



MINUTES

Finance Committee

held at

Council Administration Centre
Committee Room
180 Mort Street, Lithgow

on

Monday 11 August 2025

at 4:30 PM

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The Chairperson declared the meeting open at 4:33 pm.

1. Acknowledgement of Country

Lithgow City Council acknowledges Wiradjuri Elders past and present of the Wiradjuri nation - the original custodians of the land on which the Lithgow's communities reside. The Council also extends our respects to our neighbouring nations.

2. Present

Present: Cr E Mahony (Chair), Mayor Coleman, Deputy Mayor Ring, Cr Evangelidis,

Officers: Ross Gurney, Vanessa Browning, Shaun Elwood, Sarah Lewis (Minutes)

3. Apologies

As all were present there were no apologies.

4. Declaration of Interest

There were no declarations of interest made.

5. Staff Reports

5.1. Cost Shifting 2025

Vanessa Browning provided the Committee with an overview of the Cost Shifting Report. It has been identified that councils across NSW are now absorbing \$1.5 billion in cost shifting from State and Federal Governments per year. This represents an average of \$497.40 for each ratepayer across NSW. Lithgow LGA rate payers do not pay this full amount, unlike the Metropolitan Councils. Cost shifting is a significant challenge to the financial sustainability of all NSW councils, including Lithgow Council and is defined as the shifting of the responsibility for a service, concession, asset or regulatory function to local government from other levels of government.

The impact of cost shifting is a diversion of rate funding from planned projects and services to our community. Some pressure has been removed from the recent changes made to the rate peg methodology, which builds in increases to the rates peg for cost increases associated with Emergency Services Contributions, election costs increases and other ad-hoc costs shifts as determined annually by the Independent Pricing & Regulatory Tribunal.

Cost shifting for Lithgow Council include

- Emergency Services Contributions
- Pensioner Rebate Concessions
- Forced Rates Exemptions

The Central NSW Joint Organisation is developing strategies and undertaking advocacy in relation to Local government financial sustainability.

A question was raised about rate exemptions and how many would be exempt for Lithgow LGA ratepayers. This question was taken on notice.

A question was raised on Voluntary conservation agreements. This question was taken on notice.

It was raised that the community needs to be advised on the impacts of cost-shifting and locally tailor it. To also advocate for the resolution of this challenge to ensure that the services and assets that our community deserves are provided in an affordable and financially sustainable manner.

The Mayor advised that at the National General Assembly, it was discussed that local governments need more non-competitive grants so that they aren't competing against each other for funding and causing resourcing issues for smaller councils.

ACTION / RECOMMENDATION

THAT the Finance Committee note the report on Cost Shifting and the implications for services and programs that can be provided to the community in an affordable and financially sustainable manner.

MOVED: Councillor S Ring

SECONDED: Councillor C Coleman

CARRIED

5.2. Interim Audit Management Letter for year ended 30 June 2025

Vanessa Browning provided an overview of the Interim Audit. Council has two audits a year, the first is the interim audit, which is undertaken to check processes and controls Council has in place. Next month the final audit will be started, which is based on the accuracy of the financial statements.

A range of issues were identified, and there were no high-risk concerns identified, most are business as usual and are quick to fix. The management letter shows what needs to be implemented and will be monitored. Some items have already been addressed; others would cause more administrative issues if implemented.

Concerns were raised on the procurement risk issues identified. Work has been done and system controls have been put in place with some of the procurement issues during the year and the issues identified have since been rectified.

Question raised on the annual review of plant rates. A system improvement is planned and will be managed this year with the Director Infrastructure.

Question raised on the IPP&E assets additions/disposals, given the status of the asset management plans, and understanding of our asset conditions. Concerns raised on the natural area assets and the cost of renewal. Unknown assets and their condition could cause issues to Council. Potential major financial risk due to the increase in depreciation and the debts for essential services with so many assets in a renewal phase.

Question raised on the IT review of privileged users, and concerns on who has access. This is a quarterly review of super users access.

ACTION / RECOMMENDATION

THAT the Finance Committee note the 2024/2025 interim audit Management Letter.

MOVED: Councillor T Evangelidis

SECONDED: Councillor S Ring

CARRIED

5.3. Capital Projects Delivery 2024/2025 and Carryovers to 2025/2026

A summary of the Capital Projects Delivery Program 2024/2025 and what will be carried over to 2025/2026 was provided to the Committee.

Vanessa Browning outlined that if a project has practically commenced, that the funding carries over to the next financial year, without requiring Council approval. If a project has not commenced, then a revote by Council would be required, but all projects were either practically commenced or were rephased during the financial year.

A concern was raised on that Council is still putting big capital works programs and the capacity to deliver. Question raised on if we are over committing and under delivering on capital projects. It was identified that this was a consideration by the Administration and reviews, and programming are in progress to resolve capacity issues.

The Mayor wished to acknowledge the work that has been done by the staff with the oversight of the Project Delivery Oversight Group (PDOG). Significant improvements will be noticed in the coming years.

Moving forward, a project management framework is being developed to have milestones and gateways set up for each project so that an realistic budget and works program can be developed each year. The aim is to have a budget that is able to be delivered. Council only has a limited amount of resources and can only deliver a certain amount of work.

ACTION / RECOMMENDATION

THAT the Finance Committee note the capital works projects delivery for 2024/2025 and the carryovers to the 2025/2026 Operational Plan.

MOVED: Councillor C Coleman
CARRIED

SECONDED: Councillor T Evangelidis

5.4. SRV Program - 2024/25 Update and 2025/26 Budget

An overview of the delivered 2024/2025 SRV Program was provided to the Committee.

It was requested for a further breakdown of each outcome, which will be published in the Annual Report with more description.

The SRV has been spent on the outcomes that the application was in relation to. Sealed roads preventative maintenance has been diverted to Road Renewals for 2025/2026, based on the road condition audit undertaken. This diversion still commits to improving roads for the community.

Question was raised on the road maintenance program and for a report to be provided to the Infrastructure Committee on where it is up to and what is going on, and for the community to be advised on what roads are planned for maintenance.

The road condition audit showed that acting more proactively with sealed road renewal, will result in better outcomes for road conditions than the current reactive maintenance level. A balancing act is required with filling potholes and renewing the road network.

With an SRV whatever is raised must be retained and spent on the allocated programs. For most Councils, the first year of an SRV not a lot of projects see progress as they are in the initial stages of the project, approvals have to be sort and there is a lag in recruiting for the positions required.

Concerns were raised on the deliverables from LEEP.

The Committee discussed the breakdown of the 25/26 allocation.

Concerns were raised on the strategic weed control and the impacts weeds have on the area. The Committee would like to have a more strategic approach to weed control than just being kilometres of roadside that has been sprayed. Question raised on where the SRV funding was allocated.

A copy of the SRV application is to be brought back to the next meeting to review the outcomes identified. Most desirable areas to the community is roads, footpath, sewers and drainage systems.

Council does have infrastructure that has issues, like asbestos, that needs to be managed, and the SRV may be able to be used. Need to ensure that it aligns with the SRV application wording, which depends on how broad the wording is in the application.

A question was raised on the Main Street Footpath Improvements Program and its relation to the SRV, would like to know where this funding was spent.

Concerns were raised on the salaries of positions being advertised that do not align with the market. Concerns on not offering sufficient remuneration to secure the right person in the roles can have flow on effects with turnover, re-advertising recruitment costs, and managing performance issues. Other factors contribute to not being able to secure people in positions with Lithgow's location and the professional risk of working in a smaller council.

ACTION / RECOMMENDATION

THAT the Finance Committee note the update on the SRV Program.

MOVED: Councillor C Coleman
CARRIED

SECONDED: Councillor S Ring

6. General Business

The budget constraints for the 2025/2026 year were raised and the need to ensure that Council operates in a financially sustainable way in delivering services.

A review of the service levels Council is required and the costs associated with keeping services open versus reducing the service to stay within the budget constraints. This will look at the operating days and hours. This is being done now to stop future problems down the track.

A report will be brought back to the Finance Committee and to a Councillor Information Session. Concerns raised on the potential push back on reduced services as a commitment was made to the community that the SRV would not drop services.

7. Meeting Close

Next Meeting:

There being no further business the Chairperson declared the meeting closed at 5:57 pm.