidelines.

Throughout the year the service continued to network with other service providers in the region to foster joint approaches in working to address the needs of the HACC Target Group, volunteer management concerns and the wider rural community.

Staff accessed training provided that enhanced their knowledge of the various aspects of service provision to the target population to maintain best practice within the service.

Community Visitors Scheme

The Australian Government funds Council to administer a Community Visitors Scheme that supports eleven volunteer visitors who offer support to socially isolated residents living in federally funded nursing homes or hostels. It is organised as a one on one activity – one visitor to one resident and is aimed at reducing isolation and improving the quality of life of residents by fostering genuine friendships.

The scheme is currently funded to support the visitors in a variety of ways including: reimbursement of costs, informal get-togethers, formal training, newsletters and general information on the ageing process.

Special support is needed for visitors when the person they visit dies, no longer recognises the visitor or is moved to another area. Grief and Loss issues are discussed in a group situation to help each visitor learn coping strategies but there is still a great need of support for each one when an incident occurs.

At present visitors are available to visit residents in Moyne Eventide Home in Canowindra and the UPA facilities at Molong and Yeoval.

During the year visitors received eight newsletters and had monthly contact with the community visitors scheme representative on the joint committee who ensured they were kept up to date with information and supported.

Family Day Care

Family Day Care provides quality care for children, 0 -12 years, by registered Caregivers in their own homes. Carers are self employed, therefore hours and days worked vary from Carer to Carer. The services available throughout the Scheme are long day care, occasional care, overnight care, before and after school care.

The Family Day Scheme organise regular playgroups which are held in the areas where the Carers reside.

Family Day Care Carers also attend the events provided by Family Links. In the past year these have included community playgroups, library sessions and reading days.

Playgroups and community events provide invaluable opportunities for Carers, children, families and the wider community to interact and form relationships.

The Early Childhood Industry is undergoing a number of changes in regulations and Carer qualifications. To support Carers with these changes several training sessions were organised by the Scheme in conjunction with TAFE and Family Links to help Carers understand the changes and encourage Carers to work towards achieving a Certificate III in Children's Services.

During the past year the Waluwin Community Centre was completed. This was a very welcomed move for the Family Day Care Scheme and has provided a venue for training, carers meetings, Family Day Care playgroups, community playgroups, meetings and community events. Family Day Carers are accessing the building weekly which benefits both children and Carers.

Family Day Care, Family Links and Health One are working together to better assist children, families and the community.

The number of Carer's currently registered with the Scheme has been up and down all year due to several reasons. The Scheme currently has 25 Registered Carers with this number expected to grow in the near future with prospective Carers working through the process to become a Carer with our Scheme. In 2006 Cabonne/Blayney Family Day Care successfully registered as an In-home Care provider. The Scheme currently has one registered In-home care family and Carer.

Cabonne/Blayney Family Day Care is funded by the Department of Education, Employment and Workplace Relations on the basis of effective full time enrolments. We are currently operating on an average of 84.

The Scheme is assisted by Family Links funding and constantly fundraise throughout the year.

Several of our Carers were nominated this year by their families for Child Care Worker of the Year at the Australian Family Day Care Awards. During the year the Family Day Care Staff have been attending community events throughout Cabonne, Blayney and the Central West to help promote the Scheme. Some events include the Mulga Bill Festival in Yeoval, Millthorpe Markets in Millthorpe and the Blayney Expo in Blayney.

All families with the Cabonne/Blayney Family Day Care Scheme are eligible for assistance with their childcare fees (Child Care Benefit). The amount of subsidy is dependant upon the family's income.

Cabonne/Blayney Family Day Care staff can be contacted on (02) 63 923 219.

Access and Equity

During 2009/2010 Council made significant progress in improving physical access to Council assets and equitable service provision to all people in the Cabonne LGA.

Significant works to improve disability access has been included in Councils budget and includes the implementation of Council's Pedestrian Access and Mobility Plan (PAMP) with funding support from the RTA, with key areas of high use targeted for improvements to their accessibility. Achievements from the plan include the improvement of pedestrian access around Molong as part of the improvement of facilities in the main street.

New and improved kerb ramps have been installed in the villages of Molong, Canowindra, Manildra and Cudal that will benefit people with personal mobility problems.

As recommended by its Social Plan, Council has made a budget allocation for accessibility of \$45,000 for improvement of access in Cabonne towns and villages in the 2009/2010 financial year and a similar amount budgeted for 2010/2011.

Council's Social Plan also recommended that Council continue to maintain and develop a range of Community Transport Services for older people and this has been followed up with an increased number of bus and individual trips being arranged many of which were for people with functional disabilities.

Delegation to Committees

Council delegates the care, control and management of a number of its responsibilities to Community Committees under s377 of the Local Government Act, 1993. A list of these committees and their principal activities is detailed below. Council reviews its delegation annually, in accordance with the Local Government Act.

SECTION 355 COMMITTEES	WORK, PROPERTY OR UNDERTAKING
Cudal Memorial Pool Committee	Cudal Memorial Swimming Pool
Cumnock Pool Committee	Cumnock Swimming Pool
Eugowra Memorial Pool Committee	Eugowra Memorial Swimming Pool
Manildra Memorial Pool Committee	Manildra Memorial Swimming Pool
Yeoval Pool Committee	Yeoval Swimming Pool
Cudal Homes for Aged Persons Committee	Boree Lodge
Eugowra Self Care Units Committee	Eugowra Self Care Units
Doctor for Cudal Committee	Doctors Residence – Cudal
Molong & District Health Watch Committee	Molong Doctor's Surgery
Acacia Lodge Management Committee	Molong Community Housing
Cargo Community Centre Committee	Cargo Community Centre
Eugowra Community Children's Centre and Preschool Committee	Eugowra Community Centre & Preschool
Manildra Memorial Hall Committee	Manildra Memorial Hall
Yeoval Memorial Hall Management Committee	Yeoval Memorial Hall
Canowindra Sports Trust	Canowindra Sports Complex
Manildra Sports Council	Manildra Sports Complex
Cumnock Community Centre Committee	Cumnock Community Centre
Canowindra Beautification Committee	Canowindra Court House & Beautification of Canowindra
Molong Town Beautification Committee	Beautification Projects in & around Molong
Canowindra Pre-School Kindergarten	Canowindra Pre-School Building
Cudal Community Children's Centre Committee	(Pre-School) Cudal Community Children's Centre
Eugowra Promotion & Progress Association	Eugowra Historical Museum & Bushranger Centre
Age of Fishes Museum Canowindra Committee	Age of Fishes Museum
Amusu Theatre Inc	Amusu Theatre

Yeoval Progress Association	O'Halloran's Cottage and Buckinbah Park.
Eugowra Medical Centre Committee	Doctors Residence & Surgery - 47 Nanima St Eugowra
Moorbel Hall Committee	Moorbel Hall
Cumnock Progress Association	Cross Roads Building, Cumnock

State Of The Environment Report

A Regional State of the Environment Report 2009–2010 is available as a separate document on Council's website www.cabonne.nsw.gov.au. A draft 2009-10 is being developed for the region.

Planning Agreements

Council did not enter into any planning agreements during 2009-2010

Statement of activities in relation to Companion Animals Management

1. **Lodgement of pound data collection returns with the department**
A return of Council seizures of cats and dogs for 2009/2010 was completed and returned to the Department of Local Government by 30th September 2009.
2. **Lodgement of data relating to dog attacks with the department**
There were no dog attacks registered with the department in the 2009/10 financial year.
3. **Amount of funding spent relating to companion animal management and activities**
\$NIL
4. **Companion animal community education programs carried out**
Nil
5. **Strategies council has in place to promote and assist the desexing of dogs and cats**
At this stage, only the brochures supplied by the Department of Local Government are available at Council's offices.
6. **Strategies in place to comply with the requirement under section 64 (Companion Animals Act) to seek alternatives to euthanasia for unclaimed animals**
Council delivers unclaimed animals to the RSPCA to be re-homed. Cabonne Council is also in the process of developing a new animal management plan.
7. **Off leash areas provided in council area**
No areas currently available as off leash area but will be addressed in the new animal management plan.
8. **Details financial information on the use of companion animals fund money for management and control of companion animals in the area**
The amount of \$NIL companion animal fund money was received for 2009/2010 year and went towards Ranger salary, animal shelter maintenance and operating costs.

Condition of Public Works

The condition of Public Works infrastructure for 2009/2010 has been reported in accordance with the status of the infrastructure data collection required by AAS27, and bearing in mind the limitations as detailed in the previous section associated with performance in principal activities.

Special Schedules report refers to the relative value, condition and maintenance requirements of those assets, as at 30 June 2010.

- Estimate of cost to bring to satisfactory standard

Council completed “fair value” evaluation of its Water and Sewer asset in 2010. The results of this valuation are reported in Special Schedules and establish the cost to bring to a satisfactory standard.

- Estimated Annual Maintenance Expense

This figure as outlined in Special Schedule report is based on the predicted maintenance vote for the upcoming financial year.

- Maintenance program for 2009/2010

These figures as outlined in Special Schedules report relate to the maintenance and repair costs for the various assets finalized in the 2009/2010 statements. Improvement items have not been included in these figures.

Water and Sewerage Schemes

Special Schedules report refers to the relative value, condition and maintenance requirements of those assets, as at 30 June 2010.

Public Roads and Bridges

Special Schedules report refers to the relative value, condition and maintenance requirements of those assets, as at 30 June 2010.

This register includes all regional and local roads within the Local Government Area. Currently there are some 210km of sealed regional road, 1258km of unsealed gravel local road and 567km of sealed local road that have been inspected, recorded and evaluated both in terms of service condition and replacement value.

Urban roads (including laneways) are defined by all road reserves within the townships and villages that are zoned 2(v) under the Environmental Planning and Assessment Act, 1979. Roads beyond this zoning are classified as rural local or rural regional. Council also maintains some 167 kilometres of state road (RTA controlled) under the SIC agreement between Council and RTA.

- Data Collection

Road asset data collected to date includes the full inspection and condition rating of both rural and urban, local and regional roads throughout the Local Government Area. The full condition rating and data collection was performed according to Council policy.

Council Roads Assets have undergone “fair value” re-evaluation in 2009/2010.

Council’s Road Asset Register identifies rural roads by number and name and is segmented by surface type and condition as well as by intersections and bridge locations.

- Condition Rating

The condition rating systems used in the evaluation of road assets was based on that as presented in Infrastructure Management Guidelines.

The Road Asset Group is rated from 'as new' to 'very poor' or 'for replacement'.

- Depreciation

Depreciation rates are disclosed against each category of rate in the Special Schedule report.

- Level of Service Considerations and a Satisfactory Condition

In more recent times Council has considered road asset condition data to aid in policy development and the definition of service levels for the road network. Whilst the existing level of service is considered to be below a desirable level, Council will continue to extend the sealed road network whilst still having regard for the existing sealed roads.

Council's draft Roads Asset Management Plan establishes a road hierarchy and associated levels of service. The AMP will also provide Council with financial consideration.

- Bridges on Local Roads

Council is the custodian of 106 bridges and major culverts on local roads which it is required to fund itself. All but six (6) of these structures are new steel or reinforced concrete structures. The remaining timber structures are:

1. "Toms Waterhole" – Longs Corner Road
2. "Germain's" – Bocobora Road
3. "Orana" – Paling Yards Loop
4. "Bangaroo" – Cabonne/Cowra
5. "Stock route" – Eugowra
6. "Bagdad" – Bagdad road

"Toms Waterhole" is listed for replacement in 2010/2011 along with culvert widening and alignment improvement at 'The Gap' on Packham Way between Molong and Manildra.

Some existing steel and concrete bridges identified in the 2009/10 condition rating also require replacement:

1. "Cottons" Gumble Road Manildra
2. "Marlybone" Davys Plain Road Cudal
3. "Back Creek" Euchareena Road Molong
4. "Washpen" Dundong Road Yeoval

- Bridges on Regional Roads

Council is also responsible for a further 12 bridges on regional roads which are funded by the RTA of these structures the following projects have been identified as priority replacements:

- "Murrays Bridge" on the Banjo Patterson Way north of Cumnock towards Yeoval is underway and will be completed this financial year. When "Murrays" is complete there will be only two (2) remaining timber bridges on regional roads
- "Douglas Bridge" between Eugowra and Canowindra will also be replaced on 2010/2011

- “Hanover Bridge” between Cumnock and Yeoval is listed for future replacement when RTA funds are available. Significant road realignment will also be required and as for “Murrays Bridge” funding over at least three (3) financial years will be necessary

Stormwater Drainage Systems

Council has a drainage asset register which records all drainage assets under the operation and maintenance of Cabonne Council. This register includes all pipes, culverts and channels within the urban areas. All drainage assets have been inspected, recorded and evaluated both in terms of service condition and replacement value. Drainage assets within Cabonne Council make up a relatively small portion of the infrastructure operated and maintained by Council. In general the stormwater systems in the Council’s seven villages are in a satisfactory condition, however there are signs of deterioration. Council’s Stormwater Drainage Management plan involves all of the Cabonne villages and is subject to annual review.

Council’s 2009/2010 Management Plan includes a program for stormwater improvements funded from the levy. The Urban Stormwater Works Service Levy program identifies projects through to 2012/2013 and is reviewed annually.

Council commenced work on projects identified in the Urban Stormwater Works Service levy in 2007. The Urban Stormwater Levy is included in the Cabonne’s Annual Budget which is part of Council’s Management Plan.

Data Collection

The data collected in 2007 was recorded on Microsoft Excel and MapInfo and a review commenced on 2009/2010.

Major Stormwater improvements were completed in 2008/2009 in Molong with funding assistance for State and Federal Government. Stormwater improvements in Iceworks Lane, Molong followed and will continue on 2010/2011.

Condition Rating

The condition rating systems used in the evaluation of drainage assets in 1997 was based on the RTA’s ROCOND 90 and has since been converted to that as specified in the Special Schedules report.

The following tables summarise the estimated costs to bring Council’s public works assets to a satisfactory standard. They also provide a summary of estimated annual maintenance expenses and programmed maintenance works.

Payment of Expenses and Provision of Facilities for Mayor and Councillors 2010 Policy

Document Information

Version Date <i>(Draft or Council Meeting date)</i>	[15 February 2010]
Author	Administration Manager
Owner <i>(Relevant director)</i>	Director of Finance & Corporate Services
Status – <i>Draft, Approved, Adopted by Council, Superseded or Withdrawn</i>	Adopted by Council
Next Review Date	Within 12 months of Council being elected
Minute number <i>(once adopted by Council)</i>	10/02/17

Summary

The purpose of the policy is to ensure that there is accountability and transparency in the reimbursement of expenses incurred or to be incurred by councillors. The policy also ensures that the facilities provided to assist councillors to carry out their civic duties are reasonable.

Approvals

Title	Date Approved	Signature

History

Minute No.	Summary of Changes	New Date	Version
00/1/10	Complete Review	17/01/00	
01/02/10	Addition of Uniform Contribution	19/02/01	
04/05/16	Amended	17/05/04	
05/07/9	Amended after advertising to allow for laptops for councillors and a mobile phone for the Mayor	18/07/05	
Draft	Amended to comply with DLG updated guidelines – Circular 07-22 refers	October 2008	
08/10/15	Draft amended at October 2008 Council meeting to add provision for Internet access reimbursement and advertised for public submissions.		
08/12/26	Adopted without further change at December 2008 Council meeting	December 2008	
09/06/14	Amended at June Council Meeting that where individual limits are set for Councillors such limitations are a global amount and not a strict individual limit.	15/06/09	
draft	<p>Policy reviewed in accordance with DLG revised Guidelines October 2009.</p> <p>Additional clarification added (pg 10) in relation to non payment of expenses relating to political fundraising events, or donations to a political party or candidate's electoral fund.</p> <p>A process to resolve any disputes that arise about the provision of expenses and facilities was added (page 8).</p> <p>No other significant change required. Submitted to October Council meeting.</p>	October 2009	
09/11/10	Adopted without further change at November 2009 Council meeting	November 2009	
10/02/17	Readopted by Council	15 February 2010	

Reason

Council undertook a complete review of its policy (previously named “Provision of Facilities and Payment of Expenses to Councillors”) in 2000. In 2001 a uniform contribution was added and in 2005 provision of a laptop and mobile phone for the Mayor was added. In May 2007 Updated Guidelines were issued by the Department of Local Government (“DLG”) [Circular 07-22] which required a further review. In 2008 a provision for Internet access was added. In October 2009 revised Guidelines were issued by the DLG and Council’s policy reviewed for compliance. This policy is the result of that review.

Scope

This Policy applies to all councillors.

Principles Guiding This Policy

The overriding principle of this policy is that the provisions made in regard to expenses and facilities for councillors are acceptable to, and meet the expectations of the local community.

The following are important elements of the principles that underpin this policy:-

Councillor conduct

As required by section 439 of the Local Government Act 1993 (LGA) and reinforced in the Model Code of Conduct provisions, councillors must act lawfully, honestly and exercise a reasonable degree of care and diligence in carrying out their functions;

Councillors are to be mindful of the provisions of the Anti-Discrimination Act 1977 which make it unlawful for any member or members of a council of a local government area when acting (whether alone or together) in the course of his, her or their official functions to discriminate against another member of the council on the grounds of race, sex, transgender, marital status, disability, responsibilities as a carer or homosexuality.

Equity, access and ability to participate

This policy is to be applied in a non-discriminatory and equitable manner to enable full participation by councillors from varied walks of life, allowing representation of the community in different ways and accommodating individual differences;

Council values a diversity of representation. This expense and facility policy will be interpreted such that any under-represented groups within the community will not be discouraged from undertaking the civic duties of a councillor by reason of financial or other disadvantage;

Similarly this policy will be interpreted so that reasonable provision for the special needs of councillors is accommodated. This will include access to the appropriate parts of council premises and facilities and maximise participation in the civic duties and business of council. It will also include provision for sight or hearing impaired councillors, those with other disabilities and make reasonable transportation provisions for those unable or unwilling to drive a vehicle.

Accountability and transparency

This policy details both the specific expenses for which councillors are entitled to receive reimbursement and the facilities they are entitled to access. Councillors may only receive these where they are so identified. This Policy document will be open to public scrutiny at all times;

Annual reporting requirements as defined in the LGA, associated Regulation and DLG Guidelines are included in this policy and will be followed;

Reasonable and relevant expenses

This policy provides for the provision of reasonable and relevant expenses in relation to the role as a councillor and which are in proportion to the size and extent of affordability by the operations of Cabonne Council.4.1.5 Defined limits over expenses and facilities

All expenses defined in this policy are associated with specific monetary limits where practicable and appropriate. Similarly standards for the provision of equipment and facilities provided to councillors are defined. No provision for a “General” expense or allowance is included in this policy.4.1.6 Annual fees and expenses a separate issue

The Local Government Remuneration Tribunal has adopted the principle that expenses reasonably incurred by councillors are outside provisions made under the annual fee determinations. Accordingly this policy does not require councillors to pay for some of their expenses from their annual fee since it is recognised that this can have the effect of financially disadvantaging councillors.4.1.7 Expenses and allowances

Only payment or reimbursement of actual expenses incurred by councillors in carrying out their civic duties is permitted under this policy.

Payment will generally be way of reimbursement after the event. Consideration will be given to a request by a councillor for the provision of an advance payment for the cost of a service associated with a civic duty. Expenses typically paid in advance are specified. Payments in advance are subject to reconciliation within 60 days.

There are no circumstances in which legal expenses will be met by a council for proceedings initiated by a councillor. Nor will legal expenses be met for a councillor defending any action in a matter not rising directly as a result of his or her civic duty.

Councillors using private vehicles in carrying out their civic duties will be paid the mileage allowance at the then current rate set by the Local Government (State) Award;

Approval arrangements

This policy defines approval arrangements, and requires more than one person as decision maker in order to prevent potential conflicts.

Private benefit

Councillors will not generally obtain private benefit from the provision of equipment and facilities, nor from travel bonus or any other such loyalty schemes. However, it is acknowledged that incidental use of council equipment and facilities may occur from time to time. Such incidental private use is not subject to a compensatory payment.

Where more substantial private use has occurred, the Act provides that a payment may be made to cover the level of that private use. Council has established that this would be at the current rate set by the Local Government (State) Award in the case of kilometres using council vehicles incurred by councillors on Council duties and at an agreed rate for private use by the Mayor in the mayoral vehicle (as provided by section 252(2) of the Act);

Associated Legislation

A policy for the payment of expenses and the provision of facilities for councillors is made under section 252 of the Local Government Act 1993 and in accordance with clause 403 of the Local Government (General) Regulation 2005.

Other policy provisions, which should be considered, include the DLG guidelines, Department of Local Government circulars to councils, the Model Code of Conduct for Local Councils in NSW and the Independent Commission against Corruption publication No Excuse for Misuse.

Details of relevant statutory requirements and other policy provisions are at APPENDIX 2 of the DLG guidelines (circular 07-22).

Definitions

“DLG” – Department of Local Government

“Act” – Local Government Act 1993

“Regulation” – Local Government (General) Regulation 2005

Responsibilities

1.1 GM

Jointly with the Mayor, (or Deputy Mayor if the expense relates to the Mayor), approve expenses that are to be incurred prior to the opportunity to be reported to a Council meeting.

The General Manager and/or Director of Finance & Corporate Services is required to ensure the return of equipment and services when such return is required by the policy and the equipment or facility is not acquired by councillors.

1.2 Directors and Managers

The Director of Finance & Corporate Services and/or General Manager is required to ensure the return of equipment and services when such return is required by the policy and the equipment or facility is not acquired by departing councillors.

The Finance Manager is required to ensure accounting staff are provided with and process the Mayor’s motor vehicle log books and mobile telephone account indicating private calls made.

The Administration Manager is required to determine availability of a vehicle for councillors when appropriate.

1.3 Staff

The General Manager’s Personal Assistant is required to provide Secretarial services for the Mayor.

Related Documents

Document Name	Document Location
DLG Guidelines for payment of expenses and provision of facilities	
Model Code of Conduct	
DLG Circulars to councils	
ICAC publications – No Excuse for Misuse, preventing the misuse of council resources	

Policy Statement

Note: where individual limits are set for Councillors such limitations are a global amount and not a strict individual limit. (Amended June 2009)

Wherever possible this Policy uses the suggested format by the DLG whilst complying with Council’s standard Policy template.

Part 1 - INTRODUCTION

Reporting requirements

Review

Councils are required on an annual basis to review and submit their policy to the Director-General of the Department of Local Government within 28 days of adoption by council, even if they propose to adopt an unchanged policy.

Current policies must be submitted by 30 November each year.

Annual reporting requirements

Section 428 of the *Local Government Act 1993* requires councils to include in their annual report:

- the council's policy on the provision of facilities for, and the payment of expenses to, mayors and councillors
- the total amount of money expended during the year on providing those facilities and paying those expenses
- additional information as required by the Local Government (General) Regulation 2005.

Additional annual reporting requirements

Amendments to clause 217 of the Local Government (General) Regulation 2005 made in December 2006 now require councils to include additional reporting information in their annual reports.

The additional reporting information required is for the purposes of transparency and accountability and should not be seen as a disincentive for the payment of appropriate expenses to councillors.

Councils are now required to report separately on:

- the total cost of expenses and the provision of facilities for the mayor and all councillors, as well as:

Provision of facilities

The cost of the provision of dedicated office equipment allocated to councillors on a personal basis such as laptop computers, mobile phones, telephones and facsimile machines and Internet installed in the councillors' homes (including line rental and internet access). This item does not include the costs of using this equipment, such as calls.

Expenses

- the cost of phone calls including mobiles, home located landlines, facsimile and internet services
- spouse/partner/accompanying person expenses (limited to circumstances outlined on page 14 of the DLG Guidelines)
- conference and seminar expenses
- training and skill development expenses
- Interstate travel expenses (including subsistence and out-of-pocket expenses)
- overseas travel expenses (including subsistence and out-of-pocket expenses)

- care and other related expenses (of dependants to enable a councillor to undertake his or her civic functions).

Reporting of exceptional equipment and facilities costs

In addition to the statutory reporting requirements, councils should report other costs where these are significant. For example, councils should report the cost of the provision of facilities and equipment where such provision is above what would **normally** be required for the day-to-day running of the council.

Legislative provisions

Expenses and facilities policies must not include a general expense clause.

Clause 403 (previously 42A) of the Local Government (General) Regulation 2005 provides that councils must not include in their section 252 policies any provision that enables council to pay a councillor an allowance in the nature of a general expense allowance.

Section 252 of the *Local Government Act 1993* only **authorises payment or reimbursement of actual expenses incurred by councillors in carrying out their civic duties**. It is not appropriate or lawful for councils to pay general allowances unrelated to actual expenses incurred or designed to supplement councillors' annual fees.

Monetary limits to expenses

It is the responsibility of individual councils to establish what they would consider **a reasonable level of provision** by determining their own monetary limits and/or rates for the payment of expenses and other benefits to their councillors. **These limits have been determined and are clearly stated in the policy.**

Identifying and publishing monetary limits allows members of the public to know the expected cost of providing services to councillors and to make comment during the public consultation phase of making or amending the policy. It also avoids situations where councillors incur costs that are unforeseen or considered unreasonable by other councillors and the public.

Standard of provision of equipment and facilities

The DLG guidelines do not specify a specific standard for the provision of equipment and facilities to councillors. As with expenses, it is the responsibility of councils to establish and define an appropriate and reasonable level of provision that would enable councillors to effectively carry out their civic duties. **Council has determined the level of equipment and facilities to be provided to the Mayor and councillors. These are detailed in the policy.**

Approval arrangements for claiming expenses and use of facilities

Approval of councillor expenses will be consistent with the stated guiding principle that no one person is the sole decision maker in giving approval.

Part 2 - PAYMENT OF EXPENSES

General Provisions

Whenever possible approval for discretionary trips and attendance at conferences and the like should be approved at a Council meeting. If this is not possible then the approval should be given jointly by the Mayor and the General Manager. If the Mayor requires approval to travel outside of council meetings it should be given jointly by the Deputy Mayor and the General Manager.

Travel involving an overnight stay will require prior approval with full details of the travel. This should include itinerary, costs and reasons for the travel being provided;

Approval to meet expenses will only be given when the function is relevant to the council's interest. No approval will be given for any cost component that is additional, or not relevant to, the service cost of the function.

Should dispute(s) arise about the provision of expenses and facilities the matter is to be resolved by determination of the General Manager, in compliance with Council's Policy, in the first instance. Should the councillor consider the General Manager's determination to be incorrect then the matter shall be reported for determination by the Full Council at the next available Council meeting.

Payment of expenses generally

a) Allowances, expenses and motor vehicle availability

In accordance with the LGA this policy does not permit:

- i. The payment to any councillor of an allowance in the nature of a general expense or allowance;
- ii. The exclusive or primary use of a motor vehicle by any councillor other than a Mayor (or Deputy Mayor under specific conditions).

b) Reimbursement and reconciliation of expenses

- i. Reimbursement of costs and expenses to councillors will only be made upon the production of appropriate receipts and tax invoices, and the completion of the required claim forms.
- ii. Expenses and costs incurred must be in accordance with the requirements of this policy.
- iii. The maximum time limit for councillors to seek reimbursement for their expenses is within 60 days from the date of the receipt, invoice or voucher.

c) Payment in advance

Councillors may request payment in advance in anticipation of expenses to be incurred in attending conferences, seminars and training away from home. Councillors may also request an advance payment for the cost of any other service or facility covered by the policy. However, councillors must fully reconcile all expenses against the cost of the advance when they return within the above time limit.

Allowance type payments are not payable in any circumstances.

Establishment of monetary limits and standards

The following currently apply as monetary limits to expenses:

Expense	Mayor	Deputy Mayor	Individual Councillors
	Maximum Annual Expense Limits		
Agreed training	3,500	2,500	2,000
Mandatory Councillor Information session	400	400	400
Conferences & Seminars	5,000	3,000	2,000
Local travel	N/A	4,000	4,000
Interstate Travel	2,000	1,500	1,000
Overseas Travel	Not Available	Not Available	Not Available
Motor Vehicle	Reimbursement to Council for private travel	Council vehicle for attending out of area functions	Council vehicle for attending out of area functions
Mobile Phone	*Reimbursement to Council for private calls	*Not Available	*Not Available
Internet Access	\$360 (max)	\$360 (max)	\$360 (max)
Stationery	\$200	\$100	\$100
Business Cards, Name tags, etc	\$150	\$150	\$150
Corporate Uniform (50% contribution)	\$200 (max.)	\$200 (max.)	\$200 (max.)
Mayoral Office Refreshments	\$1,500	Not Available	Not Available

*DLG Guidelines

Spouse and partner expenses

There are limited instances where certain reasonable costs incurred by the councillor for their spouse, partner or accompanying person are properly reimbursable by Council:

- a. Where the costs relate to attendance at official council functions of a formal and ceremonial nature and occur within the local government area. Such functions would be those which a councillor's spouse, partner or accompanying person could be reasonably expected to attend. Examples could include but not be limited to: Australia Day award ceremonies, Citizenship ceremonies, civic receptions and charitable functions supported by the council;
- b. In relation to Local Government and Shires Associations' annual conferences, costs limited to the cost of registration and the official conference dinner. Travel, any additional accommodation, and the cost of partner/accompanying person tours etc would be the personal responsibility of individual councillors (Council will meet the equivalent cost of Single accommodation for the Councillor with any additional cost borne by the councillor);
- c. Where they occur outside the council's area, but within the State, costs of representing the Mayor, at an official function of councillor or those of accompanying the Mayor whilst on an official ceremonial duty. Examples could include charitable functions, award ceremonies and other functions to which the Mayor has been invited and is representing the council.
- d. In the above circumstances, reimbursable costs are confined to the ticket, meal or direct cost of attending the function. Reimbursable costs do not extend to items such as special clothing, grooming or transport.

Apart from where defined above, other accompaniment costs outside the Council area will not be reimbursed.

- Accommodation: Equivalent of Single Accommodation cost for the councillor is to be met by Council with additional accommodation cost to be met by delegate/spouse. All additional costs are to be met by spouse/partner unless such is related to the official capacity of the delegates partner (e.g. official conference dinner).

Specific Expenses For Mayors And Councillors

Attendance at seminars and conferences

Attendance at Annual Conferences of Local Government and Shires Associations will normally be undertaken by the Mayor.

At least two Councillors may be afforded the opportunity to attend the Shires Association conference each year.

Councillors may be nominated to attend conferences, seminars and similar functions relevant to Council's interests by:-

- ✧ the Council, through resolution duly taken.
- ✧ the Mayor, acting within his/her delegated authorities and subject to budget requirements.

Councillors will be required to provide a written report to Council on such conferences.

Council will pay conference registration fees, including the costs of related official meals or activities where these are relevant to the business and interests of Council.

The reasonable costs of transport and accommodation associated with conference attendance will also be met as will meals when not included in conference fees. When overnight accommodation is necessary (the night before or after the conference) accommodation costs must be approved by Council.

Where attendance at other functions is relevant to Council's interest by reason of briefings, information or networking with key community members, business identities or politicians, approval may also be given by Council. Such approval will extend to the cost of the function and not to political donations.

No payment should be made by a council for attendance by a councillor at any political fundraising event, for any donation to a political party or candidate's electoral fund, or for some other private benefit.

Council staff should ascertain whether any expenses to be incurred would be directed towards such events and activities prior to approving expenditure.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Training and Educational Expenses

Each Councillor is required to undertake a Councillor Information session run by the DLG on election to Council.

Each Councillor will be encouraged to undertake at least one Professional Development Course every two (2) years.

A Personal Development Training Plan is to be prepared by the General Manager each year based on funds allowed within the annual estimates of Income and Expenditure.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Local travel arrangements and expenses

Councillors are required to use private vehicles to attend Council and/or committee meetings and will be paid the kilometre allowance at the then current rate set by the appropriate Local Government (State) Award from time to time, but subject to the most direct route being taken.

When acting for the Mayor at Civic functions councillors will also be reimbursed on a kilometre basis at the rate specified above.

Travel undertaken by a councillor in the capacity of Chair of a council committee or as a delegate of Council will also be reimbursed on a kilometre basis at the rate specified above.

The driver is personally responsible for traffic or parking fines. An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Travel outside the LGA including interstate travel

All reasonable travel costs will be met by the Council subject to prior Council approval. Where appropriate, travel will be provided by air (economy class). Depending upon the circumstances, it may be more appropriate for travel to be undertaken by car.

Where a private vehicle is used, kilometre payments are not to exceed the economy air fare and should apply to the most direct route. The driver is personally responsible for traffic or parking fines.

Travel by motor vehicle may be undertaken in a Council vehicle (where available – contact Council’s Administration Manager to determine availability) or by private vehicle, subject to prior approval from the Council or jointly by the Mayor and General Manager.

Costs of vehicle hire, taxi fares, public transport, road tolls or parking costs which are reasonably incurred while attending Council business will be reimbursed by the Council.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Telephone costs and expenses

The Mayor is required to reimburse Council for private calls made on the provided mobile phone.

An honesty system is in place using identification of all private telephone costs by the Mayor on the account statements.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Internet Access expenses

Council will reimburse the Mayor and Councillors up to \$30 per month towards the cost of access to Internet services (including broadband and wireless) utilised by Councillors for official council business purposes including research, etc.

Council’s Code of Conduct requirement that:

“You must not use council’s computer resources to search for, access, download or communicate any material of an offensive, obscene, pornographic, threatening, abusive or defamatory nature.”

is relevant and repeated herewith for convenience.

Evidence of having incurred an Internet access expense must be produced to allow reimbursement.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Care and other access related expenses

Council will meet reasonable costs of facilitating access to council premises, functions and activities where, by reason of disability, caregiver role or other special need, a councillor would not otherwise have equity of access with other councillors. Such support will allow the fullest participation reasonably possible.

If required an annual monetary limit would apply and once determined will be shown at **Establishment of monetary limits and standards**.

Insurance Expenses and Obligations

Council provides insurance cover for:

- Public liability for liabilities that might arise from performance of civic duties and/or exercise of council functions – Public Liability Insurance
- Professional indemnity for liabilities that might arise from performance of civic duties and/or exercise of council functions - Professional Indemnity Insurance
- The internal running of Council and duties to shareholders. Examples of internal running are things like harassment and unfair dismissal. An example of duties to shareholders is something that puts the financial viability of Council on the line - Councillors and Officers Liability Insurance
- Personal Injury whilst on council business – Personal Accident Insurance
- Travel insurance for approved flights – Personal Accident Insurance

All insurances are subject to any limitations and conditions set out in Council's policy of insurance.

Legal Expenses and Obligations

Council will only be prepared to consider reimbursement of legal expenses of Councillors in accordance with the guidelines from the Department of Local Government, these being:

1. That a Council may only disburse money if the disbursement is authorised by the Local Government Act, 1993, either expressly or because it is supplemental or incidental to or consequential upon the exercise of its functions.
2. In the particular circumstances outlined below, a council may therefore indemnify or reimburse the reasonable legal expenses of:
 - (a) A councillor defending an action arising from the performance in good faith of a function under the Local Government Act (s71), or

- (b) A councillor defending an action in defamation provided the statements complained of were made in good faith in the course of exercising a function under the Act, or
 - (c) A councillor for proceedings before the Local Government Pecuniary Interest Tribunal or an investigative body provided the subject of the proceedings arises from the performance in good faith of a function under the Act and the Tribunal or investigative body makes a finding substantially favourable to the Councillor.
3. Legal expenses incurred in relation to proceedings arising out of the performance by a councillor of his or her functions under the Act should be distinguished from expenses incurred in relation to proceedings arising merely from something which a councillor has done during his or her term of office. An example of the latter is expenses arising from an investigation as to whether a councillor acted corruptly by using knowledge of as proposed rezoning for private gain. This latter type of expense should not form part of a policy adopted under s252 of the Act.
 4. A council may lawfully obtain insurance cover against the risk of having to meet the costs of or to reimburse a councillor provided that the costs or reimbursements are ones which the council is authorised to meet.
 5. A council may not meet the costs of an action in defamation taken by a councillor as plaintiff in any circumstances.
 6. Where doubt arises in relation to any of these points, the Council should seek legal advice.
 7. Council will not provide legal assistance in respect of legal proceedings initiated by the Mayor and/or councillors in any circumstances.

ADDITIONAL MAYORAL EXPENSES

In addition to those facilities provided to the Councillors the Mayor is to receive the benefit of:-

- Motor Vehicle - (Holden Statesman or equivalent). The vehicle is to be used at the discretion of the Mayor for official Mayoral, Councillor or Council purposes. The Mayor is to pay an amount as determined by Council and included in Council's Fees & Charges (\$100/month plus GST at the time of this Draft being prepared) for the use of this vehicle and he/she is to provide fuel for private usage.

The following conditions apply:-

- a) The Mayor must authorise Council to deduct private usage payments of the agreed amount per month from the Mayoral allowance for the use of the Mayoral Vehicle;

- b) The Mayor's Council motor vehicle must be made available for use by the Deputy Mayor during those periods when, in accordance with the policy of the Council during the absence of the Mayor, the Deputy Mayor is entitled to be paid a proportionate amount of the Mayoral Allowance;

At present this absence is defined as absent from the Council area by the Mayor for a minimum of three (3) weeks.

- c) That the Mayor or in such absence the Deputy Mayor provide petrol for such private use;
- d) The Mayor, or Deputy Mayor in the Mayor's absence, is also required to keep log books relating to the vehicle, to be submitted monthly to Council accounting staff.
- Mobile phone and car kit for official purposes. The Mayor is responsible for reimbursement of private calls made on this mobile phone, by way of certification and submission of monthly accounts by the Mayor to Council accounting staff.
 - Secretarial Services - word processing and administrative support provided by the General Manager's Personal Assistant.
 - Administrative Support - assistance with functions, organisations, meetings, and the like for official purposes.
 - Mayoral Office Refreshments - At the discretion of the Mayor for Official purposes.

Annual monetary limits apply and are shown at **Establishment of monetary limits and standards**.

Part 3 - PROVISION OF FACILITIES

GENERAL PROVISIONS

Provision of facilities generally

The following facilities are currently available to Mayor and councillors as indicated:

Facility	Mayor	Deputy Mayor	Councillors
	Facilities available / Not available for Council Business Use		
Laptop computer *	Available	Available	Available
Fax Machine*	Available	Available	Available
Mobile Phone *	Available	Not available	Not available
Vehicle Use (Contact Council's Administration Manager to determine availability)	Designated Vehicle	When acting as Mayor or subject to policy and availability	Subject to policy and availability
Furnished Mayoral room	Available	Available by arrangement with Mayor	Available by arrangement with Mayor
Secretarial & Administrative support	Available	Not available	Not available
Photocopier Official purposes only at Molong and Cudal Council offices	Available	Available	Available
Stationery & office supplies	Available	Available	Available
Business cards	Available	Available	Available
Consumables e.g. toner	Available	Available	Available
Corporate clothing	Available	Available	Available
Safety equipment (e.g. Safety vests on	Available	Available	Available

Facility	Mayor	Deputy Mayor	Councillors
	Facilities available / Not available for Council Business Use		
Traffic committee inspections)			
Meals / refreshments related to council, committee and work group meetings and office functions.	Available	Available	Available
Ceremonial garb	Available	Not Available	Not Available
Use of council chamber	When free for use	When free for use	When free for use

* - Equipment remains the property of Council. On completion of Term, councillors may request to purchase equipment at written down value or at an agreed fair market price.

Private use of equipment and facilities

Council facilities, equipment and services are not for private use. "Private use" includes the production of election material or material for other political purpose.

Acquisition and returning of facilities and equipment by Councillors

Equipment is to be returned promptly to the General Manager or Director of Finance & Corporate Services in the following circumstances:

- a. Councillor is going on extended leave of absence;
- b. Councillor has completed term of office or ceasing civic duties and is not acquiring equipment.

In general the use of council facilities and equipment should be in accord with the DLG Model Code of Conduct for Local Councils in NSW, - June 2008.



Strategic Plan

2009/2010

June Review

1. Governance

Goals:

- *To provide efficient, effective and relevant Local Governance for Cabonne through an open and responsive Council and Committee meeting process*
- *To maintain strong relationships and liaise effectively with all relevant Government agencies and other Councils*
- *To ensure long term viability of Wellington/Blayney/Cabonne Strategic Alliance*

Objectives	Performance Measures	Responsibility	Progress
1. Provide quality administrative support and governance to Councillors and Residents	1.1 Review the effectiveness of business paper procedures	DFCS	Waiting on filing enhancement.
	1.2 Provide and retain skilled and trained staff to deliver Council services	ALL	Plan approved at February Consultative Committee
	1.3 Actioning of Council Motions	ALL	Reported to April, May & June meetings
2. Develop and maintain a unified Council that is accountable and transparent	2.1 Provide appropriate mechanisms for democracy and participation for Cabonne residents	DFCS	Meeting schedule updated.

Objectives	Performance Measures	Responsibility	Progress
3. Enhance responsiveness to the community current and future needs & objectives	2.2 Review effectiveness of community consultation/feedback systems	DFCS	Updates on actions forwarded to Progress Associations 24/5/10 and updates posted on Council's website.
	2.3 Review wards as part of Local Government Act requirements	DFCS	To be completed after electoral roll closes after Federal Election.
	2.4 Maintain local governance	DFCS	WBC Integrated Planning & reporting presentation IT working party continuing – tender documents on new software – anticipate tender to be called for August
4. Maintain effective links with State and Federal members of parliament	3.1 Develop the CCP 2025	DFCS	EDM and CMO working on final development of CCP 2025. Project Management Plan updated and timeframe determined. Draft copy to Councillors in August.
	4.1 Appropriate communications and representations on relevant issues	ALL	Minister re-invited.

Objectives	Performance Measures	Responsibility	Progress
5. Maintain active membership of CENTROC, LGSA and other forums	5.1 Attendance at meetings	ALL	<p>May – DETS attended alliance meeting to formulate submission for funding water supply to Cumnock and Yeoval as part of the CENTROC submission.</p> <p>HRO attended CENTROC HR Group meeting 18/5 at Wellington</p> <p>CENTROC Board meeting attended by GM 27/5/10</p> <p>ESO attended DECCW workshop 19/4, TAGI Project meeting 20/4, CENTROC Project Team meeting 17/6 and Sustainable Reference Group meeting 18/6</p>
	5.2 Matters are brought forward by Cabonne at those forums	ALL	<p>Electricity contract/survey</p> <p>Issues raised regarding mark up on training expenses</p>
	5.3 Participation in programs	ALL	RMO participating in on-going ERM Project
6. Active commitment to the WBC Alliance	6.1 Attendance and involvement at meetings	ALL	<p>WBC Board meeting attended 5/5/10</p> <p>Planning Directors meetings attended - June</p>

Objectives	Performance Measures	Responsibility	Progress
7. Ensure the ongoing financial sustainability of Cabonne Council	6.2 Participation in joint projects	ALL	<p>DETS – Stage 2 Asset Management Plan</p> <p>DETS – Project management Work shop</p> <p>Postponed workcover – going regional with project similar to Wollongong South Coast project – Cabonne will be part.</p> <p>Asset Management Plan project</p> <p>IT software tender</p>
	6.3 Benefits achieved	ALL	Savings experienced through Internal Development Project Management Kit, Joint Project Management Training, Principal Strategic Planner, Knowledge Sharing
	7.1 Ongoing financial sustainability maintained.	ALL	Quarterly Budget Review reported to February Council meeting.
	7.2 Annual financial health check completed	DFCS	Alliance Health Check presented to March Council meeting
	7.3 Recommendations of the Inquiry of the Financial Sustainability of NSW Local Government are actioned and considered as necessary	DFCS	No recommendations issued to be actioned.

Objectives	Performance Measures	Responsibility
8. Provide adequate training & professional development opportunities for Councillors	8.1 Appropriate training for all Councillors made available	DFCS
9. Satisfactorily implement State Government Integrated Planning and Reporting requirements.	9.1 Implement schedule adopted	DFCS

Progress
Available training courses listed in GM's memo
Presentation made to September Council meeting.

2. Administration

Goals:

- *To provide high quality advice and support for Council's operations and give guidance and leadership on issues*
- *To control and manage finances to ensure the future financial sustainability of Council*
- *To ensure information systems meet the business needs of Council*
- *To improve effectiveness of communication throughout decentralised office*

Objectives	Performance Measures	Responsibility	Progress
1. Develop and maintain a strong and skilled workforce	1.1 Provide regular forums for management to meet and discuss contemporary issues	ALL	Finance & Corporate Services Operational Team meeting held 30/6/10
	1.2 Ensure appropriate performance measures and incentives are in place	DFCS	Consultative Committee voted to retain Voucher system
	1.3 Review structure and adequacy of staffing levels and skills requirements of all Directorates	DFCS	On advice of DFCS, this has been completed by G.M and will be raised with Council for July 2010 ordinary meeting
2. Provide a records management system which meets statutory and	2.1 Compliance with the State Records Act	DFCS	Ongoing training for new staff. Gathering Information training to be conducted.

Objectives	Performance Measures	Responsibility	Progress
3. Provide, maintain and develop financial services and systems to accepted standards – satisfying regulatory and customer requirements	2.2 User needs met	DFCS	Version 8 of Council's record system implemented
	2.3 Appropriate use of appropriate software	DFCS	Version 8 Implemented – working through new enhancement
	3.1 Statutory reporting completed on time	DFCS	Annual Report & Statements submitted by due date – Completed.
	3.2 Financial Health check	DFCS	Alliance Health check presented to March Council Meeting – Completed.
	3.3 Review Investment Policy	DFCS	Adopted June Council meeting – Completed.
	3.4 User needs met	DFCS	New employees provided with access & training
4. Provide effective communications and information systems for staff and residents	4.1 Implementation and use of InfoCouncil software	DFCS	Appropriate new staff provided with access and training.
	4.2 Enhancement of website	DFCS	Website reviewed & updated. Website provider in process of developing new site.

Objectives	Performance Measures	Responsibility	Progress
5. Ensure Business continuity	4.3 Customer service reviewed and implemented	DFCS	Position vacant.
	4.4 Effective use of customer service software	CDU/DFCS	To be coordinated by Personal Assistants for Directors
	4.5 Level of compliance with Customer Service Policy response periods	ALL	Position vacant
	4.6 Review and implement communication strategy	ALL	Draft Media Policy distributed to Directors for comment and also to be distributed to senior management
	4.7 Improved communications between offices	ALL	Still waiting on Telstra
	4.8 Implementations of GIS Plan	DFCS	GIS implemented. Presentation Completed to Councillors – completed.
	5.1 Develop an Enterprise Risk Management Plan	DFCS	RM Policy being developed. New RM standard replacing AS4360 ISO31000 Statewide training modules in RM 1-4 Gathering Info training Signs as remote Supervision

Objectives	Performance Measures	Responsibility	Progress
6. Improve OH&S and Risk Management Response	6.1 Areas of concern raised in OH&S audit addressed	DETS	DETS – Target signage and gathering information.
	6.2 Areas of concern raised in Public Liability audit addressed	DETS	DETS – Signs and gathering information
7. Ensure adequate accommodation for staff	7.1 Adequate staff accommodation provided at Molong	DFCS	Currently referred to Engineering regarding inspection by underfloor water consultant.
8. Provide effective information systems for all of council	8.1 Reserve established for systems upgrade	DFCS	Reserve set up in conjunction with 09/10 Budget for \$250k & anticipated for an extra \$250k next budget - Completed
	8.2 Audit of need analysis commenced in conjunction with WBC	DFCS	Wellington Council rejoined working party. Tender expected to be called in August.
9. Monitor impact of Global Financial Crisis	9.1 Report on impact on: a) Council financial position b) Industry and employment c) Community Services/Social implications	DFCS	a) Completed b) Report by HRO on industry and employment not completed yet. c) Global Financial Crisis reported in social plan
	9.2 Level of access to federal funds	DFCS	Reported to September Council meeting – completed.

3. Public Order and Safety

Goals:

- *To maintain an effective and efficient local emergency system for the protection of life and property*
- *To respond to concerns over domestic and stock animals to ensure public safety*

Objectives	Performance Measures	Responsibility	Progress
<i>1. Identify and provide for any foreseeable emergency in Cabonne</i>	1.1 Review of Local Emergency Management Plan	DETS	LEMC has asked for confirmation of adoption of ERM by LEMC forwarded as requested.
	1.2 Implementation of the Emergency Risk Management Plan (ERM)	DETS	Implementation when approved by SMEC
	1.3 Review and update as required Standard Operating Procedure (SOP's)	DETS	Incorporated in DISPLAN
<i>2. Support the management of the Canobolas Rural Fire Zone</i>	2.1 Attend meetings as required	DETS	Incorporated in DISPLAN
	3.1 Ensure complaints are dealt with promptly	DES	Complaints responded to promptly.
	3.2 Review of animal control function	DES	Rangers procedure manual – draft commenced.

3. <i>Administer statutory requirements (Companion Animals Act & Impounding Act) in accordance with community needs</i>	3.3 Staff and systems in place to implement the Acts and reports made to Committees	DES
4. <i>Promote Health & Wellbeing of Cabonne residents</i>	4.1 Liaison with government departments/community groups re promotion of healthier lifestyle	DFCS
	4.2 Encourage benefits of Health One project across Cabonne	DFCS

Kleem Department considered by Council.
Wear Red for Women Day promoted by Councillors and staff.
Family Links and FDC working close with Waluwin centre. Trial bus for Cumnock being organised to give access to those without means to attend playgroup

4. Health

Goals:

- *To protect the health and safety of the community*
- *To maintain effective control of noxious weeds*
- *Equitable access to health and medical services for Cabonne residents*
- *To ensure the environmental sustainability of Cabonne*

	Performance Measures	Responsibility	Progress
Objectives 1. Develop and implement an Environmental Health Program	1.1 Regular inspections of and level of compliance with standards of food and other premises	DES	FSI's carried out May/June 2010.
	1.2 Ensure complaints are dealt with promptly	DES	Food complaints responded to and premises inspected.
2. Maintain an effective campaign of noxious weed control by gaining landowner co-operation	2.1 Issue information to the community on priorities	DETS	Reports to Works Committee. Attend workshops and field days.
	2.2 Participate in regional Advisory Committees	DETS	Chief Weeds Officer attends regional advisory meetings

<p>3. Facilitate the provision of Health & Medical services</p> <p>4. Manage Council's appropriate response to climate change at a local government level</p>	2.3 Spraying activities advertised in accordance with Noxious Weeds Act	DETS	Spraying of weeds undertaken in accordance with the Noxious Weeds Act
	2.4 Number of inspections vs s18 and s20 notices issued	DETS	Notices reported to Works Committee monthly. The last 3 months there has been 17 – Section 18s 0 – Section 20s
	3.1 Health services reviewed	DFCS	Monthly reports made to Council on Health Services
	3.2 Advocacy on behalf of health services in Cabonne	DFCS	GWHS addressed October Council meeting
	4.1 Participate in CENTROC Climate Change and Sustainability programs e.g. SolarUp	DETS	Provision in 2010/11 budget for CC&S programs.
	4.2 Investigate development of Environmental Sustainable Plan in conjunction with WBC	DETS	ESP included in WBC professional teams agenda

5. Increase the level of sustainable purchasing	4.3 Level of “Green Energy” electricity used by Council buildings	DETS	Green Energy tariff not taken up by Council
	4.4 Review effectiveness of Star Rating policy for fleet vehicles	DETS	Council’s vehicle purchasing and lease back policy under review. Star rating for economy and safety in the new policy.
	4.5 Level of Grid connect /solar electricity generated by Council	DETS	No new connections
	5.1 Level of implementation of ‘Sustainable Choices ‘ initiatives within Council	ALL	Grid Connect System fitted to Waluwin Family & Community Services Centre

5. Community Services and Education

Goals:

- *To provide childcare services to meet the needs of the community*
- *To provide a flexible and responsive service to Cabonne residents requiring Home and Community Care*
- *To ensure adequate facilities for the aged to meet the needs of the community*

Objectives	Performance Measures	Responsibility	Progress
1. Ensure a quality childcare service that is affordable	1.1 Service reviewed and reported on half yearly	DFCS	Reported to August 2009 and May 2010 – completed.
	1.2 Carers are recruited, trained and monitored as required	DFCS	Ongoing training for FDC staff and carers. Child Protection Training attended by carers 5/6/10
	1.3 Level of usage of childcare facilities	DFCS	Reported to August Committee - Completed
	1.4 Family Day Care promoted	DFCS	Working with CMO – new carers in paper. Advertisements placed.
	1.5 In Home & After School care opportunities reviewed	DFCS	Potential in home care being followed up at Molong

Objectives	Performance Measures	Responsibility	Progress
2. Provide affordable and reliable medical and HACC transport services to Cabonne residents	2.1 Level of usage of service	DFCS	Reported to March Committees – completed.
	2.2 Services are provided where most needed	DFCS	Looking at options to meet community needs – workshop to be held 6/7/10
3. Enhance delivery and management of community services	2.3 Level of grants applied for and obtained	DFCS	Looking at possible further funding needs for expanded service.
	3.1 Communication and referral numbers with other agencies	DFCS	Interagency meeting held June
	3.2 Services promoted within Cabonne	DFCS	Working with CMO to promote services
	3.3 Feedback from users	DFCS	Lawn mowing – Oct 09 Community Restaurant, Social support - January Men’s Group – Aug 09
	3.4 Waluwin Family and Community Services Centre constructed and operational	DFCS	Centre now operational.

Objectives	Performance Measures	Responsibility	Progress
4. Facilitate retirement and aged care projects	4.1 The level at which need in the community is met	DFCS	Support given to Canowindra Aged Care Village
	4.2 Impact of proposed controls of Department of Housing review	DFCS	Officially advised that regulations do not apply to Local Government - completed
5. Monitor the impact of changing demographic due to ageing population	5.1 Impact of ageing population on Cabonne reported.	DFCS	Reported in Social Plan
6. Improve access and equity throughout the Cabonne area	6.1 Implement a pedestrian Access & Mobility Plan	DETS	Cycle/pedestrian path completed in Molong. Disabled access improvements. Works for ramps and paths to start in July 2010.
	6.2 Implement Cabonne Cycle Plan (incorporating walking tracks)	DETS	Construction of Molong Cycle/walkway in progress – Federally funded.
7. Promote & create opportunities for Youth	7.1 Youth address Council meetings	DFCS	Primary students invited to attend Council – address made by students at September Council meeting - completed
	7.2 Youth of the Month awarded	DFCS	Youth of the Month Award presented monthly
	7.3 Grant opportunities pursued	DFCS	Youth Week funding successful – completed.

Objectives	Performance Measures	Responsibility	Progress
	7.4 Youth week activities held	DFCS	Funding applied for – activities organised - completed
	7.5 Support services promoted	DFCS	Skate Park Molong constructed. Canowindra Skate park about to be commenced.

6. Housing and Community Amenities

Goals:

- *To maintain and manage public cemeteries*
- *To provide and maintain systems for waste collection, recycling and disposal*
- *To develop integrated land use plans to ensure the physical development of Cabonne commensurate with sustainable development principles*
- *To enhance the amenity of towns and villages in Cabonne*
- *To provide high quality and environmentally sensitive drainage systems*

Objectives	Performance Measures	Responsibility	Progress
1. Develop and implement improvements for Cabonne cemeteries	1.1 Improvements identified and implemented	DES	Rabbit eradication program continuing Community project at Toogong Cemetery completed. To replace front fence new entrance and denomination signs installed at all cemeteries.
2. Provide an effective and reliable waste and recycling service to the community	1.2 Improvements & Maintenance Plan prepared	DES	Conceptual details developed.
	2.1 Overall waste disposal strategy developed	DES	Discussions with Quadro to further develop waste strategy. Participate in Netwaste program
	2.2 Monitor waste collections and disposal contracts	DES	Netwaste Forum 28/5 JR Richards Contract meeting 11/6

Objectives	Performance Measures	Responsibility	Progress
3. Progress effective waste management disposal facilities for Cabonne	2.3 Ensure management of former and current landfill sites	DES	Advice received from Netwaste regarding development of LEMPs. Meeting arranged with consultant for July to move forward with next stage.
	2.4 Report on options for improvement of waste disposal/collection for rural landholders	DES	Monitor and review current servicing arrangements
	2.5 Evaluation of expansion of services to Nashdale/Borenore/Mullion Creek/March/Clergate	DES	Monitor and review current servicing arrangements
4. New Local Environment Plan (LEP) & associated documents	3.1 Review of waste management facilities completed	DES	Researching options for recycling
	3.2 Preferred option for long term waste identified	DES	Looking to develop LEMP and operational plans for all sites.
	4.1 Draft LEP prepared	DES	Standard Instrument provisions being reviewed and draft prepared.
	4.2 Draft Development Control Plans prepared	DES	WBC Alliance staff workshop to review DCP issues paper Dec 09
	4.3 Level of coordination with WBC replanning documents	DES	Regular meetings/contract with WBC Environmental Directors

Objectives	Performance Measures	Responsibility	Progress
5. Provide efficient and effective development assessment	4.4 Timetable for completion adopted	DES	Mid 2011 identified for gazettal. Timeframe monitored and reviewed.
	5.1 Approval procedures and systems are documented and followed	DES	Procedures and systems followed.
	5.2 Median number of days to provide services	DES	Regular reports provided to Council.
6. Provision of a Heritage Program	6.1 Local heritage assistance program promoted	DES	Current financial year program finalised. Applicants sought for coming year.
	6.2 Heritage Committee meetings held	DES	Change to bi-monthly
	6.3 Investigate preparation of Heritage component of LEP	DES	2003 Heritage Study Inventory to be reviewed and updated. Statement of significance prepared for each nominated site.
7. Enhance village presentation focussing on entrances and main streets	7.1 Progressive implementation of Village Enhancement Program	DETS	Canowindra Memorial park and Eugowra flow beds are completed. Molong – Bank Street 80% completed
	7.2 Other village Improvements completed	DETS	RLCIP and DEEWR projects train
8. Manage and reduce risk of damage by flooding to urban areas	8.1 Compliance with Floodplain Management guidelines	DETS	Adopted flood management plans considered in assessing new works and development

Objectives	Performance Measures	Responsibility	Progress
9. Provide systems for stormwater and pollution control in accordance with EPA requirements	8.2 Plans developed and adopted for Eugowra and Molong	DETS	Molong Draft requires additional information on overland flow. DETS in discussion with consultants. Eugowra Draft with Flood Plan Committee for comment
	8.3 Implementation of mitigation works for Canowindra from prepared plans	DETS	No further action required for this item
	9.1 Standards adopted	DETS	Current standards and controls for sediment adopted.
	9.2 Development and upgrading of existing drainage	DETS	Drainage improvements included in 5 yr works plan. Currently under review and will be submitted to the Works Committee for approval on completion.
	9.3 Ongoing works undertaken with Stormwater levy program	DETS	Works Committee to consider report from Asset Manager for project to be completed 2010/11.
	9.4 Review of Stormwater Management Plan	DETS	Currently under review to be considered by the Works Committee on completion.

Objectives	Performance Measures	Responsibility	Progress
	9.5 Regional Soil and Erosion Control Plan developed through Central Western Catchment Management Authority (CWCMA)	DETS	Council's Environment Officer liaising with the SWCMA in the development and funding of the control plan.

7. Water Supplies

Goals:

- *To provide an adequate and secure water supply to defined areas*
- *Potable water supply for all Villages*

Objectives	Performance Measure	Responsibility
1. Manage water supply schemes	1.1 Report on demand and supply	DETS
	1.2 Implementation of Capital Works plans for schemes	DETS
	1.3 Second independent review of Molong Water scheme operations conducted by Central Tablelands Water	DETS
	1.4 Implementation of one Cabonne water fund	DETS
	1.5 Implement Best Practice for Water Supply	DETS

Progress
Consultants preparing brief to undertake study to determine secure yield. May be incorporated in IWCM strategy.
In light of the extent on 'carry over' of projects into 2010/11, staff looking at options for contracting out some of these projects.
The Doc review will provide comment on the internal study. The IWCM study may provide a more comprehensive analysis of Molong Water Supply.
In current management plan.
There is no change in the status of BP modules, Council. The IWCM Strategic business brief is a WBC project.

	1.6 Options for means of supplying potable water to Cumnock and Yeoval identified	DETS	Council received advice that applications were not successful. Staff looking at referring submissions to professional consultants.
	1.7 Review and consider implementation of Integrated Water Cycle Management Plan	DETS	CTW, representing the Alliance, preparing brief for consultants to undertake the IWCM Strategy
2. Provide water to standards adopted by Council for all schemes	2.1 Regular testing meets required standards	DETS	Tests undertaken in accordance Departmental guidelines
3. Meet requirements of the Water Management Act	3.1 Level at which requirements are met	DETS	Testing and operations undertaken in accordance with the Departments guidelines
4. Actively participate in Water Reform Process	4.1 Attendance/Participation at meetings	DETS	Attend meetings and report to council as required.
	4.2 Regular reporting to Council	DETS	Attend meetings and report to council as required.
5. Promote effective water resource management	4.3 Report on implementation of State Government Water Reform	DETS	Attend meetings and report to council as required.

	5.1 Participation in CENTROC regional water supply	DETS
	5.2 Lobbying undertaken to DWE to undertake water study plans for catchments in the region	DETS
	5.3 Participation in CMA programs	DETS

Attend meetings and report to council as required.
Funding approved to carry out emergency drought works for Cumnock Water Supply
Attend meetings and report to council as required.

8. Sewerage Services

Goals:

- *To provide and maintain environmentally sustainable, high quality sewerage facilities*

Objectives	Performance Measures	Responsibility	Progress
1. Manage sewerage schemes	1.1 Operation of Sewerage Treatment Plants (STP) in accordance with Department of Environment & Climate Change Licence	DETS	Testing and operations undertaken in accordance with the Departments guidelines
	1.2 Implementation of Capital Works plan for schemes	DETS	Early warning dam break telemetry completed for Borenore Dam.
	1.3 Report on review of future upgrade needs for Molong sewer	DETS	Molong STP future needs and upgrades included in the IWCM. Recommendations to be considered and prioritised.
	1.4 Implement Best Practice for Sewerage Services	DETS	Completed.
2. Construct sewerage			

Objectives	Performance Measures	Responsibility	Progress
schemes in Manildra, Cudal, Cumnock and Yeoval	2.1 Section 60 approval received for Manildra, Yeoval and Cumnock	DETS	Manildra STP scheduled to be completed by end of July. Some delays due to wet weather.
	2.2 Tender awarded for Manildra	DETS	Tender for on-property works awarded. Works are to commence in July 2010.
	2.3 Land purchased for STP sites	DETS	Lease arranged with land owner while land transfer being finalised.
	2.4 Compliance with Implementation time frame including Construction Schedule	DETS	There is no significant variation to the timeframe for completion of the four towns program.

9. Recreation and Culture

Goals:

- *To provide library services to Cabonne residents through participation in Central West Libraries*
- *To provide public hall facilities relevant to the needs of residents*
- *To provide high quality sporting, recreational and cultural facilities*
- *To maintain and manage parks and gardens in Cabonne*
- *To maintain and manage Council owned buildings and land in Cabonne*

Objectives	Performance Measures	Responsibility	Progress
1. Increase awareness and availability of library services in Cabonne	1.1 Participate in decision making processes and initiatives of Central West Libraries	DFCS	GM raising issue of future budget to be inline with rate pegging.
	1.2 Level of usage of library	DFCS	Reported to Council - complete.
	1.3 Annual tour of libraries conducted	DFCS	Reported to Council - complete.
2. Efficient operation and maintenance of halls and facilities	2.1 Develop and implement asset management plan	DETS	Sub-plans being progressively developed and implemented.

Objectives	Performance Measures	Responsibility	Progress
3. Maintain and provide safe and usable parks, sporting fields and equipment	2.2 Appropriate levels of fees and charges for facilities	DETS	Fees and income reported to Council. Majority of halls do not have fees or income register.
	2.3 Usage rates and demand	DETS	Income reported to Council. Management Plan under review.
	2.4 Participation by community groups in Community Halls Grant process	DETS	As reported to Council.
	3.1 Maintenance carried out in accordance with sporting code and community needs and risk management principles	DETS	Inspection and gathering of information systems under review (statewide target)
	3.2 Review compliance of playground equipment with relevant Australian Standards	DETS	Inspection and gathering of information systems under review (statewide target)

Objectives	Performance Measures	Responsibility	Progress
4. Maintain Council pools to acceptable standards	3.3 Level of community involvement in provision of maintenance for sporting facilities	DETS	Council staff to liaise with sporting groups as required. CIP provides opportunity for Council to assist financially.
	4.1 Develop and implement upgrading and management plan for pools	DETS	Draft Management Plan for each pool being prepared. Pool Committees and Managers to be consulted.
5. Provide appropriate support to Museums in the Shire	4.2 Develop & implement Operational Plans including Risk Management Plans	DETS	Operational Plan being prepared and will be reviewed by OH&S Committee for adoption.
	4.3 Level of Community involvement in the operation and management of pools	DETS	Pool Committees and Manager to be consulted before draft is adopted.
	5.1 Level of support given by Council	DFCS	OCB Museum Project progressing well
	5.2 Evaluation of progress report on Regional Collections Survey project	DFCS	Update requested from Orange City Council

Objectives	Performance Measures	Responsibility	Progress
	5.3 Level of support given by community committees	DFCS	<p>Met with Canowindra and Eugowra Historical society.</p> <p>Attended Strategic Planning workshop with Age of Fishes Museum</p> <p>Met with Eugowra, Cudal and Molong Progress Associations</p>

10. Mining Manufacturing and Construction

Goals:

- *To provide an efficient and effective building assessment and advisory service*
- *Operation of gravel pits to meet Council's construction and maintenance requirements*

Objectives	Performance Measures	Responsibility	Progress
1.Ensure buildings are constructed in accordance with the Building Code of Australia	1.1 Inspection of buildings under construction	DES	Building inspections undertaken as part of DA/CC assessments
	1.2 Issue of Construction / Compliance Certificates and Occupation Certificates	DES	Certificates assessed and issued promptly
	1.3 Level of knowledge and training of staff	DES	Recent attendance by staff at workshops and seminars
2. Maximise return on Council's Lime Quarry Asset	2.1 Financial return	DETS	Bi-monthly Quarry Review Committee meetings held.
	2.2 Report on alternative products & production measures	DETS	Bi-monthly Quarry reports to Council providing production and financial statements.

Objectives	Performance Measures	Responsibility	Progress
	2.3 Decision made on future operations & ownership	DETS	Consultant engaged to prepare Business Plan
	2.4 2009 Marketing Plan implemented	DETS	Consultant engaged to prepare Business Plan

11. Transport and Communication

Goals:

- *To provide a safe and quality urban and rural transport systems for vehicles and pedestrians*
- *To provide services to RTA for Regional and State road network*
- *To provide and maintain bridge structures throughout Cabonne*
- *To maximise safety for road users and pedestrians*
- *To manage assets in a sustainable manner*
- *To ensure accessibility for all members of the community*

Objectives	Performance Measures	Responsibility	Progress
1. Provide safe and well signposted roads in accordance with recognised technical standards	1.1 Area of reseals	DETS	Reseals done on Cargo road May 4 2010.
	1.2 Area of road rehabilitation	DETS	Obley Road shoulder reconstruction 75% complete.
	1.3 Investigation of Memorandum of Understanding (MOU) with Police regarding accident reporting	DETS	No further development. Has been raised at the LEMC meetings.

Objectives	Performance Measures	Responsibility	Progress
<p>2. Ensure that the repair of existing road surfaces and failed pavements is carried out in a Strategic Risk management approach</p> <p>3. Remain a core service provider to the RTA</p>	2.1 Adopt, Implement and promote Asset Management Plan for Roads in conjunction with WBC	DETS	RAMP to be referred to in preparing works program.
	2.2 Cost effectiveness of repairs in accordance with Asset Management Plan	DETS	Activities in accordance with RAMP
	2.3 Maintenance conducted in accordance Asset Management Plan	DETS	RAMP recommendations to be considered when undertaking maintenance activities
	3.1 Meet RTA specification and tender requirements	DETS	Works undertaken in accordance with the RMCC contract
	3.2 Design and construct to RTA standards	DETS	Works undertaken in accordance with the RMCC contract
	3.3 Financial return on service provision	DETS	<p>RTA agree with variation due to wet weather on Amaroo (less 10%).</p> <p>Variations on Flash jacks not finalised.</p>

Objectives	Performance Measures	Responsibility	Progress
4. Replace or upgrade bridges	3.4 State Road Contracts awarded	DETS	Flash Jacks completed. Note Council received \$45,000 bonus for quality of works.
	3.5 Maintain R1 accreditation	DETS	R1 accreditation maintained
	4.1 Bridges replaced or upgraded in accordance with plan	DETS	Baldry Bridge completed. Re design of piers for Murrays Completed.
5. Initiate and implement Road Safety Programs	5.1 Programs implemented and results measured	DETS	Road Safety program approved by the RTA and implemented by Council's RSO
	5.2 Communication and co-operation with local Police command	DETS	RSO report deferred to July 2010 Council meeting
	5.3 Annual report to Council by Road Safety Officer	DETS	Annual reports provided
6. To ensure access and mobility for all sections of the community	6. Construction complies with Disability Discrimination Act	DETS	New and modifications to access ramps constructed in accordance with current standards for disabled access.

12. Economic Affairs

Goals:

- *To encourage, facilitate and support the economic viability of Cabonne*
- *To promote Cabonne Country – Australia’s Food Basket as a destination to visit*

Objectives	Performance Measures	Responsibility	Progress
1. Create economic development opportunities within Cabonne	1.1 Councillor Economic Development Workshop outcomes implemented	GM	Commenced engagement of Molong business community to develop Business Chambers.
	1.2 Participation in regional development activities	GM	Central NSW Tourism meeting attended. Community Economic Development Conference attended. Big Ideas Forum Cowra attended.
	1.3 Economic development strategy reviewed	GM	New EDM commenced April 2010. EDS being reviewed from Sept 2010.
	1.4 Land Development Strategy reviewed	GM	Meeting held with Mayor and Clr Farr for history and background. Land Development Strategy to be commenced.
2. Actively promote and support development in Cabonne	2.1 2006/2009 Economic Development Strategy - Tourism Plan Reviewed	GM	CTAC structure being reviewed. Tourism Plan to be reviewed in conjunction with Cabonne Country Tourism formation in Sept 2010

Objectives	Performance Measures	Responsibility	Progress
	2.2 Implement strategies and report to Council quarterly	GM	Reported each Committee - ongoing

13. General Purpose Revenue

Goals:

- *To maximise revenue to Council through fair and sustainable means*

Objectives	Performance Measures	Responsibility	Progress
1. Implement “user pays” principle for fees and charges where appropriate	1.1 Appropriate opportunities for “user pays” identified and implementation plan prepared (WBC)	DFCS	Fees and Charges adopted June Council meeting.
2. Maintain a high level of rate collection	1.2 Report on a level of income from landfill user pays	DES	
3. Ensure fees and charges are commercially fair and reasonable	2.1 Rate of collection	DFCS	Reported to April, May and June Council meetings.
4. Identify alternate (non traditional) revenue sources	3.1 Review of fees and charges undertaken annually (WBC)	DFCS	Completed.
	4.1 Report on potential sources	DFCS	10 Internal Audit Guides sold as at 16/3/10

Canobolas Zone Rural Fire Service (RFS) Annual Report

The Canobolas Zone 2008/2009 Annual Report is now available on the Canobolas Zone webpage. This information can be accessed and downloaded for your information from the following link:

http://www.canobolas.rfs.nsw.gov.au/dsp_content.cfm?cat_id=1766

Cabonne Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2010

*“...providing sustainable local government to our rural communities
through consultation and sound financial management”*



Cabonne Council

General Purpose Financial Statements for the financial year ended 30 June 2010

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Cabonne Council.

(ii) Cabonne Council is a body corporate of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

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

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

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 20/09/10.
Council has the power to amend and reissue the financial statements.

Cabonne Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2010

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

The attached General Purpose Financial Statements have been prepared in accordance with:

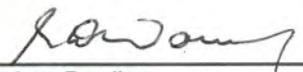
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these Financial Statements:

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

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

Signed in accordance with a resolution of Council made on 20 September 2010.



Robert Dowling
MAYOR



Ian Gosper
COUNCILLOR



Graeme Fleming
GENERAL MANAGER



Stephen Harding
RESPONSIBLE ACCOUNTING OFFICER

Cabonne Council

Income Statement

for the financial year ended 30 June 2010

Budget ⁽¹⁾			Actual	Actual
2010	\$ '000	Notes	2010	2009
Income from Continuing Operations				
Revenue:				
10,087	Rates & Annual Charges	3a	10,297	9,721
3,570	User Charges & Fees	3b	6,881	7,842
876	Interest & Investment Revenue	3c	1,659	1,755
1,766	Other Revenues	3d	1,764	1,818
7,992	Grants & Contributions provided for Operating Purposes	3e,f	9,525	9,008
7,834	Grants & Contributions provided for Capital Purposes	3e,f	3,188	4,547
Other Income:				
-	Net gains from the disposal of assets	5	420	430
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<u>32,125</u>	Total Income from Continuing Operations		<u>33,734</u>	<u>35,121</u>
Expenses from Continuing Operations				
11,006	Employee Benefits & On-Costs	4a	10,940	10,651
67	Borrowing Costs	4b	145	123
5,970	Materials & Contracts	4c	6,279	7,240
7,736	Depreciation & Amortisation	4d	8,365	8,065
-	Impairment	4d	-	-
663	Other Expenses	4e	2,293	2,759
<u>25,442</u>	Total Expenses from Continuing Operations		<u>28,022</u>	<u>28,838</u>
<u>6,683</u>	Operating Result from Continuing Operations		<u>5,712</u>	<u>6,283</u>
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<u>6,683</u>	Net Operating Result for the Year		<u>5,712</u>	<u>6,283</u>
6,683	Net Operating Result attributable to Council		5,712	6,283
-	Net Operating Result attributable to Minority Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
<u>(1,151)</u>			<u>2,524</u>	<u>1,736</u>

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

Cabonne Council

Statement of Comprehensive Income

for the financial year ended 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
Net Operating Result for the year (as per Income statement)		5,712	6,283
Other Comprehensive Income			
Gain (loss) on revaluation & impairment of I,PP&E	20b (ii)	144,541	1,041
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Other Movements in Reserves (S355 Committees Consolidation)	20b (ii)	33	120
Total Other Comprehensive Income for the year		144,574	1,161
Total Comprehensive Income for the Year		150,286	7,444
Total Comprehensive Income attributable to Council		150,286	7,444
Total Comprehensive Income attributable to Minority Interests		-	-

Cabonne Council

Balance Sheet

as at 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009	Actual 2008
ASSETS				
Current Assets				
Cash & Cash Equivalents	6a	27,152	27,456	27,130
Investments	6b	2,125	1,788	2,279
Receivables	7	5,715	5,520	5,045
Inventories	8	1,466	1,493	1,452
Other	8	369	214	182
Non-current assets classified as 'held for sale'	22	-	-	-
Total Current Assets		36,827	36,471	36,088
Non-Current Assets				
Investments	6b	-	-	-
Receivables	7	524	566	223
Inventories	8	-	-	-
Infrastructure, Property, Plant & Equipment	9	423,105	273,334	215,444
Investments accounted for using the equity method	19	-	-	-
Investment Property	14	-	-	-
Intangible Assets	25	-	-	-
Other	8	245	193	158
Total Non-Current Assets		423,874	274,093	215,825
TOTAL ASSETS		460,701	310,564	251,913
LIABILITIES				
Current Liabilities				
Payables	10	2,519	2,813	3,442
Borrowings	10	101	120	113
Provisions	10	3,471	3,261	3,261
Total Current Liabilities		6,091	6,194	6,816
Non-Current Liabilities				
Payables	10	-	-	-
Borrowings	10	753	851	972
Provisions	10	1,427	1,375	1,302
Total Non-Current Liabilities		2,180	2,226	2,274
TOTAL LIABILITIES		8,271	8,420	9,090
Net Assets		452,430	302,144	242,823
EQUITY				
Retained Earnings	20	274,222	268,477	210,197
Revaluation Reserves	20	178,208	33,667	32,626
Council Equity Interest		452,430	302,144	242,823
Minority Equity Interest		-	-	-
Total Equity		452,430	302,144	242,823

Cabonne Council

Statement of Changes in Equity
for the financial year ended 30 June 2010

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2010						
Opening Balance (as per Last Year's Audited Accounts)		216,600	33,667	250,267	-	250,267
a. Correction of Prior Period Errors	20 (c)	51,877	-	51,877	-	51,877
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/09)		268,477	33,667	302,144	-	302,144
c. Net Operating Result for the Year		5,712	-	5,712	-	5,712
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Reserve	20b (ii)	-	144,541	144,541	-	144,541
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	33	-	33	-	33
- Other Movements (enter details here)	20b (ii)	-	-	-	-	-
Other Comprehensive Income		33	144,541	144,574	-	144,574
Total Comprehensive Income (c&d)		5,745	144,541	150,286	-	150,286
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		274,222	178,208	452,430	-	452,430

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2009						
Opening Balance (as per Last Year's Audited Accounts)		210,197	32,626	242,823	-	242,823
a. Correction of Prior Period Errors	20 (c)	51,877	-	51,877	-	51,877
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/08)		262,074	32,626	294,700	-	294,700
c. Net Operating Result for the Year		6,283	-	6,283	-	6,283
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Reserve	20b (ii)	-	1,041	1,041	-	1,041
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	120	-	120	-	120
- Other Movements (enter details here)	20b (ii)	-	-	-	-	-
Other Comprehensive Income		120	1,041	1,161	-	1,161
Total Comprehensive Income (c&d)		6,403	1,041	7,444	-	7,444
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		268,477	33,667	302,144	-	302,144

Cabonne Council

Statement of Cash Flows

for the financial year ended 30 June 2010

Budget 2010	\$ '000	Notes	Actual 2010	Actual 2009
Cash Flows from Operating Activities				
Receipts:				
10,087	Rates & Annual Charges		10,144	9,530
3,171	User Charges & Fees		6,748	8,472
875	Investment & Interest Revenue Received		1,288	1,725
15,826	Grants & Contributions		12,757	11,034
2,165	Other		3,881	2,407
Payments:				
(10,831)	Employee Benefits & On-Costs		(10,798)	(10,698)
(5,970)	Materials & Contracts		(7,261)	(8,660)
(67)	Borrowing Costs		(92)	(82)
(663)	Other		(3,939)	(4,193)
-	Consolidation of Section 355 Committees on Balance Sheet		33	120
14,593	Net Cash provided (or used in) Operating Activities	11b	12,761	9,655
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		-	550
1,000	Sale of Real Estate Assets		-	58
281	Sale of Infrastructure, Property, Plant & Equipment		1,222	1,086
Payments:				
(20,574)	Purchase of Infrastructure, Property, Plant & Equipmer		(14,169)	(10,905)
-	Purchase of Real Estate Assets		-	(4)
-	Deferred Debtors & Advances Made		(1)	-
(19,293)	Net Cash provided (or used in) Investing Activities		(12,948)	(9,215)
Cash Flows from Financing Activities				
Receipts:				
3,257	Proceeds from Borrowings & Advances		-	-
Payments:				
(120)	Repayment of Borrowings & Advances		(117)	(114)
3,137	Net Cash Flow provided (used in) Financing Activities		(117)	(114)
(1,563)	Net Increase/(Decrease) in Cash & Cash Equivalents		(304)	326
27,456	plus: Cash & Cash Equivalents - beginning of year	11a	27,456	27,130
25,893	Cash & Cash Equivalents - end of the year	11a	27,152	27,456
Additional Information:				
	plus: Investments on hand - end of year	6b	2,125	1,788
Total Cash, Cash Equivalents & Investments			29,277	29,244

This Statement should be read in conjunction with the accompanying Notes.

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Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

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

Under Australian Accounting Standards, accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

Because Australian Accounting Standards (AASB's) are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &
- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) AASB 116 (IAS 16) regarding accounting for the Revaluation of Assets.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but it has complied fully with Australian Accounting Standards.

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

(iii) Basis of Accounting

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

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

(iv) Changes in Accounting Policies

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

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

(v) Critical Accounting Estimates

The preparation of these financial statements requires the use of certain critical accounting estimates (in conformity with AASB's).

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

(vi) Financial Statements Presentation

The Council has applied the revised **AASB 101, Presentation of Financial Statements** which became effective on 1 January 2009.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity.

All non-owner changes in equity must now be presented in the statement of comprehensive income.

As a consequence, the Council had to change the presentation of its financial statements.

Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

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

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

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

User Charges, Fees and Other Income

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

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/10) and **(ii)** all the related operating results (for the financial year ended the 30th June 2010).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

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

(i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Local Water Supply Funds (Molong, Cumnock & Yeoval)
- Local Sewerage Funds (Molong, Canowindra, Eugowra, Cudal, Manildra, Cumnock & Yeoval)

Other joint ventures and associated entities in which Council is involved are included to the extent set out in Note 19.

(ii) The Trust Fund

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

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

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

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

(iii) Joint Venture Entities

Jointly Controlled Assets & Operations

The proportionate interests in the assets, liabilities and expenses of a Joint Venture Activity have been incorporated throughout the financial statements under the appropriate headings.

Jointly Controlled Entities

Any interests in Joint Venture Entities & Partnerships are accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

statement, and the share of movements in retained earnings & reserves is recognised in the balance sheet.

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the Equity Method of Accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

(d) Leases

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

Finance Leases

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

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

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as

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

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Statement of Cash Flows.

(f) Investments and Other Financial Assets

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

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

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

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

Financial assets at fair value through profit or loss include financial assets that are “held for trading”.

A financial asset is classified in the “held for trading” category if it is acquired principally for the purpose of selling in the short term.

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

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

Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

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

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

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

(iii) Types of Investments

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

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

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

Council amended its policy following revisions to the Investment Order arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order.

These will be disposed of when most financially advantageous to Council.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(g) Fair value estimation

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

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

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

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

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

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

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

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

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

(h) Receivables

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

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

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

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

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

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Inventories held in respect of stores have been valued using the weighted average cost on a continual basis, after adjustment for loss of service potential.

Work in progress and finished goods in respect of business undertakings are stated at the lower of cost and net realisable value.

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

(j) Infrastructure, Property, Plant and Equipment (I,PP&E)

Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks** (External Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths** (External Valuation)
- **Drainage Assets** (External Valuation)
- **Bulk Earthworks** (External Valuation)

The only remaining asset class that is to be revalued in a future reporting period is;

- **2010/11:** Community land, land improvements, other structures and other assets

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

Initial Recognition

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

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

Capitalisation Thresholds

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

Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

Plant & Equipment

Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

Buildings & Land Improvements

Park Furniture & Equipment	> \$1,000
Building	
- construction/extensions	100% Capitalised
- renovations	> \$1,000
Other Structures	> \$1,000

Water & Sewer Assets

Reticulation extensions	> \$1,000
Other	> \$1,000

Stormwater Assets

Drains & Culverts	> \$1,000
Other	> \$1,000

Transport Assets

Road construction & reconstruction	> \$1,000
Reseal/Re-sheet & major repairs:	> \$1,000
Bridge construction & reconstruction	> \$1,000

Depreciation

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

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

Plant & Equipment

- Office Equipment	10 years
- Office furniture	10 years
- Computer Equipment	5 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	7 to 10 years
- Other plant and equipment	5 to 7 years

Other Equipment

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

Buildings

- Buildings : Masonry	100 years
- Buildings : Other	33 to 50 years

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Stormwater Drainage	
- Drains	60 years
- Culverts	60 years
Transportation Assets	
- Sealed Roads : Surface	50 years
- Sealed Roads : Structure	50 years
- Unsealed roads	50 years
- Bridge : Concrete	100 years
- Bridge : Other	50 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	70 years
Water & Sewer Assets	
- Dams and reservoirs	100 years
- Bores	30 years
- Reticulation pipes : PVC	40 to 80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	10 to 70 years
Other Infrastructure Assets	
- Bulk earthworks	Infinite

All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each balance sheet date.

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

Council will review the recognition of all land under roads when the valuation methodology has been determined by the industry and is, in the meantime, collecting the necessary physical data to undertake the valuation.

(m) Intangible Assets

IT Development and Software

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(n) Crown Reserves

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

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

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

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(o) Rural Fire Service assets

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

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

(p) Investment property

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

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every three years with an appropriate index utilised each year in between the full revaluations.

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

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

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

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

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

This amortisation of the disclosed as a borrowing cost in Note 4(b).

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

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

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement.

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

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

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

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

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

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

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

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

A Discontinued Operation is a component of the entity that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(s) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

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

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

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

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

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income

Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

(v) Borrowing costs

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

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

(w) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

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

Provisions are not recognised for future operating losses.

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(x) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables..

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

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

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

(ii) Other Long Term Obligations

The liability for all long service and annual leave (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

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

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$286 million at 30 June 2010.

As a result, they have asked for significant increases in future contributions to recover that deficiency.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will

arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/10.

(y) Self insurance

Council has determined to self-insure for various risks including public liability and professional indemnity.

A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note10.

Council also maintains cash and investments to meet expected future claims and these are detailed in Note6(c).

(z) Allocation between current and non-current assets & liabilities

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

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

Exceptions

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

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

(aa) Taxes

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

Goods & Services Tax (GST)

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

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

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

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

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

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2010.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect Council's accounting for its financial assets.

The standard is not applicable until 1 January 2013 but is available for early adoption.

Council is yet to assess its full impact.

However, initial indications are that it may affect Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

Applicable to Local Government but no implications for Council;

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash.

They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities.

The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme.

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.

Council does not make any such prepayments. The amendment is therefore not expected to have any impact on Council.

AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap).

It requires a gain or loss to be recognised in profit or loss which is measured as the difference between

the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

None

Not applicable to Local Government per se;

Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party.

(ac) Rounding of amounts

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

(ad) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(ae) Disclaimer

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2010	2010	2009	2010	2010	2009	2010	2010	2009	2010	2009	2010	2009
Governance	-	-	107	-	-	1,509	-	-	(1,402)	-	-	231,520	91,454
Administration	385	1,589	1,005	2,849	5,678	4,393	(2,464)	(4,089)	(3,388)	5	13	12,951	10,699
Public Order & Safety	284	684	828	870	1,130	776	(586)	(446)	52	543	711	3,715	3,564
Health	332	136	743	667	502	1,073	(335)	(366)	(330)	50	543	3,830	2,425
Environment	500	2,003	-	2,000	2,451	-	(1,500)	(448)	-	598	-	-	-
Community Services & Education	1,443	1,977	1,709	1,601	1,898	1,854	(158)	79	(145)	1,470	1,348	1,376	1,318
Housing & Community Amenities	733	537	2,183	853	726	2,306	(120)	(189)	(123)	213	613	5,140	4,913
Water Supplies	828	1,114	979	906	995	894	(78)	119	85	41	152	20,559	19,919
Sewerage Services	6,614	2,798	3,642	1,021	1,652	1,222	5,593	1,146	2,420	1,335	2,147	28,734	26,313
Recreation & Culture	575	670	322	1,930	1,763	1,692	(1,355)	(1,093)	(1,370)	284	64	14,604	13,637
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	970	1,242	1,280	1,064	874	896	(94)	368	384	-	-	2,030	2,078
Transport & Communication	5,014	7,787	8,696	10,845	9,683	11,527	(5,831)	(1,896)	(2,831)	925	940	131,976	131,034
Economic Affairs	877	534	421	836	670	696	41	(136)	(275)	18	-	4,266	3,210
Total Functions & Activities	18,555	21,071	21,915	25,442	28,022	28,838	(6,887)	(6,951)	(6,923)	5,482	6,531	460,701	310,564
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	13,570	12,663	13,206	-	-	-	13,570	12,663	13,206	3,811	4,558	-	-
Operating Result from Continuing Operations	32,125	33,734	35,121	25,442	28,022	28,838	6,683	5,712	6,283	9,293	11,089	460,701	310,564

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 2(b). Council Functions / Activities - Component Descriptions

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

GOVERNANCE

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

ADMINISTRATION

Costs not otherwise attributed to other functions / activities.

PUBLIC ORDER & SAFETY

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

HEALTH

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

FUEL & ENERGY - Gas Supplies

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries and pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		2,254	2,128
Farmland		4,173	3,947
Mining		1,326	1,281
Business		142	127
Total Ordinary Rates		7,895	7,483
Special Rates			
Nil			
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		619	591
Water Supply Services		202	194
Sewerage Services		1,201	1,090
Waste Management Services (non-domestic)		301	284
Other		79	79
Total Annual Charges		2,402	2,238
TOTAL RATES & ANNUAL CHARGES		10,297	9,721

Council has used 2007 year valuations provided by the NSW Valuer General in calculating its rates.

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		431	430
Sewerage Services		120	112
Total User Charges		551	542
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608, 610A & 611)			
Discretionary Fees - Other		682	753
Planning & Building Regulation		256	214
Private Works - Section 67		396	312
Section 611 Charges		5	5
Other		103	108
Total Fees & Charges - Statutory/Regulatory		1,442	1,392
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Cemeteries		65	52
Lease Rentals		77	72
Recycling Income (Non Domestic)		71	50
RTA Charges (State Roads not controlled by Council)		4,675	5,734
Total Fees & Charges - Other		4,888	5,908
TOTAL USER CHARGES & FEES		6,881	7,842

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		68	62
- Interest earned on Investments (interest & coupon payment income)		1,245	1,621
- Interest & Dividend Income - Other		9	13
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		337	59
TOTAL INTEREST & INVESTMENT REVENUE		<u>1,659</u>	<u>1,755</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		68	40
General Council Cash & Investments		957	1,165
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		23	28
Water Fund Operations		132	162
Sewerage Fund Operations		130	173
Domestic Waste Management operations		75	72
Other Externally Restricted Assets		274	115
Total Interest & Investment Revenue Recognised		<u>1,659</u>	<u>1,755</u>
(d). Other Revenues			
Rental Income - Other Council Properties		83	75
Legal Fees Recovery - Rates & Charges (Extra Charges)		2	3
Commissions & Agency Fees		49	77
Diesel Rebate		151	-
HACC Other Income		-	21
Insurance Claim Recoveries		85	209
Limestone Quarry & Gravel Pits		1,084	1,170
Sale of Materials		45	26
Section 355 Committee Income		132	113
Superannuation refund		1	37
Other		132	87
TOTAL OTHER REVENUE		<u>1,764</u>	<u>1,818</u>

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,040	2,483	-	-
Financial Assistance - Local Roads Component	1,677	1,982	-	-
Pensioners' Rates Subsidies - General Component	94	93	-	-
Total General Purpose	3,811	4,558	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	13	12	-	-
- Sewerage	31	30	-	-
- Domestic Waste Management	40	40	-	-
Water Supplies	28	171	-	4
Sewerage Services	-	-	1,304	2,147
Aged Care	15	-	-	-
Bushfire & Emergency Services	315	30	228	681
Community Care	1,455	1,197	-	-
Employment & Training Programs	23	13	-	-
Library	46	46	-	-
Molong Health One	-	-	50	450
Noxious Weeds	386	91	-	-
Recreation & Culture	135	-	-	-
RLCIP	-	-	151	391
Street Lighting	35	34	-	-
Transport (Roads to Recovery)	890	956	-	-
Cycleways	-	-	93	-
Town Planning	23	-	-	-
Floodplan Management	213	-	-	-
Other	6	148	2	90
Total Specific Purpose	3,654	2,768	1,828	3,763
Total Grants	7,465	7,326	1,828	3,763
Grant Revenue is attributable to:				
- Commonwealth Funding	5,361	5,662	-	-
- State Funding	2,104	1,664	1,828	3,763
	7,465	7,326	1,828	3,763

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	75	42	-	-
Total Developer Contributions	75	42	-	-
	17			
Other Contributions:				
Bushfire Services	123	99	10	14
Community Services	33	105	-	-
Flood Contributions	13	140	-	-
Kerb & Gutter	-	-	-	25
Recreation & Culture	85	-	70	-
Roads & Bridges	78	298	3	-
RTA Contributions (Regional/Local, Block Grant)	856	834	1,139	584
Sewerage (excl. Section 64 contributions)	-	-	9	80
Water Supplies (excl. Section 64 contributions)	272	-	10	-
WBC Alliance Income	159	98	31	-
RTA Cycleway	-	-	46	-
Health Centre (Waluwin)	29	-	20	-
Home & community Care (HACC)	63	-	-	-
Weeds	36	-	-	-
Other	238	66	22	81
Total Other Contributions	1,985	1,640	1,360	784
Total Contributions	2,060	1,682	1,360	784
TOTAL GRANTS & CONTRIBUTIONS	9,525	9,008	3,188	4,547

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2010	Actual 2009
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	4,411	6,021
add: Grants and contributions recognised in the current period which have not been spent:	1,056	2,615
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(2,078)	(4,225)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	(1,022)	(1,610)
Unexpended at the Close of this Reporting Period and held as Restricted Assets	3,389	4,411
Comprising:		
- Specific Purpose Unexpended Grants	1,609	2,784
- Developer Contributions	543	493
- Other Contributions	1,237	1,134
	3,389	4,411

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
(a) Employee Benefits & On-Costs			
Salaries and Wages		8,274	7,846
Travelling		267	285
Employee Leave Entitlements (ELE)		1,693	1,438
Superannuation		1,240	966
Workers' Compensation Insurance		716	686
Fringe Benefit Tax (FBT)		4	6
Training Costs (other than Salaries & Wages)		150	206
Other		41	101
Total Employee Costs		12,385	11,534
less: Capitalised Costs		(1,445)	(883)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>10,940</u>	<u>10,651</u>
Number of "Equivalent Full Time" Employees at year end		172	179
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		64	70
Interest on Advances		2	2
Other Debts		25	-
Total Interest Bearing Liability Costs		91	72
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		91	72
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE			
- Remediation Liabilities	26	54	51
Total Other Borrowing Costs		54	51
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>145</u>	<u>123</u>

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Materials & Contracts			
Raw Materials & Consumables		6,225	7,106
Contractor & Consultancy Costs		5	2
Auditors Remuneration - Audit Services (Council's Auditor)		29	28
Legal Expenses - Planning & Development		6	66
Legal Expenses - Other		12	32
Operating Lease Rentals - Minimum Lease Payments ⁽¹⁾		2	6
Total Materials & Contracts		6,279	7,240
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		6,279	7,240
1. Operating Lease Payments are attributable to:			
- Computers		2	6
		2	6

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2010	Actual 2009	Actual 2010	Actual 2009
Plant and Equipment		-	-	2,186	2,100
Office Equipment		-	-	202	169
Furniture & Fittings		-	-	54	45
Land Improvements (depreciable)		-	-	100	96
Buildings - Non Specialised		-	-	7	7
Buildings - Specialised		-	-	851	854
Other Structures		-	-	75	69
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	3,859	3,795
- Stormwater Drainage		-	-	50	46
- Water Supply Network		-	-	447	445
- Sewerage Network		-	-	480	385
Other Assets					
- Other		-	-	3	3
Asset Reinstatement Costs	9 & 26	-	-	51	51
Total Depreciation & Impairment Costs		-	-	8,365	8,065
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	8,365	8,065

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		84	88
Bad & Doubtful Debts		15	15
Contributions/Levies to Other Levels of Government		155	374
Councillor Expenses - Mayoral Fee		20	20
Councillor Expenses - Councillors' Fees		111	106
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		73	78
Donations, Contributions & Assistance to other organisations (Section 356)		307	261
Election Expenses		-	76
Electricity & Heating		276	220
External Plant Hire		390	649
Insurance		252	294
Postage		27	28
Printing & Stationery		83	79
Street Lighting		90	148
Subscriptions & Publications		22	20
Telephone & Communications		126	128
Valuation Fees		101	62
Other		161	113
Total Other Expenses		2,293	2,759
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>2,293</u>	<u>2,759</u>

Note 5. Gains or Losses from the Disposal of Assets

Property (excl. Investment Property)			
Proceeds from Disposal		-	-
less: Carrying Amount of Property Assets Sold		(19)	(33)
Net Gain/(Loss) on Disposal		(19)	(33)
Plant & Equipment			
Proceeds from Disposal		1,222	1,086
less: Carrying Amount of P&E Assets Sold		(783)	(663)
Net Gain/(Loss) on Disposal		439	423
Real Estate Assets Held For Sale			
Proceeds from Disposal		-	58
less: Carrying Amount of Real Estate Assets Sold		-	(18)
Net Gain/(Loss) on Disposal		-	40
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>420</u>	<u>430</u>

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

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

\$ '000	Notes	2010 Actual Current	2010 Actual Non Current	2009 Actual Current	2009 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		809	-	759	-
Cash-Equivalent Assets ¹					
- Deposits at Call		26,093	-	26,697	-
- Short Term Deposits		250	-	-	-
Total Cash & Cash Equivalents		27,152	-	27,456	-
Investment Securities (Note 6b)					
- CDO's		2,125	-	1,788	-
Total Investment Securities		2,125	-	1,788	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		29,277	-	29,244	-

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"	27,152	-	27,456	-
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Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	2,125	-	1,788	-
Investments		2,125	-	1,788	-

Note 6(b-i)

**Reconciliation of Investments classified as
"At Fair Value through the Profit & Loss"**

Balance at the Beginning of the Year	1,788	-	2,279	-
Revaluations (through the Income Statement)	337	-	59	-
Disposals (sales & redemptions)	-	-	(550)	-
Balance at End of Year	2,125	-	1,788	-

Comprising:

- CDO's	2,125	-	1,788	-
Total	2,125	-	1,788	-

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 6c. Restricted Cash, Cash Equivalents & Investments

\$ '000	2010	2010	2009	2009
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	29,277	-	29,244	-
attributable to:				
External Restrictions (refer below)	9,921	-	12,378	-
Internal Restrictions (refer below)	13,904	-	15,086	-
Unrestricted	5,452	-	1,780	-
	29,277	-	29,244	-

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	46	-	(21)	25
RTA Advances (B)	173	-	-	173
External Restrictions - Included in Liabilities	219	-	(21)	198

External Restrictions - Other

Developer Contributions - General (D)	493	98	(48)	543
RTA Contributions (E)	667	7,535	(7,485)	717
Specific Purpose Unexpended Grants (F)	2,784	-	(1,175)	1,609
Water Supplies (G)	3,502	32	-	3,534
Sewerage Services (G)	3,037	-	(1,234)	1,803
Domestic Waste Management (G)	1,209	-	(212)	997
Other	467	90	(37)	520
External Restrictions - Other	12,159	7,755	(10,191)	9,723
Total External Restrictions	12,378	7,755	(10,212)	9,921

A Loan moneys which must be applied for the purposes for which the loans were raised.

B Advances by the Roads and Traffic Authority for works on the State's classified roads.

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

E RTA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

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

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	4,361	1,952	(3,467)	2,846
Employees Leave Entitlement	1,165	254	(232)	1,187
Office Equipment	350	908	(244)	1,014
Land Development	57	54	(7)	104
Capital Works	7,125	4,220	(5,065)	6,280
Housing	160	5	-	165
Limestone Quarry	428	247	(9)	666
Waste Management	592	319	(429)	482
Small Town Sewerage	12	-	-	12
Other	836	795	(483)	1,148
Total Internal Restrictions	15,086	8,754	(9,936)	13,904
TOTAL RESTRICTIONS	27,464	16,509	(20,148)	23,825

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 7. Receivables

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		1,057	179	930	152
Interest & Extra Charges		55	-	46	-
User Charges & Fees		349	8	436	6
Private Works		1,144	-	801	-
Accrued Revenues					
- Interest on Investments		147	-	122	-
Government Grants & Subsidies		2,781	-	3,053	-
Deferred Debtors		67	39	65	40
Net GST Receivable		181	-	-	-
Other Debtors		79	298	211	368
Total		5,860	524	5,664	566
less: Provision for Impairment					
Rates & Annual Charges		(40)	-	(39)	-
User Charges & Fees		(105)	-	(105)	-
Total Provision for Impairment - Receivables		(145)	-	(144)	-
<u>TOTAL NET RECEIVABLES</u>		<u>5,715</u>	<u>524</u>	<u>5,520</u>	<u>566</u>
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		25	-	11	-
- Rates & Availability Charges		342	8	428	6
- Other		2	4	2	2
Sewerage Services					
- Specific Purpose Grants		1,698	-	1,169	-
- Rates & Availability Charges		793	24	724	20
- Other		13	31	11	27
Total External Restrictions		2,873	67	2,345	55
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		2,842	457	3,175	511
TOTAL NET RECEIVABLES		<u>5,715</u>	<u>524</u>	<u>5,520</u>	<u>566</u>

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates & charges at 9.00% (2009 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 8. Inventories & Other Assets

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		1,074	-	1,074	-
Stores & Materials		392	-	419	-
Total Inventories		1,466	-	1,493	-
Other Assets					
Prepayments		149	-	14	-
Shares in Unlisted Companies - StateCover		220	-	200	-
Section 355 Committees		-	245	-	193
Total Other Assets		369	245	214	193
<u>TOTAL INVENTORIES & OTHER ASSETS</u>		<u>1,835</u>	<u>245</u>	<u>1,707</u>	<u>193</u>
Details for Real Estate Development					
Residential		919	-	919	-
Industrial/Commercial		155	-	155	-
Total Real Estate for Resale		1,074	-	1,074	-
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition Costs		669	-	669	-
Development Costs		405	-	405	-
Total Costs		1,074	-	1,074	-
less: Provision for Under Recovery		-	-	-	-
Total Real Estate for Resale		1,074	-	1,074	-
Movements:					
Real Estate assets at beginning of the year		1,074	-	1,088	-
- Purchases and other costs		-	-	4	-
- WDV of Sales (exp)	5	-	-	(18)	-
Total Real Estate for Resale		1,074	-	1,074	-

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 8. Inventories & Other Assets (continued)

\$ '000	2010		2009	
	Current	Non Current	Current	Non Current
(i) Externally Restricted Assets				
Total Externally Restricted Assets	-	-	-	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	1,835	245	1,707	193
TOTAL INVENTORIES & OTHER ASSETS	1,835	245	1,707	193

(ii) Other Disclosures**(a) Current Assets not anticipated to be settled within the next 12 months**

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2010	2009
Real Estate for Resale	544	544
	544	544

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2009					Asset Movements during the Reporting Period					as at 30/6/2010				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Deprec.	Impairment	Value						Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	4,017	-	-	-	4,017	-	-	-	(1,212)	-	2,805	-	-	-	2,805
Plant & Equipment	-	35,072	20,415	-	14,657	3,121	(782)	(2,186)	-	-	-	35,207	20,397	-	14,810
Office Equipment	-	1,927	1,254	-	673	247	(1)	(202)	-	-	-	2,124	1,407	-	717
Furniture & Fittings	-	535	374	-	161	130	-	(54)	-	-	-	660	423	-	237
Land:															
- Operational Land	-	4,612	-	-	4,612	376	-	-	-	-	-	4,988	-	-	4,988
- Community Land	186	-	-	-	186	-	-	-	-	-	186	-	-	-	186
- Land under Roads (pre 1/7/08)	2,999	-	-	-	2,999	-	-	-	-	-	2,999	-	-	-	2,999
- Land under Roads (post 30/6/08)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - non depreciable	1,061	-	-	-	1,061	10	-	-	-	-	1,071	-	-	-	1,071
Land Improvements - depreciable	2,518	-	1,127	-	1,391	113	(1)	(100)	-	-	2,630	-	1,227	-	1,403
Buildings - Non Specialised	-	340	19	-	321	-	-	(7)	-	-	-	340	26	-	314
Buildings - Specialised	-	39,004	18,490	-	20,514	1,790	-	(851)	-	232	-	41,026	19,341	-	21,685
Other Structures	2,339	-	1,052	-	1,287	725	(1)	(75)	-	-	3,062	-	1,126	-	1,936
Infrastructure:															
- Roads, Bridges, Footpaths	207,027	-	69,365	-	137,662	4,807	(17)	(3,859)	-	23,150	-	247,197	85,454	-	161,743
- Bulk Earthworks (non-depreciable)	44,729	-	-	-	44,729	-	-	-	-	117,054	-	161,783	-	-	161,783
- Stormwater Drainage	2,813	-	803	-	2,010	187	-	(50)	-	2,920	-	7,077	2,010	-	5,067
- Water Supply Network	-	40,228	21,629	-	18,599	522	-	(447)	-	559	-	41,972	22,739	-	19,233
- Sewerage Network	-	28,002	10,640	-	17,362	196	-	(480)	3,778	626	-	32,935	11,453	-	21,482
Other Assets:															
- Other	692	-	25	-	667	2,173	-	(3)	(2,566)	-	300	-	29	-	271
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)															
- Tip Asset	288	-	274	-	14	-	-	(1)	-	-	288	-	275	-	13
- Quarry Asset	657	-	245	-	412	-	-	(50)	-	-	657	-	295	-	362
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	269,326	149,720	145,712	-	273,334	14,397	(802)	(8,365)	-	144,541	13,998	575,309	166,202	-	423,105

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000 Class of Asset	Actual 2010				Actual 2009			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
WIP	17	-	-	17	-	-	-	-
Plant & Equipment	-	3,174	2,119	1,055	-	3,114	2,062	1,052
Land								
- Operational Land	-	141	-	141	-	142	-	142
- Community Land	44	-	-	44	44	-	-	44
- Improvements - depreciable	29	-	3	26	23	-	2	21
Other Assets	-	-	-	-	17	-	-	17
Infrastructure	-	41,418	22,527	18,891	-	39,700	21,434	18,266
Total Water Supply	90	44,733	24,649	20,174	84	42,956	23,498	19,542
Sewerage Services								
WIP	2,789	-	-	2,789	-	-	-	-
Plant & Equipment	-	5,695	3,219	2,476	-	5,593	3,067	2,526
Land								
- Operational Land	-	254	-	254	-	254	-	254
- Community Land	10	-	-	10	10	-	-	10
- Improvements non-depreciable	999	-	-	999	989	-	-	989
- Improvements - depreciable	977	-	491	486	977	-	442	535
Buildings	-	200	15	185	-	200	10	190
Other Assets	-	-	-	-	4,391	-	-	4,391
Infrastructure	-	32,935	11,453	21,482	-	28,003	10,639	17,364
Total Sewerage Services	4,775	39,084	15,178	28,681	6,367	34,050	14,158	26,259
Domestic Waste Management								
Plant & Equipment	-	303	94	209	-	302	65	237
Land								
- Operational Land	-	245	-	245	-	242	-	242
- Community Land	-	100	-	100	-	100	-	100
- Improvements - depreciable	-	244	25	219	-	244	16	228
Buildings	-	7	-	7	-	7	-	7
Other Structures	-	-	-	-	-	3	2	1
Other Assets	-	168	9	159	-	168	9	159
Total DWM	-	1,067	128	939	-	1,066	92	974
TOTAL RESTRICTED I,PP&E	4,865	84,884	39,955	49,794	6,451	78,072	37,748	46,775

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		2,059	-	2,401	-
Payments Received In Advance		125	-	-	-
Accrued Expenses:					
- Borrowings		6	-	6	-
Security Bonds, Deposits & Retentions		315	-	395	-
Other		14	-	11	-
Total Payables		2,519	-	2,813	-
Borrowings					
Loans - Secured ¹		94	729	120	826
Government Advances		7	24	-	25
Total Borrowings		101	753	120	851
Provisions					
Employee Benefits;					
Annual Leave		934	-	911	10
Long Service Leave		2,537	149	2,350	140
Sub Total - Aggregate Employee Benefits		3,471	149	3,261	150
Asset Remediation/Restoration (Future Works)	26	-	1,278	-	1,225
Total Provisions		3,471	1,427	3,261	1,375
Total Payables, Borrowings & Provisions		6,091	2,180	6,194	2,226

(i) Liabilities relating to Restricted Assets

	2010		2009	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Water	96	-	13	76
Sewer	115	986	117	925
Other	173	-	173	-
Liabilities relating to externally restricted assets	384	986	303	1,001
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	384	986	303	1,001

¹ Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 10a. Payables, Borrowings & Provisions (continued)

\$ '000	2010	2009
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	<u>2,537</u>	<u>2,350</u>
	2,537	2,350

Note 10b. Description of and movements in Provisions

Class of Provision	2009			2010		Closing Balance as at 30/6/10
	Opening Balance as at 1/7/09	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	921	637	(648)	24	-	934
Long Service Leave	2,490	441	(412)	167	-	2,686
Asset Remediation	1,225	53	-	-	-	1,278
TOTAL	4,636	1,131	(1,060)	191	-	4,898

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

c. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2010	Actual 2009
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	27,152	27,456
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		27,152	27,456
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		5,712	6,283
Adjust for non cash items:			
Depreciation & Amortisation		8,365	8,065
Net Losses/(Gains) on Disposal of Assets		(420)	(430)
Non Cash Capital Grants and Contributions		(228)	(2,828)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "@ Fair Value" or "Held for Trading"		(337)	(59)
Unwinding of Discount Rates on Reinstatement Provisions		53	52
Net Loss/(Gain) on Council Restructure/Amalgamations (excl. Cash)		33	120
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(153)	(813)
Increase/(Decrease) in Provision for Doubtful Debts		1	(5)
Decrease/(Increase) in Inventories		27	(55)
Decrease/(Increase) in Other Current Assets		(207)	(67)
Increase/(Decrease) in Payables		(342)	(641)
Increase/(Decrease) in accrued Interest Payable		-	(11)
Increase/(Decrease) in other accrued Expenses Payable		-	-
Increase/(Decrease) in Other Current Liabilities		48	23
Increase/(Decrease) in Employee Leave Entitlements		209	21
Increase/(Decrease) in Other Provisions		-	-
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		12,761	9,655

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		228	681
PWD Construction		-	2,147
Total Non-Cash Investing & Financing Activities		228	2,828
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		450	450
Credit Cards / Purchase Cards		12	-
Other		-	-
Total Financing Arrangements		462	450
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		2	-
- Other		-	-
Total Financing Arrangements Utilised		2	-

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

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

(e) Net Cash Flows Attributable to Discontinued Operations

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2010	Actual 2009
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		1,583	1,177
Plant & Equipment		582	1,744
Total Commitments		2,165	2,921
These expenditures are payable as follows:			
Within the next year		2,165	2,921
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		2,165	2,921
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		1,208	1,744
Unexpended Grants		957	1,177
Total Sources of Funding		2,165	2,921
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		1,399	1,566
Audit Services		59	88
Regional Waste Facility		50	50
Total Commitments		1,508	1,704
These expenditures are payable as follows:			
Within the next year		329	321
Later than one year and not later than 5 years		1,105	1,102
Later than 5 years		74	281
Total Payable		1,508	1,704

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Finance Lease Commitments			
Nil			
(d) Operating Lease Commitments (Non Cancellable)			
a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:			
Within the next year		2	-
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		2	-
b. Non Cancellable Operating Leases include the following assets:			
Photocopier for Family Day Care			
Conditions relating to Operating Leases:			
- All Operating Lease Agreements are secured only against the Leased Asset.			
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.			
(e) Investment Property Commitments			
Nil			
(f) Remuneration Commitments			
Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:			
Within the next year		696	675
Later than one year and not later than 5 years		670	1,170
Later than 5 years		-	-
Total Payable		1,366	1,845

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 13a. Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2010	Indicator 2010	Prior Periods 2009 2008	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	23,489	7.41 : 1	5.99	4.24
Current Liabilities less Specific Purpose Liabilities ^(2,3)	3,170			
2. Debt Service Ratio				
Debt Service Cost	183	0.74%	0.71%	1.04%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	24,832			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	10,297	30.52%	27.68%	29.80%
Revenue from Continuing Operations	33,734			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	1,251	10.92%	10.20%	8.54%
Rates, Annual & Extra Charges Collectible	11,456			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	7,093	124.57%	114.57%	169.10%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	5,694			

Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

(3) Refer to Note 10(c) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

(4) Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 13a. Statement of Performance Measurement - Graphs (Consolidated)

\$ '000

<p>1. Unrestricted Current Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>7.45</td> </tr> <tr> <td>2008</td> <td>4.24</td> </tr> <tr> <td>2009</td> <td>5.99</td> </tr> <tr> <td>2010</td> <td>7.41</td> </tr> </tbody> </table>	Year	Ratio : 1	2007	7.45	2008	4.24	2009	5.99	2010	7.41	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2009/10 Result</p> <p>2009/10 Ratio 7.41 : 1</p> <p>Whilst Council's Unrestricted Current Ratio has slightly increased over the past three years, it still indicates however, that Council is in a robust and sound financial position, which enables Council to satisfy its debts as and when they fall due.</p>
Year	Ratio : 1											
2007	7.45											
2008	4.24											
2009	5.99											
2010	7.41											
<p>2. Debt Service Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>2.54%</td> </tr> <tr> <td>2008</td> <td>1.04%</td> </tr> <tr> <td>2009</td> <td>0.71%</td> </tr> <tr> <td>2010</td> <td>0.74%</td> </tr> </tbody> </table>	Year	Ratio %	2007	2.54%	2008	1.04%	2009	0.71%	2010	0.74%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2009/10 Result</p> <p>2009/10 Ratio 0.74%</p> <p>Council's Debt Service Ratio of 0.74% is well below industry benchmarks, however this shows the capacity for Council to increase borrowings in the future. It is anticipated that Council will utilise loan funds in the coming 12 months for projects such as Small Town Sewerage Schemes and a Regional Waste Facility.</p>
Year	Ratio %											
2007	2.54%											
2008	1.04%											
2009	0.71%											
2010	0.74%											
<p>3. Rates & Annual Charges Coverage Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>30.44%</td> </tr> <tr> <td>2008</td> <td>29.80%</td> </tr> <tr> <td>2009</td> <td>27.68%</td> </tr> <tr> <td>2010</td> <td>30.52%</td> </tr> </tbody> </table>	Year	Ratio %	2007	30.44%	2008	29.80%	2009	27.68%	2010	30.52%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2009/10 Result</p> <p>2009/10 Ratio 30.52%</p> <p>Council's Rates & Annual Charges Coverage Ratio has increased over the last financial year. This is a direct result from a decrease in capital grants received. This ratio is comparable with other regional Councils with similar characteristics.</p>
Year	Ratio %											
2007	30.44%											
2008	29.80%											
2009	27.68%											
2010	30.52%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>8.80%</td> </tr> <tr> <td>2008</td> <td>8.54%</td> </tr> <tr> <td>2009</td> <td>10.20%</td> </tr> <tr> <td>2010</td> <td>10.92%</td> </tr> </tbody> </table>	Year	Ratio %	2007	8.80%	2008	8.54%	2009	10.20%	2010	10.92%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2009/10 Result</p> <p>2009/10 Ratio 10.92%</p> <p>Council's Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage has increased slightly over the last financial year. It is worth noting Council levied water and sewer rates on the 30/06/2010 with rate payers not having the opportunity to pay their accounts. Taking the \$311K of levied rates into account the percentage would have been 8.21%, which is a pleasing result for Council.</p>
Year	Ratio %											
2007	8.80%											
2008	8.54%											
2009	10.20%											
2010	10.92%											

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2010	Sewer 2010	General ¹ 2010
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	3.84 : 1	21.78 : 1	7.41 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
2. Debt Service Ratio			
Debt Service Cost	0.00%	8.40%	0.24%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	16.82%	41.83%	29.98%
Revenue from Continuing Operations			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	11.08%	14.72%	7.09%
Rates, Annual & Extra Charges Collectible			
5. Building & Infrastructure Renewals Ratio			
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	117.25%	3.63%	138.60%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)			

Notes

⁽¹⁾ General Fund refers to all of Council's activities except for it's Water & Sewer activities which are listed separately.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 14. Investment Properties

\$ '000

Council has not classified any Land or Buildings as "Investment Properties"

Note 15. Financial Risk Management

Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

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

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

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

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

	Carrying Value		Fair Value	
	2010	2009	2010	2009
Financial Assets				
Cash and Cash Equivalents	27,152	27,456	27,152	27,456
Investments				
- "Held for Trading"	2,125	1,788	2,125	1,788
Receivables	6,239	6,086	6,021	6,086
Other Financial Assets	220	200	220	-
Total Financial Assets	35,736	35,530	35,518	35,330
Financial Liabilities				
Payables	2,394	2,813	2,335	2,813
Loans / Advances	854	971	854	971
Total Financial Liabilities	3,248	3,784	3,189	3,784

Fair Value is determined as follows:

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

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

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

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

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2010				
Possible impact of a 10% movement in Market Values	9	213	(9)	(213)
Possible impact of a 1% movement in Interest Rates	293	293	(293)	(293)
2009				
Possible impact of a 10% movement in Market Values	14	179	(14)	(179)
Possible impact of a 1% movement in Interest Rates	292	292	(292)	(292)

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

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

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

	2010	2010	2009	2009
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	4,620	-	4,406
Past due by up to 30 days	1,057	149	930	49
Past due between 31 and 180 days	179	252	-	279
Past due between 181 and 365 days	-	-	-	-
Past due by more than 1 year	-	127	152	414
	<u>1,236</u>	<u>5,148</u>	<u>1,082</u>	<u>5,148</u>
(ii) Movement in Provision for Impairment of Receivables			2010	2009
Balance at the beginning of the year			144	149
- amounts already provided for & written off this year			1	(5)
Balance at the end of the year			<u>145</u>	<u>144</u>

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2010									
Trade/Other Payables	315	2,020	-	-	-	-	-	2,335	2,394
Loans & Advances	-	35	9	-	2	809	-	855	854
Total Financial Liabilities	315	2,055	9	-	2	809	-	3,190	3,248
2009									
Trade/Other Payables	395	2,418	-	-	-	-	-	2,813	2,813
Loans & Advances	-	26	68	-	11	867	-	972	971
Total Financial Liabilities	395	2,444	68	-	11	867	-	3,785	3,784

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

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

	2010		2009	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	2,394	0.0%	2,813	0.0%
Loans & Advances - Fixed Interest Rate	854	6.9%	971	6.9%
	3,248		3,784	

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 09/10 was incorporated as part of its Management Plan and was adopted by the Council on 21 June 2010.

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

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

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

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

\$ '000	2010 Budget	2010 Actual	2010 Variance*		
REVENUES					
Rates & Annual Charges	10,087	10,297	210	2%	F
User Charges & Fees	3,570	6,881	3,311	93%	F
Additional income of \$2,037m was received from the Roads & Traffic Authority which was not anticipated. There was an increase in the water consumption and an increase in sewer user charges.					
Interest & Investment Revenue	876	1,659	783	89%	F
The major factors relating to the increase in interest revenue was due to a write on of investment from Lehman Bros of \$337k. Council also achieved a better than anticipated interest rate on investments.					
Other Revenues	1,766	1,764	(2)	(0%)	U
Operating Grants & Contributions	7,992	9,525	1,533	19%	F
Council has received additional funding from the following areas Bushfire, Community Care, Noxious Weeds, Recreation & Culture, Floodplain and the WBC Alliance.					
Capital Grants & Contributions	7,834	3,188	(4,646)	(59%)	U
Council has submitted further funding requests from the State Government in relation to its Small Town Sewerage Scheme, whilst this funding has been approved Council is still waiting to actually receive the funds.					
Net Gains from Disposal of Assets	-	420	420	0%	F

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 16. Material Budget Variations (continued)

\$ '000	2010 Budget	2010 Actual	2010 Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	11,006	10,940	66	1%	F
Borrowing Costs	67	145	(78)	(116%)	U
In Council's original budget there was no estimate made for Council's remediation costs.					
Materials & Contracts	5,970	6,279	(309)	(5%)	U
Depreciation & Amortisation	7,736	8,365	(629)	(8%)	U
Impairment Expenses	-	-	-	0%	F
Other Expenses	663	2,293	(1,630)	(246%)	U
The major factors that relate to this variation include the following, lighting & power, additional audit fees, Walawin (Health One), advertising, water & sewerage cost.					

\$ '000	2010 Budget	2010 Actual	2010 Variance* -----		
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	14,593	12,761	(1,832)	(12.6%)	U
The major reason for the decrease was due to Council not receiving the estimated income from the State Government for Council's Small Town Sewerage Scheme.					
Cash Flows from Investing Activities	(19,293)	(12,948)	6,345	(32.9%)	F
Council's replacement plant program was not fulfilled in the last financial year, and in conjunction with the delay of the Small town Sewerage Scheme.					
Cash Flows from Financing Activities	3,137	(117)	(3,254)	(103.7%)	U
This was due to a direct result of Council not having to proceed with the anticipated loan borrowing for the Small Town Sewerage Scheme.					

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	304	64	-	15	(26)	-	357	45	(20)	382	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	187	11	-	8	(21)	-	185	10	-	195	-
S94 Contributions - under a Plan	491	75	-	23	(47)	-	542	55	(20)	577	-
S94A Levies - under a Plan	-	-	-	-	-	-	-				-
Total S94 Revenue Under Plans	491	75	-	23	(47)	-	542				-
S94 not under Plans	2	-	-	-	(1)	-	1	-	-	1	-
S93F Planning Agreements	-	-	-	-	-	-	-				
S64 Contributions	-	-	-	-	-	-	-				
Total Contributions	493	75	-	23	(48)	-	543	55	(20)	578	-

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 - SMALL RURAL HOLDINGS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	13	7	-	1	-	-	21	5	-	26	-
Total	13	7	-	1	-	-	21	5	-	26	-

CONTRIBUTION PLAN NUMBER - GENERAL RURAL ZONE

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	291	57	-	14	(26)	-	336	40	-	376	-
Total	291	57	-	14	(26)	-	336	40	-	376	-

CONTRIBUTION PLAN NUMBER - BUSHFIRE EQUIPMENT

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	187	11	-	8	(21)	-	185	10	-	195	-
Total	187	11	-	8	(21)	-	185	10	-	195	-

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	2	-	-	-	(1)	-	1	-	-	1	-
Total	2	-	-	-	(1)	-	1	-	-	1	-

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category and that member Councils will need to make significantly higher contributions from 2009/10 & beyond.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from it's Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Councils contributions to the pool and the result of insurance claims within each of the Fund Years.

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

(iii) StateCover Limited

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(iv) Gelato Ingredients Manufacturing Australia (GIMA)

Council, in conjunction with GIMA has purchased industrial land and erected a commercial building that is now being leased by GIMA. The contract provisions include a call option granting GIMA first option to buy.

The agreement states that in order to purchase the land, the purchase price is determined by either the Valuer General's or an independent licenced valuer's valuation at the date of the contract agreed to by both parties. The purchase price (if purchased by GIMA) is subject to a discount (being a reduction by 2% for each full time job created as a result of the establishment of the factory. A full time job is defined as a job that has been in existence for the previous 12 months, including 1 months annual leave and based on average full time equivalent employees - that is 35 hours per week.

The purchase price for the factory itself is based upon the final construction costs signed off by both parties. The construction costs exclude the provision of infrastructure such as water, sewerage and roads. Of note, the agreement does not provide for indexation or inflation of the purchase price of the building.

At the date of this report, Council is not aware of any intent by GIMA to act upon their option.

(v) Other Guarantees

Council has provided a Bank Guarantee of \$54,000 for rehabilitation works to be carried out upon closure of its Molong Limestone Quarry. The agreement is with the Department of Primary Industries.

(vi) Other Guarantees

Council has provided no other guarantees other than those listed above.

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various developments across the Council area through the required Contributions plans.

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

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

1. Other Liabilities(continued)

(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

(ii) Infringement Notices/Fines (continued)

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

ASSETS NOT RECOGNISED:

(i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to and including 30/6/08.

(ii) Infringement Notices/Fines

Fines and Penalty Income, the result of Council issuing Infringement Notices is following up and collected by the Infringement Processing Bureau.

Council Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but updated infringement notices.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

19(a) Subsidiaries (ie. Entities & Operations controlled by Council)

Council has no interest in any Subsidiaries.

19(b) Associated Entities & Joint Venture Entities

Council has no interest in any Associated Entities & Joint Venture Entities.

19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

19(d) Subsidiaries, Associated Entities & Joint Venture Operations Not Recognised

The following Subsidiaries, Associated Entities & Joint Ventures have not been recognised in this Financial Report.

Name of Entity/Operation	Principal Activity/Type of Entity	2010 Net Profit	2010 Net Assets
Central Western Co-Operative Public Library	Library Services to member Councils	(22)	72
Regional Waste Facility	JV agreement to develop a region		
Strategic Alliance Wellington, Blayney & Cabonne Councils	Investigation and provision of economies of scale opportunities for member Councils		
Southern Phone Company	Telecommunications		

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2010	Actual 2009
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		216,600	210,197
a. Correction of Prior Period Errors	20 (c)	51,877	51,877
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Other Comprehensive Income (S355 Committee Consolidation)		33	120
d. Net Operating Result for the Year		5,712	6,283
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes		-	-
Balance at End of the Reporting Period		<u>274,222</u>	<u>268,477</u>

b. Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	178,208	33,667
Total	<u>178,208</u>	<u>33,667</u>

(ii). Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	33,667	32,626
- Revaluations for the year	9(a) 144,541	1,041
- Balance at End of Year	<u>178,208</u>	<u>33,667</u>

TOTAL VALUE OF RESERVES

<u>178,208</u>	<u>33,667</u>
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(iii). Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2010	Actual 2009
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c. Correction of Error/s relating to a Previous Reporting Period

As part of Council's transition to measuring all its I,PP&E at Fair Values, Council this year reviewed and brought to account Fair Values for the following Asset Classes:

- Stormwater Drainage Asset Class
- Roads Bridges & Footpaths Asset Class

As part of that evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.

This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.

Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/09 (the closing date for the comparative figures in this report).

As a result, Council has adjusted the accumulated depreciation for the following asset classes as at 30/6/09 to reflect the correct value of accumulated depreciation;

Stormwater Drainage	- decrease to accumulated depreciation	385
Roads Bridges & Footpaths	- decrease to accumulated depreciation	51,492

This adjustment resulted in net increase / (decrease) in Council's Accumulated Surplus as at 30/6/09.

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

These amounted to the following Equity Adjustments:

- Adjustments to Closing Equity - 30/6/09 (relating to adjustments for the 30/6/09 year end)	51,877	-
Total Prior Period Adjustments - Prior Period Errors	51,877	-

d. Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund	Actual	Actual	Actual
\$ '000	2010	2010	2010
<u>Continuing Operations</u>	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	202	1,201	8,894
User Charges & Fees	423	122	6,336
Interest & Investment Revenue	132	130	1,397
Other Revenues	121	72	1,571
Grants & Contributions provided for Operating Purposes	313	31	9,181
Grants & Contributions provided for Capital Purposes	10	1,315	1,863
Other Income			
Net Gains from Disposal of Assets	-	-	420
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	1,201	2,871	29,662
Expenses from Continuing Operations			
Employee Benefits & on-costs	182	546	10,212
Borrowing Costs	-	63	82
Materials & Contracts	269	262	5,748
Depreciation & Amortisation	496	685	7,184
Impairment	-	-	-
Other Expenses	215	204	1,874
Total Expenses from Continuing Operations	1,162	1,760	25,100
Operating Result from Continuing Operations	39	1,111	4,562
<u>Discontinued Operations</u>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	39	1,111	4,562
Net Operating Result attributable to each Council Fund	39	1,111	4,562
Net Operating Result attributable to Minority Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	29	(204)	2,699

¹ General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

Cabonne Council

Notes to the Financial Statements

as at 30 June 2010

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund	Actual	Actual	Actual
\$ '000	2010	2010	2010
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	3,534	1,802	21,816
Investments	-	-	2,125
Receivables	369	2,505	2,841
Inventories	-	-	1,466
Other	-	-	369
Non-current assets classified as "held for sale"	-	-	-
Total Current Assets	3,903	4,307	28,617
Non-Current Assets			
Investments	-	-	-
Receivables	12	55	457
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	20,174	28,681	374,250
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Other	-	-	245
Total Non-Current Assets	20,186	28,736	374,952
TOTAL ASSETS	24,089	33,043	403,569
LIABILITIES			
Current Liabilities			
Payables	25	19	2,475
Borrowings	-	96	5
Provisions	71	-	3,400
Total Current Liabilities	96	115	5,880
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	735	18
Provisions	-	251	1,176
Total Non-Current Liabilities	-	986	1,194
TOTAL LIABILITIES	96	1,101	7,074
Net Assets	23,993	31,942	396,495
EQUITY			
Retained Earnings	12,354	19,160	242,708
Revaluation Reserves	11,639	12,782	153,787
Total Equity	23,993	31,942	396,495

¹ General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 22. "Held for Sale" Non Current Assets & Disposal Groups

\$ '000

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2010, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 20/09/10.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2010.

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

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2010 and which are only indicative of conditions that arose after 30 June 2010.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Note 24. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 25. Intangible Assets

\$ '000

Intangible Assets represent identifiable non-monetary asset without physical substance.

Council is unaware of any control over Intangible Assets that warrant recognition in the Financial Statements, including either internally generated and developed assets or purchased assets.

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2010	2009
Tip Operations	2016	347	346
Quarry Operations	2039	931	879
Balance at End of the Reporting Period	10	1,278	1,225

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

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

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

Reconciliation of movement in Provision for year:

Balance at beginning of year	1,225	1,173
Effect of a change in discount rates used in PV calculations	(1)	1
Amortisation of discount (expensed to borrowing costs)	54	51
Total - Reinstatement, rehabilitation and restoration provision	1,278	1,225

Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 27. Additional Council Disclosures - Financial Information

\$ '000

Key Financial Figures of Council over the past 5 years - Consolidated

Financial Performance Figures	2010	2009	2008	2007	2006
Inflows:					
Rates & Annual Charges revenue	10,297	9,721	9,451	9,114	8,627
User Charges revenue	6,881	7,842	6,747	5,608	4,131
Interest & Investment revenue	1,659	1,755	888	1,918	1,416
Grants Income - Operating & Capital	9,293	11,089	9,856	7,504	6,602
Total Income from Continuing Operations	33,734	35,121	31,714	29,938	27,372
Sale Proceeds from I,PP&E	1,222	1,144	1,130	872	815
New Loan Borrowings & Advances	-	-	-	-	-
Outflows:					
Employee Benefits & On-cost expenses	10,940	10,651	8,089	8,636	8,919
Borrowing Costs	145	123	130	170	194
Materials & Contracts expenses	6,279	7,240	7,302	8,135	7,938
Total Expenses from Continuing Operations	28,022	28,838	25,476	25,531	25,441
Total Cash purchases of I,PP&E	14,169	10,905	13,580	7,747	3,651
Total Loan Repayments (incl. Finance Leases)	117	114	149	456	436
Operating Surplus/(Deficit) (excl. Capital Income)	2,524	1,736	315	2,160	(630)
Financial Position Figures					
	2010	2009	2008	2007	2006
Current Assets	36,827	36,471	36,088	36,757	31,798
Current Liabilities	6,091	6,194	6,816	6,489	5,998
Net Current Assets	30,736	30,277	29,272	30,268	25,800
Cash & Investments - Unrestricted	5,452	1,780	3,046	4,349	3,128
Cash & Investments - Internal Restrictions	13,904	15,086	10,457	14,641	14,630
Cash & Investments - Total	29,277	29,244	29,409	31,487	29,002
Available Working Capital (Unrestricted Net Current Assets)	7,994	4,152	8,582	5,306	2,696
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	854	971	1,085	1,234	1,690
Total Value of I,PP&E (excl. Land & Earthworks)	418,280	365,459	352,830	322,181	278,096
Total Accumulated Depreciation	166,202	145,712	190,616	173,932	153,620
Indicative Remaining Useful Life (as a % of GBV)	60%	60%	46%	46%	45%

Source: Published audited financial statements of Council (current year & prior year annual financial statements)

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 28. Additional Council Disclosures - Council Information

Principal Place of Business:

99 - 101 Bank Street
Molong NSW 2866

Contact Details**Mailing Address:**

PO Box 17
Molong NSW 2866

Telephone: 02 6392 3203

Facsimile: 02 6392 3260

Opening Hours

Monday to Friday
9am to 5pm

Internet: www.cabonne.nsw.gov.au

Email: council@cabonne.nsw.gov.au

Officers**GENERAL MANAGER**

Graeme Fleming

RESPONSIBLE ACCOUNTING OFFICER

Stephen Harding

PUBLIC OFFICER

Gerard Aguila

AUDITORS

Morse Group

Elected Members**MAYOR**

Robert Dowling

COUNCILLORS

Kevin Duffy
Noel Bleakley
Lachlan McSmith
Ian Gosper
Anthony Durkin
Kevin Walker
John Farr
Geoff Dean
David Hyde
Janelle Culverson
Sharon Wilcox

Other Information

ABN: 419 929 192 00

**INDEPENDENT AUDITOR'S REPORT
ON THE GENERAL PURPOSE FINANCIAL REPORT OF
CABONNE COUNCIL**

Report on the Financial Report

We have audited the accompanying financial report of Cabonne Council (The Council) for the financial year ended 30 June 2010. The financial report comprises the Statement by Councillors & Management, Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Cash Flow Statement, the original budget disclosures in Notes 2(a) and 16, nor the projected revenue and expenditure of developer contributions reported in Note 17 and accordingly, we express no opinion on them.

Councils' Responsibility for the Financial Report

The Council are responsible for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report

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

Independence

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



Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Cabonne Council for the year ended 30 June 2010 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit Opinion

In our opinion:

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



MORSE GROUP

237 Lords Place
Orange
Dated: 13 October 2010



JD O'MALLEY
PARTNER

**INDEPENDENT AUDITOR'S REPORT
ON THE CONDUCT OF THE AUDIT OF
CABONNE COUNCIL**

We have audited the financial reports of Cabonne Council for the financial year ended 30 June 2010. The financial reports include the general purpose consolidated accounts of the economic entity comprising the Council and its controlled entities and the special purpose financial report, detailing the income and expenditure of Council's business units and their financial position at balance date. The contents of both of these reports include the Council's Certificate as required by section 413(2) (c) of the Local Government Act 1993. The Council is responsible for the preparation and presentation of the financial reports and the information they contain. We have conducted an independent audit of these financial reports in order to express an opinion on them to the Council.

In accordance with Section 417 of the Local Government Act 1993 we submit our report on the conduct of the audit of Cabonne Council for the year ended 30 June 2010. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements on Council's business units outline the legislative framework of our audit and should be referred to in order to establish the context in which our comments are made.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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



Review of Financial Results

(a) Operating Result

As disclosed in Council's Income Statement the year's operations resulted in a net operating result of \$5,712,000 (2009 - \$6,283,000). Selected items of note in the operating statement include:

The operating result from ordinary activities *before* capital amounts was \$2,524,000 (2009 – \$1,736,000).

User charges and fees income has decreased by \$961,000 to \$6,881,000 (2009-\$7,842,000) largely due to a \$1,059,000 decrease in RTA ordered works.

Interest and investment revenue decreased by \$96,000 to \$1,659,000 (2009-\$1,755,000), due to the decrease in average interest rates by a full percent and therefore interest earned on term deposit investments decreased by \$376,000. This was offset by an increase of \$278,000 in the fair value movements in CDO investments recognised through profit and loss.

Operating grants and contributions increased \$517,000 to \$9,525,000 (2009 - \$9,008,000). This is due to an increase in grants of a number of smaller projects, such as Noxious weeds, Bushfire & Emergency services, and Community care, offset by a reduction in the General purpose financial assistance grants.

Capital grants and contributions conversely decreased \$1,359,000 to \$3,188,000 (2009 - \$4,547,000) primarily due to a reduction in grant income received from NSW state government for the Small town sewerage project.

Employee costs increased \$289,000 to \$10,940,000 (2009 - \$10,651,000) as a result of increased total employee costs, offset by an increase in the reduction for Capitalised employee costs. Total Employee costs have increased through a combination of increased wage rates, additional superannuation contributions for the defined benefits fund and increased Employee leave entitlements.

Raw materials and contracts decreased by \$961,000 to \$6,279,000 (\$7,240,000) primarily as a result of \$881,000 decrease in Raw materials & Consumables. This decrease is attributable to reduced charges for internal plant usage, due to there being more capital usage of plant.

Council's other major items of income and expenditure were relatively consistent with the prior period.

(b) Financial Position

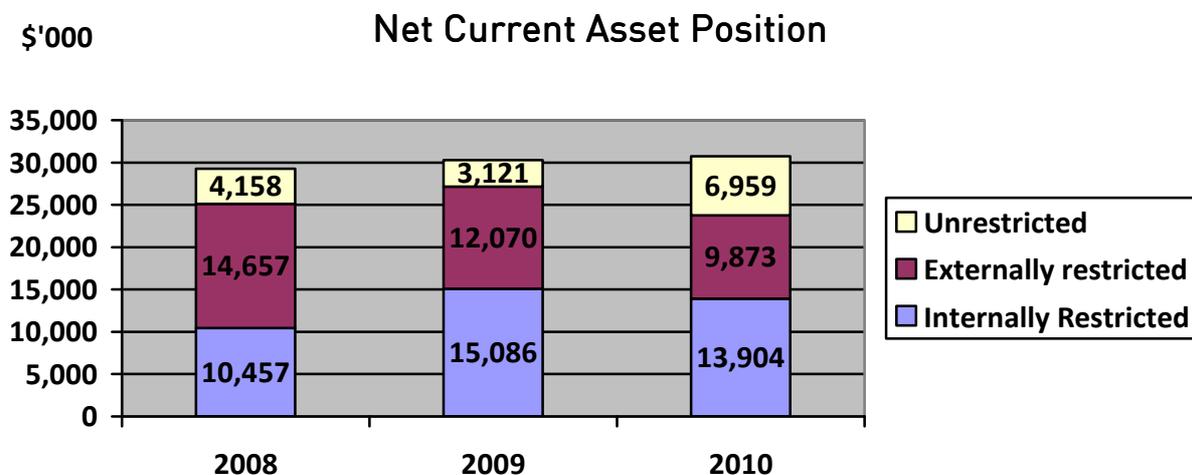
The Balance Sheet discloses that for the year ended 30 June 2010 Council's net assets stood at \$452,430,000 (2009 - \$302,144,000), which represents an increase of \$150,286,000. The increase comprises the net operating surplus after capital amounts of \$5,712,000, the net revaluation increment attributable to the indexation of Council's water and sewer infrastructure of \$1,185,000 and the net revaluation increment attributable to the revaluation of Roads, bridges, footpaths & Drainage assets to fair value of \$143,124,000.

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

	2010 \$'000	2009 \$'000
Net current assets	30,736	30,277
Less: Amounts externally restricted for special purposes refer Notes 6; 7; & 8 of financial statements	(12,794)	(14,723)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(13,904)	(15,086)
Add: Applicable current liabilities refer Note 10		
- Water	96	13
- Sewerage	115	117
- Other	173	173
Add: Employee Leave Entitlements to be paid > 12 months	2,537	2,350
Unrestricted net current asset surplus/(deficit)	<u>6,959</u>	<u>3,121</u>
Unrestricted net current assets comprise: -		
Assets		
Cash	5,452	1,780
Receivables	2,842	3,175
Real estate development land	1,074	1,074
Inventories	392	419
Prepayments	149	-
Other	220	214
	<u>10,129</u>	<u>6,662</u>
Less: Liabilities	(5,707)	(5,891)
Plus: Employee Leave Entitlements To be paid > 12 months	2,537	2,350
Unrestricted net current asset surplus/ (deficit)	<u>6,959</u>	<u>3,121</u>

Council's surplus of net current assets to cover the restrictions placed on those assets is further evidence of a strong financial position.

The following table shows the impact of these funding decisions on Council's calculated unrestricted net current asset position:



Liquidity

Note 6 to the accounts discloses total cash and investments of \$29,277,000 (2009 - \$29,244,000), of this amount \$9,921,000 (2009 - \$12,378,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$13,904,000 (2009 - \$15,086,000) is subject to internal restrictions agreed upon by Council for designated purposes. These internal restrictions may be altered at the discretion of Council, consistent with their management plan.

The unrestricted balance of \$5,452,000 (2009 - \$1,780,000) represents funds available to cover non-budgeted discretionary expenditure and short-term cash flow requirements and reflects Council's strong financial position.

Whilst the consolidated financial report displays healthy levels of cash and investments, we remind the reader that the consolidated data is not necessarily reflective of the position of the individual funds (General, Water & Sewer) and this is equally applicable when reviewing the performance indicators considered below.

(c) Performance Indicators

Note 13 to the Financial Statements provide a measure of Council's performance using a number of selected ratios as follows:

Unrestricted Current Ratios

The Unrestricted Current Ratio is a measure of Council's liquidity that demonstrates its ability to satisfy obligations out of short-term and immediate asset balances. At a ratio of 7.41:1 (2009: 5.99:1) this indicates that Council is comfortably able to satisfy its debts as and when they fall due.

Debt Service Ratio

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

Whilst there is no definitive guide on what constitutes an acceptable ratio it is generally accepted that a ratio of up to 20% depending on the level of long-term development (infrastructure) plans, is considered tolerable. At 0.74% (2009 – 0.71%) Cabonne Council's ratio is well below these industry benchmarks and indicates that Council has the capacity to finance further borrowing.

Rates & Annual Charges Coverage Ratio

The ability of Council to meet community expectations for the delivery of services and provision of facilities is directly influenced by the discretion it can exercise in the allocation of resources.

In relation to rates, a high level of dependency on rates income provides Council with a degree of flexibility in the nature and timing of how funds are spent.

Cabonne Council's ratio of 30.52% (2009 – 27.68%) is a result of an increase in Rates and Annual charges and a decrease in both User fees and charges of \$961,000 and General purpose grants of \$747,000.

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

Rates & Annual Charges, Interest & Extra Charges Outstanding Ratio

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

Cabonne Council's rates and annual charges, interest and extra charges outstanding percentage of 8.21% (2009 – 10.20 %) is lower than the prior period due to the increase in debtors outstanding at year end.

Assets Renewal Ratio

The purpose of this ratio is to assess the rate at which infrastructure assets are being renewed against the rate at which they are depreciating.

While the distinction between replacements, renewals and repairs is not well defined, the fact that this ratio has been in excess of 100% for the past two years suggests that Council is effectively maintaining its infrastructure assets.

(d) Cash Flow Statement

The Statement of Cash Flows reports a net decrease in cash assets held of \$304,000 (2009 increase - \$326,000) as follows:

	2010 \$'000	2009 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	12,761	9,655	3,106
Investing activities	(12,948)	(9,215)	(3,733)
Financing activities	(117)	(114)	(3)
Net increase / (decrease) in cash held	(304)	326	630

Cash flows from operating activities

The cashflows provided by operating activities has increased against the prior financial year. All material movements have been explained in the commentary on the income statement above.

Cash flows from investing activities

The major cash inflows and outflows from investing activities primarily relates to the sale of \$1,222,000 of fixed assets and the acquisition of \$14,397,000 of property, plant and equipment. Major asset additions included:

- \$4,807,000 of roads, bridges and footpaths including:
 - \$1,873,000 expended on construction of Baldry, Gum Creek, Norah Creek & Paling Yards Creek bridges
 - \$1,463,000 expended on shoulder widening of Obley Rd & Banjo Paterson Way
- \$3,121,000 of plant and equipment including heavy machinery and Council light vehicles.
- \$3,778,000 of sewer assets primarily in relation to the Small Town Sewer project.

Cash flows from financing activities

The net cash flow used in financing activities was \$117,000 (2009 - \$114,000), which related solely to the repayment of borrowings during the year.

(e) Comparison of Actual and Budgeted Performance

Council's surplus from ordinary activities after capital amounts of \$5,712,000 was \$971,000 less than Council's original estimates.

The nature of this report does not lend itself to detailed analysis of individual budget variations, though it appears that the main variance were in relation to the budgeted amount for depreciation expense and Materials and contracts expense. Note 16 of Council's financial statements addresses the contributing factors to these variations in detail.

(f) Other Matters

National Competition Policy

In accordance with the requirements of National Competition Policy guidelines, Cabonne Council has prepared a special purpose financial report on its business units for the year ended 30 June 2010. Council has determined that it has four business units within its operations: Water, Sewerage, Quarry and Private Works.

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

An unqualified audit report on the special purpose reports for the year ended 30 June 2010 has been issued.

Management Letters

Our most recent management letter was issued on 6 July 2010. Management has typically responded to recommendations in an appropriate and timely manner.

(g) Legislative compliance

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Cabonne Council (Council) for the year ended 30 June 2010 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Conclusion

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

Morse Group
MORSE GROUP

237 Lords Place
Orange
Dated: 13 October 2010

J D O'Malley
JD O'MALLEY
PARTNER

Cabonne Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2010

*“...providing sustainable local government to our rural communities
through consultation and sound financial management”*



Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2010

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Background

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

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

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

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

- (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

Cabonne Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2010

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

To the best of our knowledge and belief, these Financial Statements:

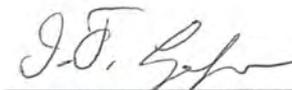
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 20 September 2010.



Robert Dowling
MAYOR



Ian Gosper
COUNCILLOR



Graeme Fleming
GENERAL MANAGER



Stephen Harding
RESPONSIBLE ACCOUNTING OFFICER

Cabonne Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2010

\$ '000	Actual 2010	Actual 2009	Actual 2008
Income from continuing operations			
Access charges	202	186	179
User charges	423	430	384
Fees	-	-	-
Interest	132	162	183
Grants and contributions provided for non capital purposes	313	183	85
Profit from the sale of assets	-	-	-
Other income	121	62	72
Total income from continuing operations	1,191	1,023	903
Expenses from continuing operations			
Employee benefits and on-costs	182	215	127
Borrowing costs	-	-	-
Materials and contracts	269	136	332
Depreciation and impairment	496	490	488
Water purchase charges	-	-	-
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	215	197	154
Total expenses from continuing operations	1,162	1,038	1,101
Surplus (deficit) from Continuing Operations before capital amounts	29	(15)	(198)
Grants and contributions provided for capital purposes	10	4	21
Surplus (deficit) from Continuing Operations after capital amounts	39	(11)	(177)
Surplus (deficit) from Discontinued Operations	-	-	-
Surplus (deficit) from ALL Operations before tax	39	(11)	(177)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(9)	-	-
SURPLUS (DEFICIT) AFTER TAX	30	(11)	(177)
plus Opening Retained Profits	12,315	12,326	12,515
plus/less: Prior Period Adjustments	-	-	(12)
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	9	-	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	12,354	12,315	12,326
Return on Capital %	0.1%	-0.1%	-1.0%
Subsidy from Council	1,000	1,098	1,443
Calculation of dividend payable:			
Surplus (deficit) after tax	30	(11)	(177)
less: Capital grants and contributions (excluding developer contributions)	(10)	(4)	(21)
Surplus for dividend calculation purposes	20	-	-
Potential Dividend calculated from surplus	10	-	-

Cabonne Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2010

\$ '000	Actual 2010	Actual 2009	Actual 2008
Income from continuing operations			
Access charges	1,201	1,090	1,055
User charges	120	115	97
Liquid Trade Waste Charges	-	-	-
Fees	2	-	-
Interest	130	173	284
Grants and contributions provided for non capital purposes	31	30	31
Profit from the sale of assets	-	-	-
Other income	72	51	39
Total income from continuing operations	1,556	1,459	1,506
Expenses from continuing operations			
Employee benefits and on-costs	546	284	192
Borrowing costs	63	68	75
Materials and contracts	262	209	173
Depreciation and impairment	685	584	580
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	204	201	175
Total expenses from continuing operations	1,760	1,346	1,195
Surplus (deficit) from Continuing Operations before capital amounts	(204)	113	311
Grants and contributions provided for capital purposes	1,315	2,227	253
Surplus (deficit) from Continuing Operations after capital amounts	1,111	2,340	564
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	1,111	2,340	564
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(34)	(93)
SURPLUS (DEFICIT) AFTER TAX	1,111	2,306	471
plus Opening Retained Profits	18,049	15,709	15,142
plus/less: Prior Period Adjustments	-	-	3
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	34	93
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	19,160	18,049	15,709
Return on Capital %	-0.5%	0.7%	1.7%
Subsidy from Council	1,604	1,274	1,080
Calculation of dividend payable:			
Surplus (deficit) after tax	1,111	2,306	471
less: Capital grants and contributions (excluding developer contributions)	(1,315)	(2,227)	(253)
Surplus for dividend calculation purposes	-	79	218
Potential Dividend calculated from surplus	-	40	109

Cabonne Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2010

\$ '000	Quarry		Private Works	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Income from continuing operations				
Access charges	-	-	-	-
User charges	1,084	1,170	396	312
Fees	-	-	-	-
Interest	6	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	-	-
Total income from continuing operations	1,090	1,170	396	312
Expenses from continuing operations				
Employee benefits and on-costs	195	120	62	52
Borrowing costs	1	3	-	-
Materials and contracts	135	385	259	225
Depreciation and impairment	177	196	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	178	310	-	-
Total expenses from continuing operations	686	1,014	321	277
Surplus (deficit) from Continuing Operations before capital amounts	404	156	75	35
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	404	156	75	35
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	404	156	75	35
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(121)	(47)	(23)	(11)
SURPLUS (DEFICIT) AFTER TAX	283	109	53	25
plus Opening Retained Profits	899	743	898	863
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	121	47	23	11
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	1,303	899	973	898
Return on Capital %	24.6%	11.5%	n/a	n/a
Subsidy from Council	-	-	-	-

Cabonne Council

Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2010

\$ '000	Actual 2010	Actual 2009
ASSETS		
Current Assets		
Cash and cash equivalents	3,534	3,502
Investments	-	-
Receivables	369	441
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	3,903	3,943
Non-Current Assets		
Investments	-	-
Receivables	12	8
Inventories	-	-
Infrastructure, property, plant and equipment	20,174	19,542
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	20,186	19,550
TOTAL ASSETS	24,089	23,493
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	25	13
Interest bearing liabilities	-	-
Provisions	71	-
Total Current Liabilities	96	13
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	76
Total Non-Current Liabilities	-	76
TOTAL LIABILITIES	96	89
NET ASSETS	23,993	23,404
EQUITY		
Retained earnings	12,354	12,315
Revaluation reserves	11,639	11,089
Council equity interest	23,993	23,404
Minority equity interest	-	-
TOTAL EQUITY	23,993	23,404

Cabonne Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2010

\$ '000	Actual 2010	Actual 2009
ASSETS		
Current Assets		
Cash and cash equivalents	1,802	3,037
Investments	-	-
Receivables	2,505	1,903
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	4,307	4,940
Non-Current Assets		
Investments	-	-
Receivables	55	48
Inventories	-	-
Infrastructure, property, plant and equipment	28,681	26,259
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	28,736	26,307
TOTAL ASSETS	33,043	31,247
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	19	27
Interest bearing liabilities	96	90
Provisions	-	-
Total Current Liabilities	115	117
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	735	831
Provisions	251	94
Total Non-Current Liabilities	986	925
TOTAL LIABILITIES	1,101	1,042
NET ASSETS	31,942	30,205
EQUITY		
Retained earnings	19,160	18,049
Revaluation reserves	12,782	12,156
Council equity interest	31,942	30,205
Minority equity interest	-	-
TOTAL EQUITY	31,942	30,205

Cabonne Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2010

\$ '000	Quarry		Private Works	
	Category 2		Category 2	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	916	1,048
Investments	-	-	-	-
Receivables	145	164	62	27
Inventories	177	214	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	322	378	978	1,075
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	1,647	1,387	-	-
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	1,647	1,387	-	-
TOTAL ASSETS	1,969	1,765	978	1,075
LIABILITIES				
Current Liabilities				
Payables	-	-	5	177
Interest bearing liabilities	554	754	-	-
Provisions	112	108	-	-
Total Current Liabilities	666	862	5	177
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	4	-	-
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	-	4	-	-
TOTAL LIABILITIES	666	866	5	177
NET ASSETS	1,303	899	973	898
EQUITY				
Retained earnings	1,303	899	973	898
Revaluation reserves	-	-	-	-
Council equity interest	1,303	899	973	898
Minority equity interest	-	-	-	-
TOTAL EQUITY	1,303	899	973	898

Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2010

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2	Water Supply Business Best Practice Management disclosure requirements	13
3	Sewerage Business Best Practice Management disclosure requirements	15

Cabonne Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2010

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Division of Local Government.

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

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

National Competition Policy

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

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Division of Local Government in July 1997 has also been adopted.

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

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

Declared Business Activities

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

Category 1

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

Nil

Category 2

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

a. Cabonne Council Combined Water Supplies

Water supply operations servicing the towns of Molong, Yeoval and Cumnock, each of which are established as separate Special Rate Funds

b. Cabonne Council Combined Sewerage Supplies

Sewerage reticulation and treatment operations servicing the towns of Molong, Eugowra, Canowindra, Cudal, Yeoval, Cumnock and Manildra, each of which are established as separate Special Rate Funds

c. Cabonne Council – Agricultural Quarry

Supplies agricultural lime, limestone aggregates and readymixed concrete

d. Cabonne Council – Private Works

Council's Private Works, including the private hiring of plant and equipment for ratepayers and residents

Monetary Amounts

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

Cabonne Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2010

Note 1. Significant Accounting Policies (continued)

Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Environment, Climate Change and Water) some amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$376,000** of combined land values attracts **0%**. From \$376,001 to \$2,299,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,299,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.65%** on the value of taxable salaries and wages in excess of \$638,000.

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

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation

equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

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

Income Tax

An income tax equivalent has been applied on the profits of the business.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

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

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

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

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

Local Government Rates & Charges

Council rates have been imputed in relation to all non-rateable land, or applied to all rateable land owned or exclusively used by each business activity. Annual and User Charges, and Regulatory and Other Fees have been applied in relation to all services supplied to Business Units by Council or other Business Units.

Cabonne Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2010

Note 1. Significant Accounting Policies (continued)

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face “true” commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council’s borrowing rate for its business activities.

(ii) Subsidies

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

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

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

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

(iii) Return on Investments (Rate of Return)

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

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.10% at 30/6/10.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

(iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either (i) 50% of this surplus in any one year, or (ii) the number of water supply or sewerage assessments at 30 June 2010 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Cabonne Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2010

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2010

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	3,543
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	10,150
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	35,430
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2010, less the cumulative dividends paid for the 2 years to 30 June 2008	(192,700)

2010 Surplus	20,300	2009 Surplus	(15,000)	2008 Surplus	(198,000)
		2009 Dividend	-	2008 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	

3. Required outcomes for 6 Criteria

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

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

Cabonne Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2010

Note 2. Water Supply Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)		2010
National Water Initiative (NWI) Financial Performance Indicators		
NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000 794
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	% 66.54%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000 19,139
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000 614
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000 577
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	% -1.57%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000 282

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Cabonne Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2010

Note 3. Sewerage Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2010

1. Calculation and Payment of Tax-Equivalents

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

(i) Calculated Tax Equivalents	-
(ii) No of assessments multiplied by \$3/assessment	7,773
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv) Amounts actually paid for Tax Equivalents	

2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii) No. of assessments x (\$30 less tax equivalent charges per assessment)	77,730
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2010, less the cumulative dividends paid for the 2 years to 30 June 2008	92,800

2010 Surplus	(204,000)	2009 Surplus	79,100	2008 Surplus	217,700
		2009 Dividend	-	2008 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	-
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	

3. Required outcomes for 4 Criteria

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

(i) Completion of Strategic Business Plan (including Financial Plan)	YES
(ii) Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
Complying charges (a) Residential [Item 2(c) in Table 1]	YES
(b) Non Residential [Item 2(c) in Table 1]	YES
(c) Trade Waste [Item 2(d) in Table 1]	YES
DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii) Complete Performance Reporting Form (by 15 September each year)	YES
(iv) a. Integrated Water Cycle Management Evaluation	YES
b. Complete and implement Integrated Water Cycle Management Strategy	YES

Cabonne Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2010Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2010

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	1,454
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	26,205
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	857
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	2,482
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-0.31%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	1,304

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

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	2,248
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.96%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	3,059
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	-0.83%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Cabonne Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2010Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)		2010
National Water Initiative (NWI) Financial Performance Indicators Water & Sewer (combined)		
NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	% -8.06%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): - 405 Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: - 175 Interest Expense (w4a + s4a) - Interest Income (w9 + s10)	-
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000 (436)
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000 44

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

**INDEPENDENT AUDITOR'S REPORT
ON THE SPECIAL PURPOSE FINANCIAL REPORT OF
CABONNE COUNCIL**

Report on the Financial Report

We have audited the special purpose financial report of Cabonne Council for the year ended 30 June 2010, comprising the Statement by Council, Income Statement by Business Activities, Balance Sheet by Business Activities, and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

Councils' Responsibility for the Financial Report

The Council are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial reporting requirements of the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. The Council's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council as well as evaluating the overall presentation of the financial report.

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

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

Independence

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



Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Cabonne Council (Council) for the year ended 30 June 2010 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit Opinion

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


MORSE GROUP

237 Lords Place
Orange
Dated: 13 October 2010


J. O'MALLEY
PARTNER

Cabonne Council

SPECIAL SCHEDULES
for the year ended 30 June 2010

*“...providing sustainable local government to our rural communities
through consultation and sound financial management”*



Cabonne Council

Special Schedules

for the financial year ended 30 June 2010

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¹ Special Purpose Schedules are not audited.

Background

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

Cabonne Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Administration	5,678	1,555	34	(4,089)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	1,054	669	10	(375)
Beach Control	-	-	-	-
Enforcement of Local Govt Regs	-	-	-	-
Animal Control	76	5	-	(71)
Other	-	-	-	-
Total Public Order & Safety	1,130	674	10	(446)
Health	502	66	70	(366)
Environment				
Noxious Plants and Insect/Vermin Control	544	430	-	(114)
Other Environmental Protection	85	226	-	141
Solid Waste Management	1,622	1,273	-	(349)
Street Cleaning	140	-	-	(140)
Drainage	-	-	-	-
Stormwater Management	60	74	-	14
Total Environment	2,451	2,003	-	(448)
Community Services and Education				
Administration & Education	559	60	-	(499)
Social Protection (Welfare)	109	111	-	2
Aged Persons and Disabled	466	559	-	93
Childrens Services	764	1,247	-	483
Total Community Services & Education	1,898	1,977	-	79
Housing and Community Amenities				
Public Cemeteries	123	65	-	(58)
Public Conveniences	106	-	-	(106)
Street Lighting	90	35	-	(55)
Town Planning	339	178	-	(161)
Other Community Amenities	68	93	166	191
Total Housing and Community Amenities	726	371	166	(189)
Water Supplies	995	1,103	11	119
Sewerage Services	1,652	1,482	1,316	1,146

Cabonne Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	230	53	-	(177)
Museums	228	5	8	(215)
Art Galleries	19	8	-	(11)
Community Centres and Halls	278	8	-	(270)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	6	5	-	(1)
Sporting Grounds and Venues	81	-	-	(81)
Swimming Pools	391	36	-	(355)
Parks & Gardens (Lakes)	313	64	29	(220)
Other Sport and Recreation	217	315	139	237
Total Recreation and Culture	1,763	494	176	(1,093)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1	102	-	101
Other Mining, Manufacturing & Construction	873	1,140	-	267
Total Mining, Manufacturing and Const.	874	1,242	-	368
Transport and Communication				
Urban Roads (UR) - Local	830	45	-	(785)
Urban Roads - Regional	31	-	-	(31)
Sealed Rural Roads (SRR) - Local	1,261	44	588	(629)
Sealed Rural Roads - Regional	1,241	856	1	(384)
Unsealed Rural Roads (URR) - Local	2,111	87	-	(2,024)
Unsealed Rural Roads (URR) - Regional	112	-	-	(112)
Bridges on UR - Local	-	-	408	408
Bridges on SRR - Local	8	-	-	(8)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	156	143	-	(13)
Aerodromes	-	-	-	-
Other Transport & Communication	3,933	5,207	408	1,682
Total Transport and Communication	9,683	6,382	1,405	(1,896)
Economic Affairs				
Camping Areas & Caravan Parks	155	103	-	(52)
Other Economic Affairs	515	431	-	(84)
Total Economic Affairs	670	534	-	(136)
Totals – Functions	28,022	17,883	3,188	(6,951)
General Purpose Revenues⁽¹⁾		12,663	-	12,663
Share of interests - joint ventures & associates using the equity method	-	-	-	-
NET OPERATING RESULT FOR YEAR	28,022	30,546	3,188	5,712

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

Cabonne Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose) for the financial year ended 30 June 2010

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-						-	-
Treasury Corporation	-	-	-	-						-	-
Other State Government	-	-	-	-						-	-
Public Subscription	-	-	-	-						-	-
Financial Institutions	113	832	945	-	113	-	-	64	94	738	832
Other	-	-	-	-						-	-
Total Loans	113	832	945	-	113	-	-	64	94	738	832
Other Long Term Debt											
Ratepayers Advances	-	-	-	-						-	-
Government Advances	7	19	26	-	4	-	-	2	7	15	22
Finance Leases	-	-	-	-						-	-
Deferred Payments	-	-	-	-						-	-
Total Long Term Debt	7	19	26	-	4	-	-	2	7	15	22
Total Debt	120	851	971	-	117	-	-	66	101	753	854

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

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

Cabonne Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2010

\$'000	Actuals 2010	Actuals 2009
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	148	104
b. Engineering and Supervision	99	69
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	32	44
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	33	76
- Reservoirs		
e. Operation expenses	3	-
f. Maintenance expenses	30	27
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	15	13
i. Maintenance expenses	48	50
- Treatment		
j. Operation expenses (excluding chemical costs)	27	22
k. Chemical costs	21	13
l. Maintenance expenses	91	66
- Other		
m. Operation expenses	26	3
n. Maintenance expenses	41	-
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	429	470
b. Plant and equipment	67	21
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	52	59
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	1,162	1,037

Cabonne Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2010

\$'000	Actuals 2010	Actuals 2009
Income		
6. Residential charges		
a. Access (including rates)	171	157
b. Usage charges	340	348
7. Non-residential charges		
a. Access (including rates)	43	42
b. Usage charges	156	122
8. Extra charges	7	5
9. Interest income	125	157
10. Other income	35	2
11. Grants		
a. Grants for acquisition of assets	282	-
b. Grants for pensioner rebates	13	12
c. Other grants	28	177
12. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	1	4
13. Total income	<u>1,201</u>	<u>1,026</u>
14. Gain or loss on disposal of assets	-	-
15. Operating Result	<u>39</u>	<u>(11)</u>
15a. Operating Result (less grants for acquisition of assets)	(243)	(11)

Cabonne Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2010

\$'000	Actuals 2010	Actuals 2009
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. Subsidised scheme	-	-
b. Other new system assets	-	-
c. Renewals	-	-
d. Plant and equipment	577	218
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	577	218
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	938	934
b. Residential (unoccupied, ie. vacant lot)	72	74
c. Non-residential (occupied)	171	166
d. Non-residential (unoccupied, ie. vacant lot)		-
25. Number of ETs for which developer charges were received	- ET	- ET
26. Total amount of pensioner rebates (actual dollars)	\$ 24,014	\$ 23,425

Cabonne Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2010

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> No	
b. Total cross-subsidy in water supply developer charges for 2009/10 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

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

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

Cabonne Council

Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2010

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	3,534	-	3,534
31. Receivables			
a. Specific purpose grants	25	-	25
b. Rates and charges	342	8	350
c. Other	2	4	6
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	19,139	19,139
b. Plant and equipment	-	1,035	1,035
34. Other assets	-	-	-
35. Total assets	<u>3,903</u>	<u>20,186</u>	<u>24,089</u>
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	25	-	25
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	71	-	71
40. Total liabilities	<u>96</u>	<u>-</u>	<u>96</u>
41. NET ASSETS COMMITTED	<u>3,807</u>	<u>20,186</u>	<u>23,993</u>
EQUITY			
42. Accumulated surplus			12,354
43. Asset revaluation reserve			11,639
44. TOTAL EQUITY			<u>23,993</u>
Note to system assets:			
45. Current replacement cost of system assets			41,644
46. Accumulated current cost depreciation of system assets			(22,505)
47. Written down current cost of system assets			<u>19,139</u>

Cabonne Council

Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2010

\$'000	Actuals 2010	Actuals 2009
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	175	65
b. Engineering and Supervision	263	97
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	4	-
b. Maintenance expenses	30	68
- Pumping Stations		
c. Operation expenses (excluding energy costs)	103	110
d. Energy costs	21	16
e. Maintenance expenses	10	-
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	136	8
g. Chemical costs	-	-
h. Energy costs	28	20
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	87	145
- Other		
l. Operation expenses	-	38
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	524	430
b. Plant and equipment	162	154
4. Miscellaneous expenses		
a. Interest expenses	63	68
b. Revaluation Decrements	-	-
c. Other expenses	154	126
d. Tax Equivalent Dividends (actually paid)	-	-
5. Total expenses	1,760	1,345

Cabonne Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2010

\$'000	Actuals 2010	Actuals 2009
Income		
6. Residential charges (including rates)	1,148	1,026
7. Non-residential charges		
a. Access (including rates)	104	105
b. Usage charges	129	109
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	12	6
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	17	17
10. Interest income	113	156
11. Other income	2	89
12. Grants		
a. Grants for acquisition of assets	1,304	2,147
b. Grants for pensioner rebates	31	30
c. Other grants	1	-
13. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	10	-
14. Total income	<u>2,871</u>	<u>3,685</u>
15. Gain or loss on disposal of assets	-	-
16. Operating Result	<u>1,111</u>	<u>2,340</u>
16a. Operating Result (less grants for acquisition of assets)	(193)	193

Cabonne Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2010

\$'000	Actuals 2010	Actuals 2009
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. Subsidised scheme	-	-
b. Other new system assets	2,379	3,585
c. Renewals	-	-
d. Plant and equipment	103	21
18. Repayment of debt		
a. Loans	66	84
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	2,548	3,690
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	2,068	2,063
b. Residential (unoccupied, ie. vacant lot)	193	186
c. Non-residential (occupied)	291	288
d. Non-residential (unoccupied, ie. vacant lot)	39	32
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 55,708	\$ 56,678

Cabonne Council

Special Schedule No. 5 - Sewerage Cross Subsidies
for the financial year ended 30 June 2010

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> No	
b. Total cross-subsidy in sewerage developer charges for 2009/10 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="-"/>

* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

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

Cabonne Council

Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2010

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,803	-	1,803
32. Receivables			
a. Specific purpose grants	1,698	-	1,698
b. Rates and charges	793	24	817
c. Other	13	31	44
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	26,205	26,205
b. Plant and equipment	-	2,476	2,476
35. Other assets	-	-	-
36. Total Assets	<u>4,307</u>	<u>28,736</u>	<u>33,043</u>
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	19	-	19
39. Borrowings			
a. Loans	96	735	831
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	251	251
41. Total Liabilities	<u>115</u>	<u>986</u>	<u>1,101</u>
42. NET ASSETS COMMITTED	<u>4,192</u>	<u>27,750</u>	<u>31,942</u>
EQUITY			
42. Accumulated surplus			19,160
44. Asset revaluation reserve			12,782
45. TOTAL EQUITY			<u>31,942</u>
Note to system assets:			
46. Current replacement cost of system assets			35,375
47. Accumulated current cost depreciation of system assets			(9,170)
48. Written down current cost of system assets			<u>26,205</u>

Cabonne Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2010

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) include capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Cabonne Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2010

\$'000	Actual ⁽¹⁾ 09/10	Forecast 10/11	Forecast 11/12	Forecast ⁽³⁾ 12/13	Forecast ⁽³⁾ 13/14
(i) RECURRENT BUDGET					
Income from continuing operations	33,734	31,881	32,902	33,954	35,041
Expenses from continuing operations	28,022	26,689	27,543	28,424	29,334
Operating Result from Continuing Operations	<u>5,712</u>	<u>5,192</u>	<u>5,359</u>	<u>5,530</u>	<u>5,707</u>
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	7,304	9,256	9,250	7,350	7,350
Replacement/Refurbishment of Existing Assets	7,093	7,095	7,095	7,095	7,095
Total Capital Budget	<u>14,397</u>	<u>16,351</u>	<u>16,345</u>	<u>14,445</u>	<u>14,445</u>
Funded by:					
– Loans	-	1,000	1,000	-	-
– Asset sales	802	750	750	750	750
– Reserves	6,418	6,171	7,195	6,295	6,295
– Grants/Contributions	7,177	8,180	7,100	7,100	7,100
– Recurrent revenue	-	250	300	300	300
– Other	-	-	-	-	-
	<u>14,397</u>	<u>16,351</u>	<u>16,345</u>	<u>14,445</u>	<u>14,445</u>

Notes:

(1) From 09/10 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) If Council has only adopted 3 years of projections then only show 3 years.