

Hassans Walls Reserve



ABOUT THE RESERVE

Hassans Walls Reserve covers 770.48 hectares and includes spectacular cliffs, lookouts and Pagoda Rock formations.

The scenic value of Hassans Walls was appreciated from the early years of European settlement, with the works to develop the area as a tourist attraction dating back to the early 1900s. In 1917 the Hassans Walls Reserve Trust was established to continue development. The current network of roads was developed during the Depression as part of a joint project between the State and the Council to provide employment. Hassans Walls Reserve was classified a Crown Land reserve in 1978 with Lithgow City Council as trustees.

The reserve varies in altitude from a highest point of 1160 metres above sea level, down to 900 metres at the base of the many gullies. Hassans Walls Reserve is open to a variety of recreational uses, including bushwalking, mountain biking, climbing and abseiling.

The two main lookouts of the reserve are Hassans Walls Lookout and Bracey's Lookout, named after the former owners of the Bracey department store. Hassans Walls Lookout offers sweeping views over the Hartley Valley with Bracey's Lookout overlooking the township of Lithgow.

WHY IT IS CALLED HASSANS WALLS

While travelling along the newly constructed Western Road in 1815, Governor Macquarie noted the spectacular line of cliffs reminded him of the hill forts of Northern India where he had seen active service from 1803 to 1804. He named them Hassans Walls in recognition of this.

ABORIGINAL USES OF THE SITE

Evidence of Aboriginal activity in the Hassans Walls Reserve exists in the form of middens and rock art. In accordance with the wishes of the traditional custodians of the Lithgow area the Wiradjuri, locations are not publicised but may be stumbled upon when exploring the reserve. Please treat all relics with respect and leave sites as you find them. Please do not move or remove any items you may find.

FLORA OF HASSANS WALLS RESERVE

The reserve is an interesting site botanically, largely due to its elevation and its location on the great western escarpment of the Sydney Basin sandstone. The reserve contains areas of heathland and a forest that is dominated by *Eucalyptus blaibairdi* and *Eucalyptus sieberi*, with *Eucalyptus* dives found in moist gullies. There are over 120 native species found in the area, with over 50 species of native orchids having been identified. In the immediate vicinity of Hassans Walls lookout, three rare plants have been identified, these being *Leptospermum blaikelyi* (pictured left), *Acacia asparagoides* and *Pseudanthus divaricatissimus*.



FAUNA OF HASSANS WALLS RESERVE

The fauna of Hassans Walls is of special significance, with a number of vulnerable species making it their home. These species include the Gang Gang Cockatoo, the Scarlet Robin, the Little Lorikeet, the Eastern Bentwing Bat, the Spotted Tail Quoll and the Bathurst Copperwing Butterfly. The reserve also contains a variety of wallabies, possums, reptiles and birds including the lyre bird.

PAGODA ROCK FORMATIONS

Pagoda Rocks are collections of rocky outcrops that have remained whilst the rest of the rocks have weathered away. The Pagoda rocks of the Lithgow area are a combination of the soft Narrabeen sandstone underneath, overlaid by the harder sandstone of the Sydney Basin. The outcrops are formed by the weathering of the sandstone into various shapes. Some are tall and thin, some are rounded and some are flat. The outcrops are often found in clusters and are often used as a landmark. The outcrops are often found in clusters and are often used as a landmark. The outcrops are often found in clusters and are often used as a landmark.




Lithgow CITY COUNCIL

For more information please contact
Lithgow Office Information Centre
1800 76 43 76 www.lithgow.nsw.gov.au

2018-2019

quarterly report

October - December 2018

Lithgow

CITY COUNCIL



Executive Summary

The Quarterly Performance Report provides a budget review statement with a revised estimate of income and expenditure for the year. This is a requirement of the Local Government Act 1993 and Local Government (General) Regulation 2005. This Quarterly Performance Report for the period of 1 October 2018 to 31 December 2018 achieves these requirements.

From the General Manager,
Graeme Faulkner

Report by Responsible Accounting Officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

31 December 2018

It is my opinion that the Quarterly Budget review Statement for Lithgow City Council for the quarter ended 31/12/18 indicates that Council's projected position at 30 June 2019 will be unsatisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

My opinion above, that Council's projected financial position at 30 June 2019 will be unsatisfactory has been based on the following factors:

1. Necessary operational carryovers of \$302K have added to Council's original expenditure budget.
2. An increase in operating employment costs following review of the Capital Works Program. In the original budget, a significant portion of fixed employee costs were allocated to the Capital Program. Following a review, some major capital projects have been partially or fully rescheduled to the 2019/20 year. Related fixed employee costs have been redirected to operating and maintenance projects.

Remedial action to deal with the unsatisfactory position includes:

- a. Identification of net \$240K of budget savings / additional revenue in Quarter One 2018/19.
- b. Review of the materials and contracts budget in Quarter Three 2018/19 to identify cost savings, particularly in Water and Wastewater.
- c. Review of the general fund rates and annual charges budget in Quarter Three 2018/19 to match projected revenue.
- d. The continuation of an organisation-wide operating efficiencies and cost savings program for the remainder of the 2018/19 year.

Ross Gurney
Responsible Accounting Officer

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Summary of Financial Position

This report provides the Quarterly Performance Report on the 2018-2019 Operational Plan for the period of 1 October to 31 December 2018 with a recommendation that variations to income and expenditure estimates are voted.

2018/19 Quarterly Budget Comparison			
Budget	Income \$'000	Expenditure \$'000	Result \$'000
Original	50,384	43,337	7,048
September Quarter	49,967	43,678	6,019
December Quarter	49,161	44,684	4,477

2018/19 Quarterly Budget Comparison Fund – Proposed December Review			
Budget	Income \$'000	Expenditure \$'000	Result \$'000
General	32,874	30,223	2,651
Water	7,778	7,394	384
Wastewater	8,506	7,068	1,438

Please note the above tables will not balance due to rounding within income and expense types.

Consolidated - Income and Expense Budget Review Statement

2018/19 December Quarterly Budget Review Statement											
Projected Income and Expenditure Statement	Original Budget	Carry Forwards	Other than by QBRs	Sept Review	Dec Review	Mar Review	Revised Budget	Variations for this Dec Quarter	Notes	Projected Year End Result	Actual YTD Figures
Rates and Annual Charges	25,913	-					25,913	127	1	26,040	26,211
User Fees and Charges	7,477	-					7,477	(31)	2	7,446	2,408
Interest and Investment Revenue	898	-					898	-		898	475
Other Revenue	1,290	-					1,290	163	3	1,453	603
Operating Grants and Contributions	7,122	-		279			7,401	679	4	8,080	3,434
Capital Grants and Contributions	7,349	-		(966)			6,383	(1,474)	5	4,909	1,203
Gain Sale of Assets	335	-		-			335	-		335	-
Total Revenue	50,384	-		(687)			49,697	(536)		49,161	34,334
Employee Costs	14,657	-					14,657	958	6	15,615	8,143
Borrowing Costs	1,076	-					1,076	(433)	7	643	354
Material and Contracts	10,266	303		214			10,783	427	8	11,210	3,967
Depreciation Expense	11,834	-		-			11,834	-		11,834	6,127
Other Expenses	5,503	-		(175)			5,328	54	9	5,382	2,347
Loss on Sale of Assets	-	-		-			-	-		-	-
Total Expenses	43,337	303		39			43,678	1,006		44,684	20,931
Operating Result Surplus/(Deficit)	7,048	(303)		(726)			6,019	(1,542)		4,477	13,353

2018/19 December Quarterly Budget Review Statement

Projected Income and Expenditure Statement	Original Budget	Carry Forwards	Other than by QBRs	Sept Review	Dec Review	Mar Review	Revised Budget	Variations for this Dec Quarter	Notes	Projected Year End Result	Actual YTD Figures
Operating Result before Capital Grants	(301)	(303)		240			(364)	(68)		(432)	12,150

Income and Expense Budget Variation Notes

Notes	Details
1	A conservative approach was taken in setting the original rates and annual charges budget. The general fund rates and annual charges budget has been revised based on receipts to 31 December 2018.
2	The original development fees budget was based on optimistic forecasts. The user fees and charges budget has been revised to reflect actual and updated forecast receipts for 2018/19.
3	Increase in other revenues for Workers Compensation claim income received, offset by increased employee cost expenditure (Note 6).
4	Operating grants have increased due to the awarding of Stronger Country Communities grants for various local projects which Council will project manage. Council was also successful in gaining grant funding for LithGLOW.
5	The Capital Works Program has been thoroughly reviewed at Quarter Two with some major projects partially or fully rescheduled to the 2019/20 year. The capital grants budget has been reduced to reflect the revised Capital Program.
6	<p>In the original budget, a significant portion of fixed employee costs were allocated to the Capital Works Program. Following review of the Capital Program, some major projects have been partially or fully rescheduled to the 2019/20 year. Related fixed employee costs have been redirected to operating and maintenance projects.</p> <p>Part of the increase in the employee costs budget relates to workers compensation payments to staff which were not included in the original budget. These additional costs are offset by income (Note 3).</p>
7	Borrowing costs (loans interest expense) has been reduced due to large loan drawdowns for Cullen Bullen sewer upgrade, West Bowenfels sewer upgrade and Water Reservoirs upgrades not occurring.
8	The materials and contracts budget has increased due to new expenditure related to the Stronger Country Communities projects. The additional expenditure is offset by grant income (Note 4).
9	Increased budget required due to Section 94 write offs (per Council Minute 18-350) and additional budget for LithGLOW funded from a grant.

Please note where there is a variation in the review table but no corresponding note, the variation is due to rounding within the asset class.

General Fund - Income and Expenditure Review Statement

2018/19 December Quarterly Budget Review Statement							
Income and Expenditure Review Statement							
Projected Income and Expenditure Statement	Original Budget	Carry Forwards	Proposed Sept Review	Dec Review	March Review	Proposed Dec Revised Budget	Actual YTD Figures
Rates and Annual Charges	16,679			127		16,806	17,363
User Fees and Charges	1,560			(30)		1,530	793
Interest and Investment Revenue	838					838	459
Other Revenue	1,290			163		1,453	595
Operating Grants and Contributions	6,931		279	680		7,890	3,118
Capital Grants and Contributions	4,465		(966)	523		4,022	1,155
Gain Sale of Assets	335					335	-
Total Revenue	32,098		(687)	1,463		32,874	23,483
Employee Costs	11,286			958		12,244	6,408
Borrowing Costs	194					194	131
Material and Contracts	4,112	253	149	477		4,991	2,054
Depreciation Expense	8,364					8,364	4,351
Other Expenses	4,551		(175)	54		4,430	2,046
Loss on Sale of Assets	-					-	
Total Expenses	28,507	253	(26)	1,489		30,223	14,990
Operating Result (Surplus)/Deficit	3,591	(253)	(661)	(26)		2,651	8,493
Operating Result before Capital Grants	(874)	(253)	305	(549)		(1,371)	7,338

Water Fund - Income and Expenditure Review Statement

2018/19 December Quarterly Budget Review Statement							
Income and Expenditure Review Statement							
Projected Income and Expenditure Statement	Original Budget	Carry Forwards	Proposed Sept Review	Dec Review	March Review	Proposed Dec Revised Budget	Actual YTD Figures
Rates and Annual Charges	1,741					1,741	1,765
User Fees and Charges	5,759					5,759	1,582
Interest and Investment Revenue	60					60	15
Other Revenue	-					-	6
Operating Grants and Contributions	98					98	162
Capital Grants and Contributions	120					120	21
Gain Sale of Assets	-					-	-
Total Revenue	7,778					7,778	3,551
Employee Costs	1,670					1,670	899
Borrowing Costs	121			(74)		47	20
Material and Contracts	3,745	50	66	(50)		3,811	1,227
Depreciation Expense	1,598					1,598	810
Other Expenses	267			1		268	97
Loss on Sale of Assets	-					-	
Total Expenses	7,401	50	66	(123)		7,394	3,053
Operating Result Surplus/(Deficit)	377	(50)	(66)	123		384	498
Operating Result before Capital Grants	257	(50)	(66)	123		264	477

Sewer Fund - Income and Expenditure Review Statement

2018/19 December Quarterly Budget Review Statement							
Income and Expenditure Review Statement							
Projected Income and Expenditure Statement	Original Budget	Carry Forwards	Proposed Sept Review	Dec Review	March Review	Proposed Dec Revised Budget	Actual YTD Figures
Rates and Annual Charges	7,492					7,492	7,084
User Fees and Charges	157					157	33
Interest and Investment Revenue	-					-	-
Other Revenue	-					-	2
Operating Grants and Contributions	93					93	154
Capital Grants and Contributions	2,764			(2,000)		764	27
Gain Sale of Assets	-					-	-
Total Revenue	10,506			(2,000)		8,506	7,300
Employee Costs	1,700					1,700	836
Borrowing Costs	761			(359)		402	246
Material and Contracts	2,409					2,409	685
Depreciation Expense	1,872					1,872	966
Other Expenses	685					685	204
Loss on Sale of Assets	-					-	
Total Expenses	7,427			(359)		7,068	2,937
Operating Result (Surplus)/Deficit	3,079			(1,641)		1,438	4,609
Operating Result before Capital Grants	315			359		674	4,336

Capital Budget Review Statement

2018/19 December Quarterly Budget Review Statement

Capital Funding Review Statement

	Original Budget	Carry Forwards	Approved Changes			Revised Budget	Variations for this Dec Quarter	Projected Year End Result
			Sept Review	Dec Review	Mar Review			
Rates & other untied funding	15,812	-	-			15,812	-	15,812
Capital Grants & Contributions	7,349	-	(966)			6,383	(1,474)	4,909
Internal Restrictions	838	1,590	264			2,692	(1,971)	721
External Restrictions	371	8,060	646			9,077	(3,139)	5,938
Other Capital Funding Sources e.g.								-
• Loans	9,536					9,536	(6,134)	3,402
Income from sale of assets	335	-	-			335	-	335
Total Capital Funding	34,241	9,560	(56)			43,835	(12,718)	31,117

2018/19 December Quarterly Budget Review Statement

Capital Expenditure Review Statement

	Original Budget	Carry Forwards	Approved Changes			Revised Budget	Variations for this Dec Quarter	Projected Year End Result	Notes	Actual YTD Figures
			Sept Review	Dec Review	Mar Review					
• Plant & Equipment	1,200	-	-			1,200	-	1,200		223
• Land & Buildings	2,271	219	(243)			2,247	(992)	1,255	1	115
• Water Network	2,568	2,965	55			5,588	(7)	5,581	2	2,028
• Sewer Network	13,578	4,266	-			17,844	(9,787)	8,057	3	1,378
• Office Equipment	442	78	100			620	(6)	614		210
• Furniture & Fittings	9	-	-			9	-	9		8
• Other Structures	3,150	808	749			4,707	(1,239)	3,468	4	1,599
• Swimming Pools	48	112	31			191	3	194	5	64
• Stormwater Drainage	452	-	(21)			431	94	525	6	92
• Tip Assets	1,780	166	(750)			1,196	(1,000)	196	7	50
• Roads, Bridges & Footpaths	6,794	1,036	22			7,852	214	8,066	8	1,152
Loan Repayments (principal)	1,949	-	-			1,949	-	1,949		272
Total Capital Expenditure	34,241	9,650	(57)			43,834	(12,720)	31,114		7,191

Capital Budget Review Statement -Budget Variation Notes

Notes	Details
1	<ul style="list-style-type: none"> Reduced budget as a result of less work scheduled for the administration building improvements and the Union Theatre dressing room upgrade this financial year.
2	<ul style="list-style-type: none"> Balance of water land acquisitions fund which will not be used this financial year rolled back into water reserve.
3	<ul style="list-style-type: none"> The Portland STP project has been completed and some remaining budget funds are no longer required. \$2 million of the capital construction budget for the Cullen Bullen sewer project will be included in the 2019/20 year capital program. \$4 million of the capital expenditure budget has been moved from the current year for future work on the West Bowenfels sewer delivery area.
4	<ul style="list-style-type: none"> Budgeted capital works for Lake Lyell septic upgrade and Portland skate park renewal are now planned for 2019/20,
5	<ul style="list-style-type: none"> Transferred from reserve funds for new Centerman system at the pool.
6	<ul style="list-style-type: none"> Funding transferred from roads to cover additional costs of Main Street and Hartley Valley Rd drainage works, as well as a change in project scope for works at Lithgow Cemetery which resulted in a classification change.
7	<ul style="list-style-type: none"> Lithgow Resource Recovery project rescheduled to 2019/20.
8	<ul style="list-style-type: none"> Roads funding increase due to RMS grant for Barton Avenue resealing, as well as a change in classification of Blackspot works.

Please note where there is a variation in the review table but no corresponding note, the variation is due to rounding within the asset class.

Cash and Investment Budget Review Statement

2018/19 December Quarterly Budget Review Statement

Income and Expenditure Review Statement

Externally Restricted	30 June 2018 Position	30 June 2019 Forecast	YTD Actuals to 31 December 2018
Developer Contributions	2,007	1,780	1,758
Special Purpose Grants	3,666	4,005	1,233
RMS Grants	-	-	-
Water Supplies	3,756	4,211	3,412
Sewerage Services	4,839	4,840	6,244
Domestic Waste	2,872	3,959	4,398
Unexpended Loans	3,912	1,403	2,615
Total External Restriction	21,052	20,200	19,660
Internally Restricted			
Land & Buildings	7,731	7,627	7294
Plant & Equipment	680	680	457
Bonds, Deposits & Retentions	808	809	624
Works in Progress	1,546	1,085	1141
Carry Over Works	1,372	894	1,275
ELE	747	747	646
Election	35	70	35
Total External Restriction	12,919	11,962	11,472
Unrestricted	-	-	-
Total Cash & Investments	33,971	32,160	31,132

Cash and Investment Review Statement

Investments

Investments have been made in accordance with Council's Investment Policy.

Cash

The cash at Bank figure included in the Cash & Investment Statement totals \$640,484.49.

The Cash at Bank amount has been reconciled to Council's physical Bank Statements.

The date of completion of this bank reconciliation was 10/01/19.

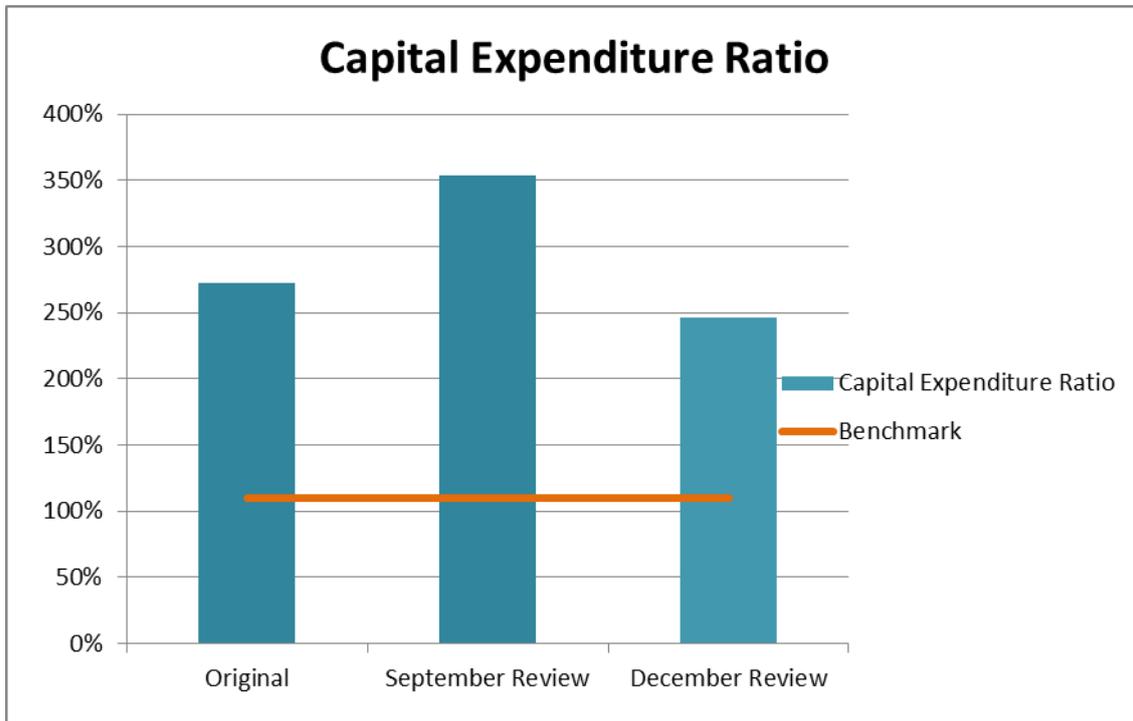
Reconciliation Status

The YTS Cash and Investment figures reconciles to the actual balances held as follows:

	\$'000's
Cash at Bank	640
Investments on Hand	29,765
Less: Unpresented Cheques	(9)
Add: Undeposited Funds	-
Less: Identified Deposits	(45)
Add: Identified Outflows	780
Less: Unidentified Deposits	-
Ad: Unidentified Outflows	-
Reconciled Cash at Bank & Investments	31,131*
Balance as per Review Statement	31,132
Difference	-

*Total does not balance to above figures due to rounding in each line item.

Key Performance Indicators



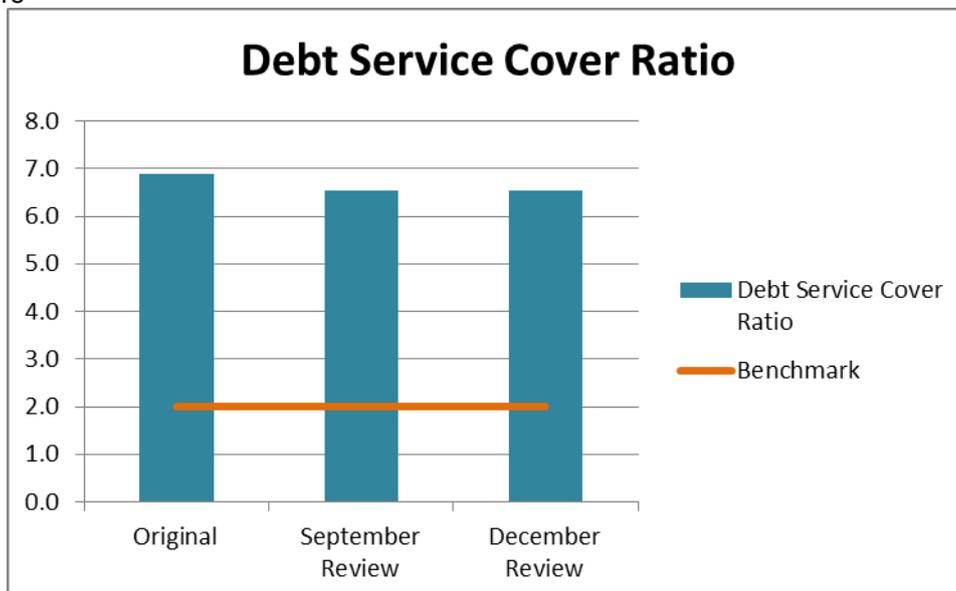
Purpose of Capital Expenditure Ratio

To assess the extent to which Council is expanding its asset base through capital expenditure

Commentary on 2018/19 Result

December 2018/19 Ratio 246%

A capital expenditure ratio of 2.46 times suggests that Council has a solid capital works program.



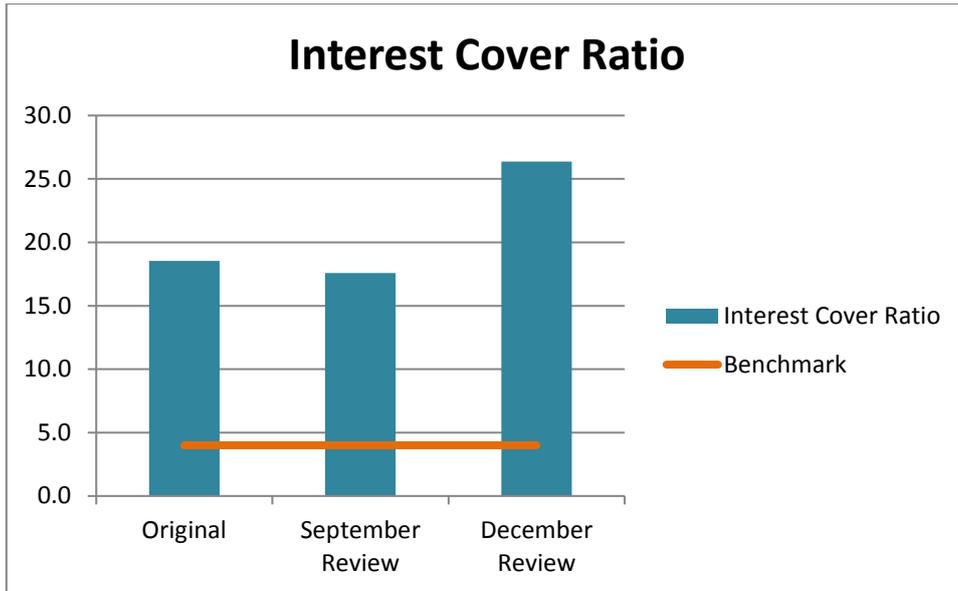
Purpose of Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including principal, interest and lease payments

Commentary on 2018/19 Result

December 2018/19 Ratio 6.5x

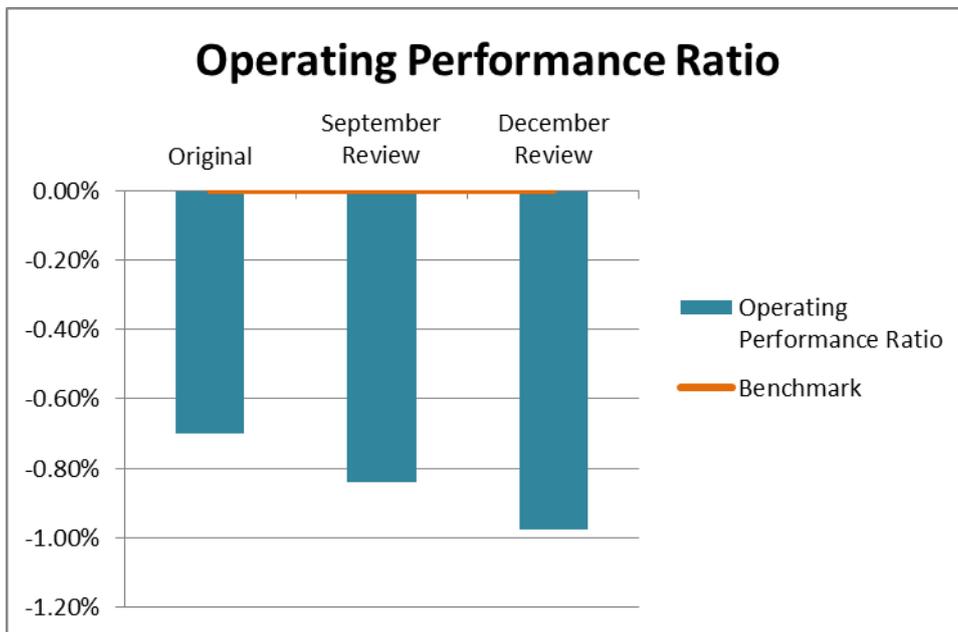
A debt service ratio of 6.5 times means Council has capacity to borrow more funds if required.



Purpose of Interest Cover Ratio	Commentary on 2018/19 Result
	December 2018/19 Ratio 26.4x

This ratio measures the availability of operating cash to service interest payments.

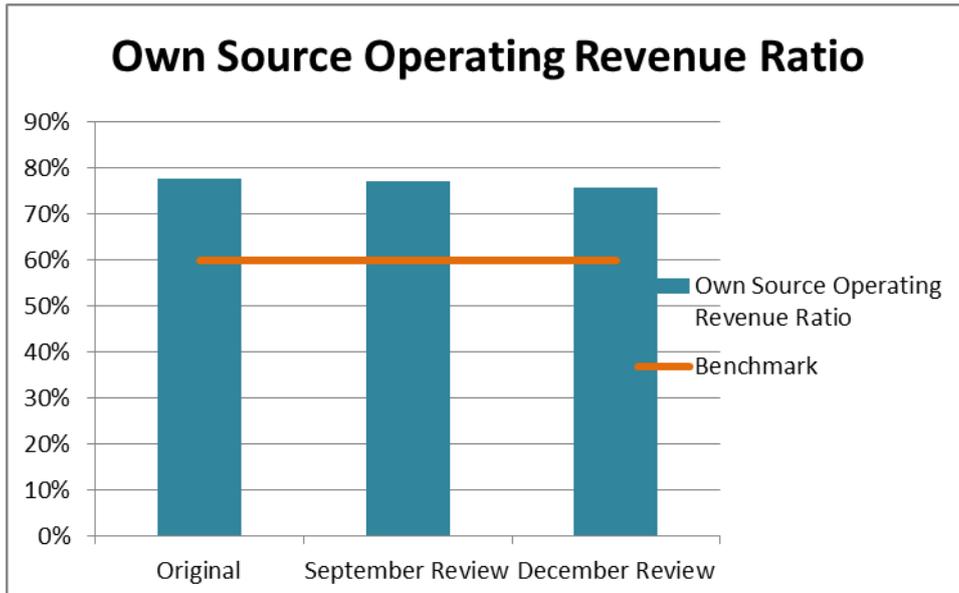
An Interest Cover ratio of 26.4 times means Council has more than adequate cash to cover interest repayments on its debt. This suggests Council has the capacity to borrow more funds if required.



Purpose of Operating Performance Ratio	Commentary on 2018/19 Result
	December 2018/19 Ratio -1%

This ratio measures Council's achievement in containing operating expenses within operating revenue.

Council's current consolidated budget is below the benchmark.



Purpose of Own Source Revenue Ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as grants and contributions.

Commentary on 2018/19 Result

December 2018/19 Ratio 76%

This ratio shows that Council meets the benchmark and is not overly reliant on external grant funding.

Part A: Contracts Review Statement

2018/19 December Quarterly Budget Review Statement

Contracts Review Statement

For the period 01 October 2018 to 31 December 2018

Contractor	Contract Detail and Purpose	Contract Value (GST Inc.)	Date	Minute No.	Length of Contract	Budgeted (Y/N)
Xylem Water Solutions	New pumps and further work on SPS	\$51,897.43	17-12-2018	n/a	6 months	Y
Schneider Electric Pty Ltd	2 Year Operational Support Services – Supply of PLC & HMI Hardware & Software	\$66,490.60	19-11-2018	n/a	2 Years	Y
All Pavement Solutions Pty Ltd	Supply of Bitumen Sealing Services in line with Council resolution 18-274	\$111,858.31	19-10-2018	18-274		Y
Endeavour Energy	Supply and installation of GE Evolve 25W LED. TC5 Residual value charge Merc Vapour.	\$172,777	18-12-2018	18-151	3 months	Y
GHD Pty Ltd	Concept design for Cullen Bullen Sewer	\$225,721.1	05-11-2018	18-319	9 months	Y
Downer EDI Works	Completion of Council's capital asphalt renewals for 2018/19 in accordance Downer's tender through Vendor panel and Council resolution.	\$940,437.88	10-12-2018	18-321		Y

Note: Contracts listed are those entered into during the quarter, under review and have not been fully performed or completed of \$50,000 or greater. Contracts for employment are not required to be included.

Part B: Consultancy and Legal Expenses Review Statement

2017/18 December Quarterly Budget Review Statement		
Contracts Review Statement		
Actual expenditure 1 July 2018 to 31 December 2018		
Expense	Year to Date	Budget Allocation (Y/N)
Consultancies	248,648	Y
Legal Fees	73,013	Y

Note: A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.