

Financial Statements Summary

This report provides analysis on the attached 2008 Financial Statements. It compares the reported financial results to Council's own financial objectives. Readers of the Statements are encouraged to contact Council's Financial Services Department on (02) 4732 7802 for any assistance required in understanding the reported results.

These statements are produced in accordance with the Australian Accounting Standards and the NSW Local Government Code of Accounting Practice. The Australian Accounting Standards Board (AASB) has adopted International Financial Reporting Standards (IFRS) and issued the Australian equivalents (AIFRS). The application of AIFRS is

reflected in these Financial Statements. These statements are independently audited, reported to Council, placed on public exhibition and lodged with the Department of Local Government (DLG) by early November each year.

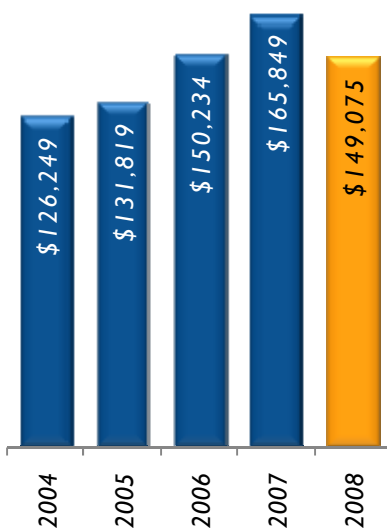
Under the 1993 NSW Local Government Act, Council is required to produce an audited set of Financial Statements. Key statements produced, and included in this document are:

- *Income Statement,*
- *Balance Sheet,*
- *Cash Flow Statement, and*
- *Notes to the Financial Statements.*

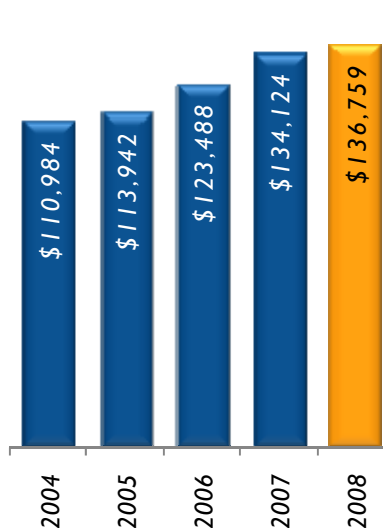
Summary of 2008 Key Results & Events

- Operating result of \$12.3m
- Total Assets ▲ 20.5% to \$1,161m
- New Infrastructure, Property, Plant & Equipment Constructed / Purchased \$25.8m
- All Operational Land & Buildings revalued to Fair Value
- Council's AA+ Standard & Poor's Credit Rating was reaffirmed
- Debt Service Ratio ▼ 2.6% to 7.13%
- Rates & Annual Charges Outstanding ▲ 6.8% to 5.04%
- Unrestricted Current Ratio 1.15:1

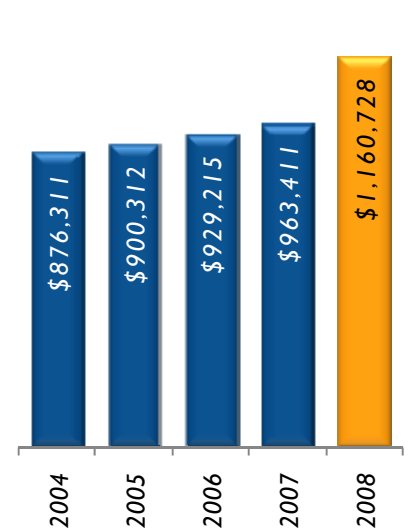
Total Revenue (\$000)



Total Expenses (\$000)



Total Assets (\$000) at 30 June



Five-Year Financial Summary

<i>for the Year Ended 30 June</i>	<i>Units</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>
Income from Ordinary Activities before Capital Amounts	\$000	149,075	165,849	150,234	131,819	126,249
Expenses from Ordinary Activities	\$000	136,759	134,124	123,488	118,276	113,942
Net Operating Result for Year	\$000	12,316	31,725	26,746	13,543	12,307
Net Operating Result before Capital Grants and Contributions	\$000	(2,059)	(1,099)	1,251	(4,321)	3,701
<i>Further breakdown of Income Statement items are shown in Appendix I</i>						
Current Assets	\$000	60,302	61,654	52,727	47,185	54,415
Non-Current Assets	\$000	1,160,728	901,757	876,488	853,127	821,896
Current Liabilities	\$000	39,763	40,037	38,018	40,436	20,184
Non-Current Liabilities	\$000	58,455	53,658	53,206	48,631	69,256
Total Equity	\$000	1,062,510	869,716	837,991	811,245	786,871
<i>Further breakdown of Balance Sheet items are shown in Appendix I</i>						
Cash Flows from Operating Activities	\$000	24,119	36,060	35,515	19,656	22,021
Cash Flows from Investing Activities	\$000	(32,221)	(35,503)	(44,758)	(20,585)	(18,329)
Cash Assets at the end of Reporting Period	\$000	809	3,262	1,771	6,262	9,317
Rates Outstanding	%	5.04	4.72	4.44	4.06	4.01
Unrestricted Current Ratio	Ratio	1.15:1	1.33:1	1.19:1	1.11:1	1.72:1
Debt Service Ratio	%	7.13	7.32	7.18	8.53	8.99
Asset Renewal	Ratio	0.43:1	0.51:1	-	-	-
Standard & Poor's Credit Rating	Rating	AA+	AA+	AA	AA	AA



Financial Overview

Council's financial position as at 30 June 2008 was once again a very sound result. After allowing for \$14.4m of capital grants and contributions Council finished the year with a surplus of \$12.3m. This year's operations helped finance \$25.8m of capital acquisitions during the year. Council continued its transition to IFRS, and during 2008 brought all of its Operational Land and Buildings to Fair Value. This revaluation resulted in an increase of \$180.5m to Council's Balance Sheet and combined with this years additions, contributed to increasing Council's Net Equity from \$870m to \$1,063m.

Unrestricted current assets exceed current liabilities by a ratio of 1.15:1. Council has an established target of 1.25:1, this year's ratio has fallen marginally below the target, however remains above the industry benchmark of 1:1. This ratio remains constrained due to the continued practice of using internal loans from unrestricted funds to finance Section 94 works in advance of receipt of contributions to the Section 94 plans. Internal borrowings totalled \$4.5m (\$5.1m in 2007). The continuing decline in the amounts outstanding on these internal loans will improve this indicator in future years. Excluding these internal borrowings from the equation would give an unrestricted current ratio of 1.37:1. Council's Working Capital (an internal liquidity measure) is \$2.9m representing a slight decrease on last year's figure of \$3.7m.

After allowing for new specific purpose borrowings, the outstanding loan liability increased to \$63.4m (\$57.8m in 2007). This translates to 7.13% of operating revenue which was committed to servicing this debt (7.32% in 2007). This increase is primarily the result of specific loan borrowings for various Property Development projects to the value of \$5.4m. The loan repayments associated with these loans will be funded through Council's Property Development operations and are not a call on Operating Revenue. The continuing downward trend in the Debt Service Ratio is evidence of the application of Council's policy to reduce debt.

Internal (restricted) reserves totalled \$13.7m at 30 June 2008. This is a decrease from the prior year (\$15.1m) and is due mainly to a decrease in the funds held in the Property Development Reserve. Borrowing from internal reserves to forward fund essential Section 94 works (\$4.5m) continues to impact the internal reserves balance. The internal

borrowings are applied on a pro-rata basis against all internal reserves. The magnitude of these internal borrowings is expected to decrease slightly in 2009.

Council's June Review of the Management Plan is prepared alongside the Financial Statements. The Management Plan provides a comprehensive assessment of Council's budget performance. Major budget variations are included in Note 16 of this report, however further details are included in the Management Plan document. Council's budget position resulted in a surplus of \$47,899 for 2008.

Council's AA+ credit rating from Standard & Poor's was reaffirmed in 2008. Standard and Poor's are an internationally recognised rating agency and a credit rating is Standard & Poor's opinion of the general creditworthiness of an entity. The AA+ long term rating means that, in their assessment, Council has a very strong capacity to pay. In determining the rating, Standard & Poor's examine a range of economic, system and administrative factors, budgetary performance and flexibility and the entity's financial position, and this year highlighted "a long history of strong and sophisticated management at both the administration level and the councillor level" along with acknowledging Council's small and closing annual maintenance gap. Council's long-term financial model is included as Special Schedule 8 of this document.

Included in the Appendices of this document are detailed historical financial comparatives, general Rating information, the NSW LGMA's Sustainable Finances Health Check, and a selection of indicator's used by Standard & Poor's. These measures also demonstrate Council's strong financial performance.

In the preparation of this year's Financial Statements, Council ran a photo competition open to all School children in the Local Government Area. Some images submitted for this competition appear throughout this document, with the winning entry by Brooke Porrelli of Glenmore Park High School appearing on the cover.

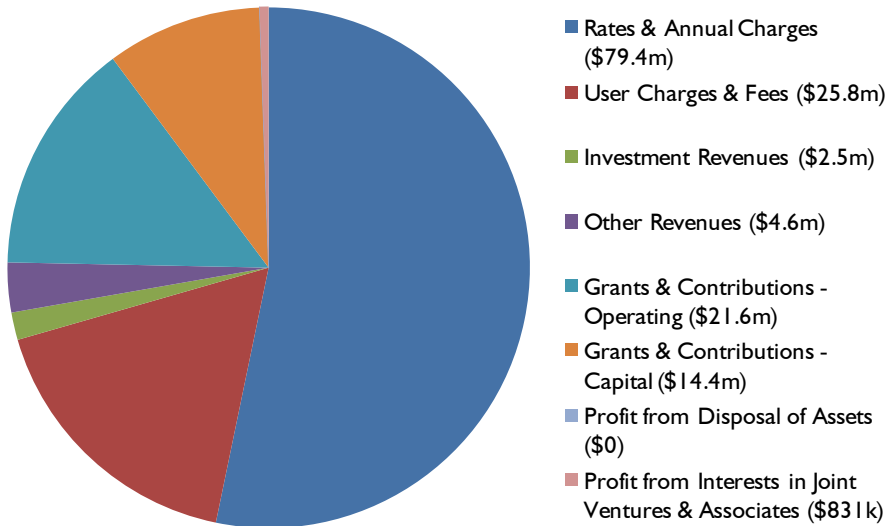

 Vicki O'Kelly
 Financial Services Manager

Income

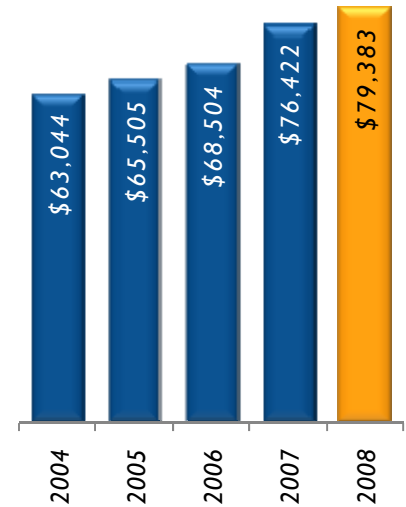
Summary

- Overall income ▼ by 10.1% to \$149m.

Income 2008



Rates & Annual Charges (\$'000)



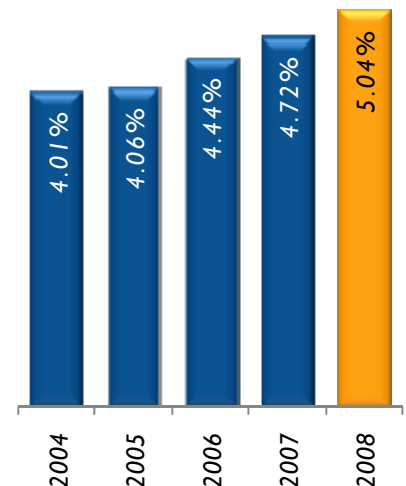
Reduced development has seen Capital Grants & Contributions fall \$18.4m (56.2%) from 2007

The reduction in revenues for the 2008 year is largely the result of a decrease in Capital Grants & Contributions of \$18.4m (56.2%) compared to 2007. This decrease and other movements in income items are further discussed below.

Rates & Annual Charges

The increase in property numbers from 63,384 in 2007 to 64,000 in 2008, together with a Ministerial rate increase of 3.4% added \$3.0m to Operating Revenue. Rates Outstanding, a key industry indicator, rose to 5.04%, from 4.72% in 2007 and is now slightly above the industry target of 5%. This increase has been influenced by the current economic climate, and with rising interest rates, petrol prices, and the general cost of living, it appears that some ratepayers are continuing to experience some level of difficulty in meeting all of their obligations.

Rates Outstanding



Income Item	2008 \$'000	2007 \$'000	% Change
Rates & Annual Charges	79,383	76,422	3.9
User Charges & Fees	25,788	24,876	3.7
Investment Revenues	2,542	3,478	(26.9)
Other Revenues	4,580	4,163	10.0
Grants & Contributions - Operating	21,576	21,438	0.6
Grants & Contributions - Capital	14,375	32,824	(56.2)
Profit from Disposal of Assets	-	2,172	(100.0)
Profit from Interests in Joint Ventures & Associates	831	476	74.6
Total Income	149,075	165,849	(10.1)

Rateable properties

2008	64,000
2007	63,384
2006	63,043
2005	62,737
2004	62,140



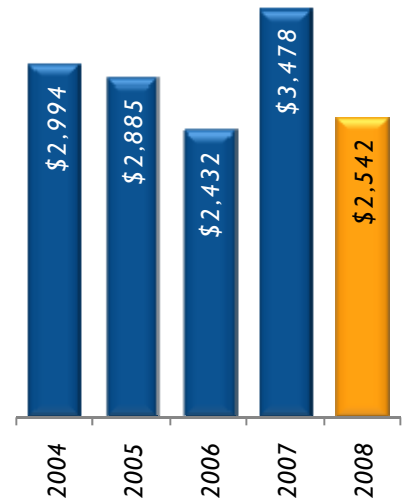
User Charges & Fees

Overall, User Charges & Fees increased by 3.7% in 2008. Increases in Children’s Services, Cemeteries, and Penrith Performing and Visual Arts (PPVA) income have been partly offset by a reduction in development-related income. This decline in planning and building fees has stabilised in recent years, however, income from this revenue stream has decreased \$800,000 since the height of the property boom in 2004.

Investment Revenues

Council’s investment portfolio as at 30 June 2008 has increased by \$7.0m to \$65.4m. This increase from the 2007 portfolio balance has been attributed to an equivalent increase in Section 94 developer contributions being held. Despite the uncertainty of global financial markets, this healthy portfolio balance allowed interest income to remain strong for 2008. These returns were offset by a reduction in the Fair Value of Council’s two Collateralised Debt Obligations (CDOs). The combination of the overall market deterioration and the credit rating downgrade of both of these securities throughout 2008 has a significant impact on their mark-to-market valuations. This resulted in Council writing-down the value of these investments through the income statement to the value of \$1.6m. To date, this remains a paper-loss, and any future increases in the value of these two investments will be recognised in future years.

Investment Revenues (\$000)



Other Revenues

Other Revenues increased \$417,000 (10%) during 2008. Rental income from Council’s properties rose \$319,000 in 2008, along with an additional \$155,000 being received in relation to the Environmental Performance Rebate. This is the first full year that this new initiative has been offered by the State Government, and it is expected that future year rebates will be in-line with this years rebate.



Council-owned Commercial building in St Marys (under construction)

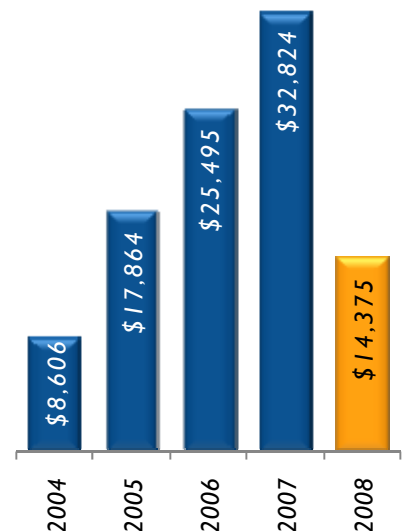
Grants & Contributions

Grants & Contributions have declined overall by \$18.3m. This is the result of a reduction in Capital Grants & Contributions of \$18.4m (56.2%) in 2008. This lower amount is due to a decline in the level of Section 94 contributions and subdivider dedications. In addition to this, Council received a one-off \$5m grant from the NSW State Government for works to improve Penrith Stadium.



Artist's Impression of Penrith Stadium redevelopment

Capital Grants & Contributions (\$000)

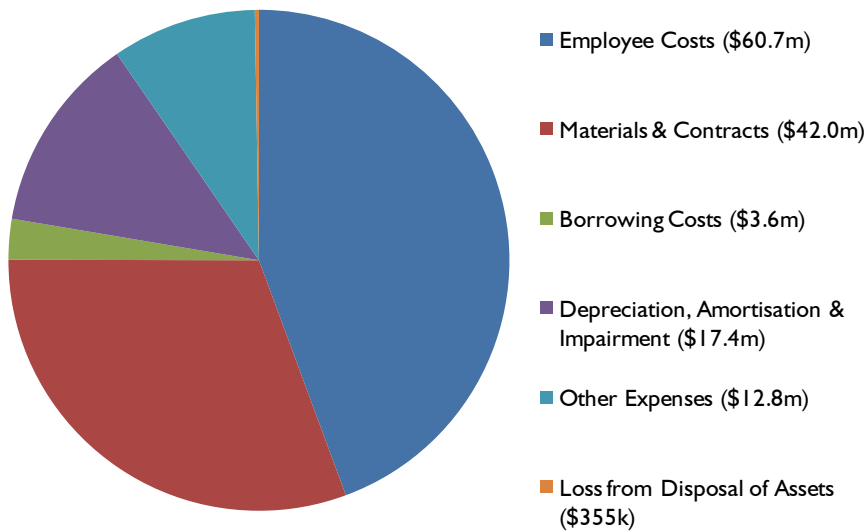


Expenses

Summary

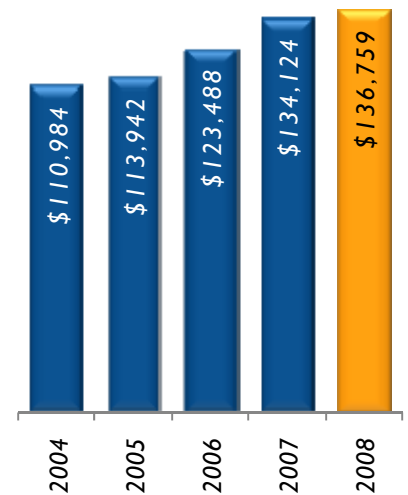
- Total Expenses ▲ \$2.6m (2.0%) to \$136.8m.
- Employee costs ▲ \$2.4m (4.1%) to \$60.7m.

Expenses 2008



Although interest rates have risen, Borrowing Costs have remained stable

Total Expenses (\$000)



Employee Costs

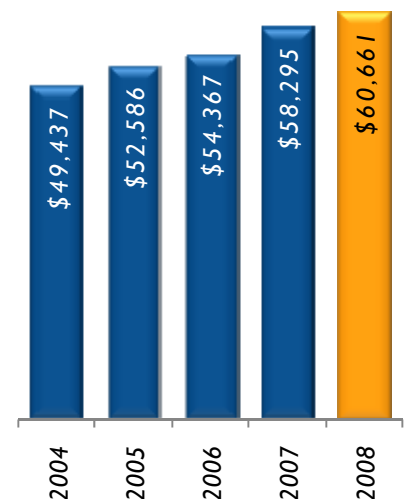
Total employee costs increased \$2.4m last year. This equates to a 4.1% increase and is largely attributable to the award increase of 4% in November 2007, and:

- Skills and knowledge progression - \$257,000
- Employee performance bonuses - \$340,000
- Increase in the provision for Employee Entitlements - \$806,000
- Reduced Workers Compensation costs - \$940,000

Council contributes 9% Superannuation for all employees except those who are members of the Local Government Superannuation Defined Benefits Scheme. In recent years, Council has benefited from a contributions holiday, which did not require Council to make it's full contribution to the scheme. This holiday has now ended, and from 2009, Council's costs in relation to these Superannuation expenses is expected to increase by \$800,000 per year.

Despite a rise in the number of claims, the cost of Workers Compensation has reduced

Employee Expenses (\$000)



Expenditure Item	2008 \$'000	2007 \$'000	% Change
Employee Costs	60,661	58,295	4.1
Materials & Contracts	41,961	41,687	0.7
Borrowing Costs	3,587	3,663	(2.1)
Depreciation, Amortisation & Impairment	17,441	18,234	(4.3)
Other Expenses	12,754	12,245	4.2
Loss from Disposal of Assets	355	-	100.0
Total Expenditure	136,759	134,124	2.0



Materials and Contracts

Council commenced new domestic waste services contracts in October 2007. These new arrangements have resulted in significant savings (\$2.4m) across these services. Savings have offset increases in other areas of Materials and Contracts that have generally grown in-line with CPI.

Depreciation

Depreciation is the allocation of the costs of an asset, based on the likely period of its useful life. The depreciation rates used by Council are set out in Note I of this document. In 2008, a review of the remaining useful life of road assets was once again undertaken to more accurately reflect the depreciation charge for these assets in light of the extensive maintenance program that Council has implemented for these assets. The amended useful life is applied to the written-down value of the individual roads to determine a more appropriate depreciation charge. The benefits of Council's maintenance policy can be seen in the reduction of roads depreciation in 2008.

Total depreciation for the year was \$17.4m. The transition of buildings to Fair Value requires that these buildings be componentised for the purposes of depreciation charges from 2009. This will result in a more realistic determination of the consumption of Council's buildings.

Other Expenses

The detailed Notes to the Financial Statements provide information on Other Expenses. General expenses, that due to their size and nature warrant special mention in this report, are detailed below.

Risk Management and Insurance

Council adopted a revised risk management policy in 2007 as part of its continually improving enterprise risk management framework. The risk management culture and prudent management of the insurance portfolio have protected Council from major premium fluctuations and reduced the number and cost of claims. The cost of total insurances was reduced during 2008 by \$1m.

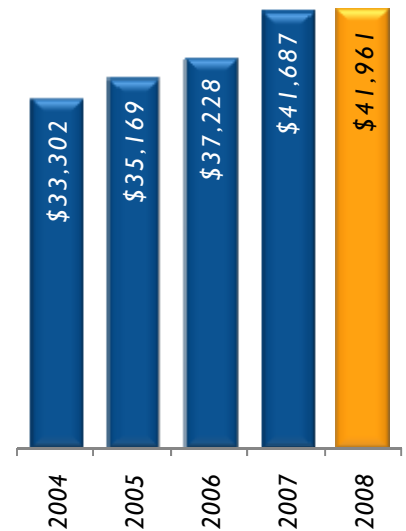
The ISR (property insurance) premium for 2008 was marginally increased as a result of increased asset values and the cost of the 2007 claims. One major storm and two fires resulted in a claims valued at a cost of \$400,000. These claims did not affect the 2009 premium. The major contributor to the cost reduction of Council's overall insurance costs was a significant decline in Council's Workers Compensation premium. While a minor increase is expected in 2009, the premium is expected to remain below the 2007 level.

The outstanding liability for undetermined public liability claims recognised in the Financial Statements has reduced in 2008 to \$152,000 from \$389,000 in 2007.

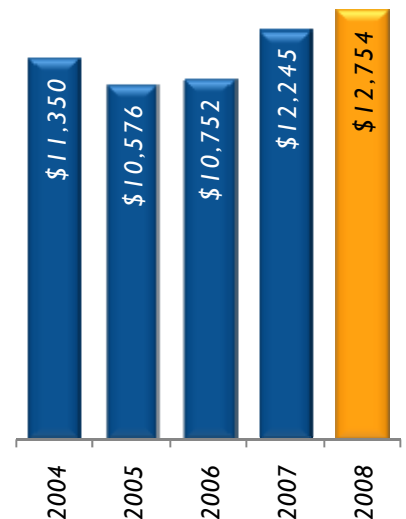
The graph below shows the total cost of insurance including paid excesses and contingent liability (unpaid claims estimates). The

Council's contribution to RFS and NSW Fire Brigade is over \$3m

Materials & Contracts (\$000)

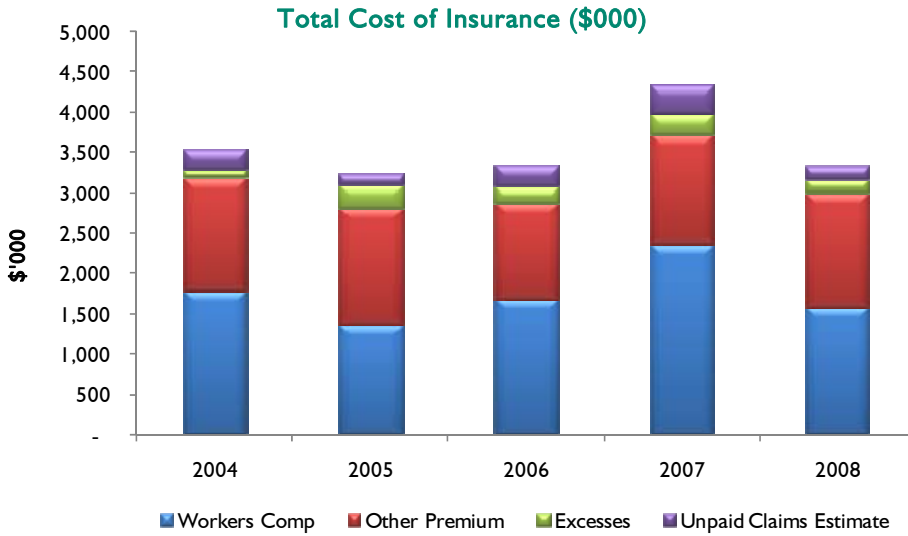


Other Expenses (\$000)

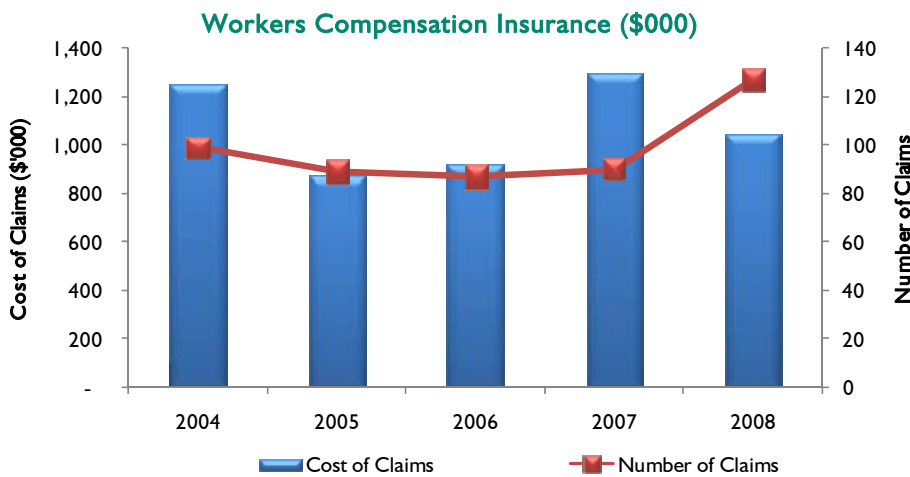


Council wins Excellence Award for Service Risk Assessment program

decreased estimated contingent liability cost, claims excesses and workers compensation premium have decreased the total cost of insurance in 2008.



Details of the cost of Workers Compensation, and the number of claims are shown in the graph below.



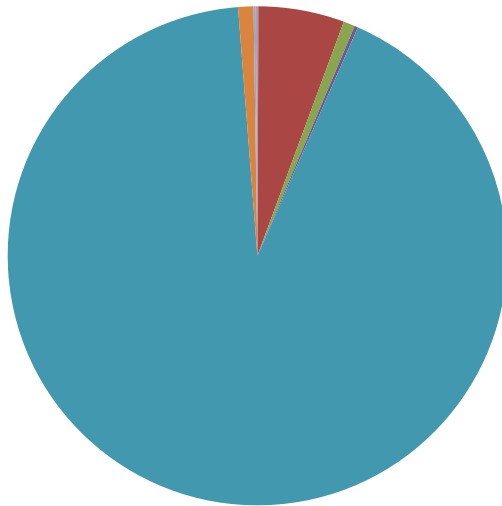
“Autumn Leaves”
 Photograph by
 Laura Smyth
 Penrith Anglican College

Assets

Summary

- Total Assets ▲ 20.5% to \$1,161m
- Infrastructure, Property Plant & Equipment ▲ 21% to \$1,070m
- Net Assets ▲ 22.2% to \$1,063m
- Asset \$ per head of population is \$6,077

Assets 2008



- Cash & Cash Equivalents (\$809,000)
- Investments (\$64.6m)
- Receivables (\$8.6m)
- Inventories (\$2.5m)
- Infrastructure, Property, Plant & Equipment (\$1,070m)
- Investment Property (\$11.5m)
- Investments Accounted for using the Equity Method (\$1.6m)
- Other (\$1.15m)

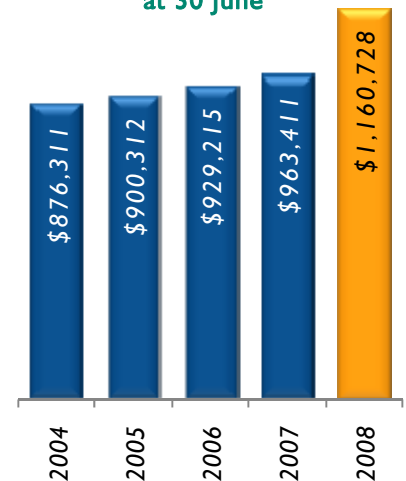
Cash Position

An assessment of Council's cash holdings at the end of the Financial Year, provides a different view of the year's financial information. Council's Cash Flow Statement provides information relating to actual payments and receipts of cash. While cash and cash equivalents have fallen in 2008, a significant increase in investments has occurred. The impact of the global credit crunch has seen a significant change in the composition of Council's investment portfolio, with a shift to short-dated term-deposits. This has resulted in a reduced need for cash and cash equivalents to be held by Council for operational purposes, given the increased frequency of investment maturities.

Asset Item	2008 \$'000	2007 \$'000	% Change
Cash & Cash Equivalents	809	3,262	(75.2)
Investments	64,567	55,140	17.1
Receivables	8,629	7,219	19.5
Inventories	2,521	2,438	3.4
Infrastructure, Property, Plant & Equipment	1,069,876	884,077	21.0
Investment Property	11,532	9,515	21.2
Investments Accounted for using the Equity Method	1,644	813	102.2
Other	1,150	947	21.4
Total Assets	1,160,728	963,411	20.5

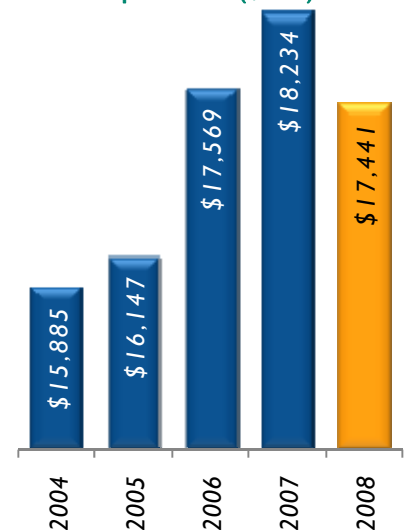
Council's investment portfolio increased \$9.4m in 2008

Total Assets (\$'000) at 30 June



Total Assets increased over the 2008 year by 20.5% to a total of \$1,161m

Depreciation, Amortisation & Impairment (\$'000)



Reserves

Council operates a number of internally and externally restricted reserves. External reserves include unspent Section 94 funds received, special purpose grants or unexpended loans, along with domestic waste and sullage reserves. These reserves are maintained to ensure that the funds received are expended on the intended purpose, and this restriction is imposed on Council through either legislation, or the funding body. An increase in Section 94 funds held at 30 June 2008 of \$7.2m is the major contributing factor to the increase in Council's investment portfolio. In addition to this, Council held specific purpose loan funds of \$9.5m to fund the construction of a commercial office block in St Marys (\$5.2m), extensions to the Civic Centre (\$2.0m), and the re-development of the Penrith Valley Cultural Precinct in St Marys (\$1.8m).

Council continues to maintain a number of internal reserves as detailed in Note 6. These reserves have been established by Council resolution, and include provisions for Employee Leave Entitlements, Property Development activities, infrastructure construction, and Council's Children's Services operations. The maintenance of these reserves ensures that operational revenues are not acquired to fund unexpected expenditure for these purposes.

Unrestricted Current Ratio

The unrestricted current ratio for 2008 was 1.15, a decrease of 9% from 2007. Council's practice of borrowing from internal reserves to meet the demands of essential works required in advance of receipt of Section 94 contributions has again been a major impact on the ratio this year. At 30 June 2008, there were five Section 94 plans in deficit totalling \$4.5m. Two plans, the Cultural Facilities and the Penrith Town Centre, accounted for \$3.9m of this deficit. If Council had elected to fund the works in advance from external borrowings, the ratio would be 1.37:1.

Receivables

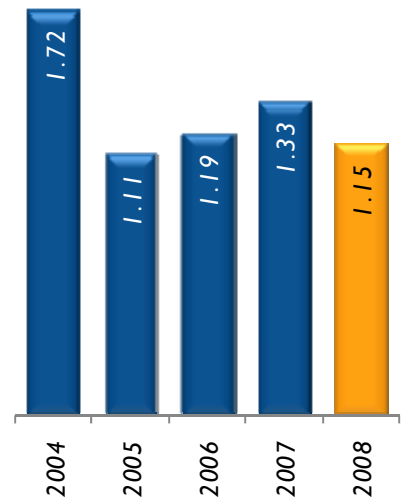
Receivables for 2008 totalled \$8.6m, an increase of \$1.4m (19.5%) over the 2007 year. This was mainly attributable to an increase in accrued revenues. Significant one-off accruals for 2008 included the Backwash reuse grant (\$325k) for water-saving initiatives, and the Rural Fire Service grant for 2008 (\$241k). Rates and Annual Charges Outstanding increased in 2008 by \$389,000 and translated into an increase of the Rates Outstanding percentage from 4.72% to 5.04%. Council has a long established policy of not pursuing pensioners for outstanding Rates & Annual Charges. Excluding pensioners from this calculation decreases this indicator to 3.97%, below Council's target of 4.5%.

Infrastructure, Property, Plant & Equipment

Infrastructure, Property, Plant & Equipment (IPPE) increased 21% over the 2008 year to \$1,070m. This large increase was due mostly to the requirement of Council to revalue it's Building and Operational Land to Fair Value in 2008. Total asset purchases of \$25.8m included \$5.9m for asset renewals, and \$19.9m for new asset purchases or construction. A summary of IPPE transactions for 2008 are shown on the following page. Further financial details of IPPE are shown in Note 9.

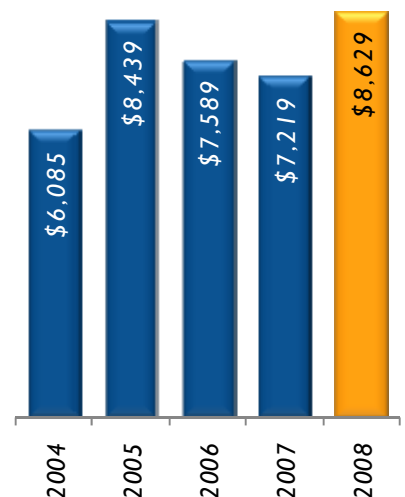
Penrith's road network continues to improve as a result of increased spending on maintenance and renewal

Unrestricted Current Ratio



Council's Buildings and Operational Land were revalued to Fair Value in 2008

Receivables (\$000)



Infrastructure, Property, Plant, and Equipment Summary for 2008



Major Capital Projects worth of note, either completed or underway during the year include:

Claremont Meadows Community Centre Extensions	\$209,000
Community Safety Initiatives	\$146,500
Embellishment of Eastern Park	\$180,150
Gipps Street Rehabilitation	\$411,000
Glenmore Park & St Clair Skate Parks	\$776,000
Great River Walk	\$212,000
Libraries—Upgrade / Update Works	\$212,000
Library Community Computer Facilities	\$23,000
Out of School Hours Bus Replacements	\$125,000
Penrith SES Headquarter Improvements	\$147,000
Penrith Swim Centre Water Saving Project	\$197,000
Ripples Water Saving Project	\$169,000
Rural Roads Widening Program - Luddenham Road	\$452,000
St Marys Memorial & CWA Hall Design	\$208,000
Yoorami Children’s Centre Playground Upgrade	\$40,500

Council’s commitment to renewing its assets has been identified as a significant factor in maintaining our AA+ Standard & Poor’s credit rating. This commitment was further demonstrated through the recent asset renewal and established areas strategy (AREAS) rate increase which continues to fund additional annual maintenance expenditure. Special Schedule 7 provides further information about the condition of these assets.

Plant and Equipment

Vehicles Purchased.....	127
Vehicles Sold.....	117
Plant items purchased	43
<i>Total value \$1.9m, and includes:</i>	
- Isuzu FTR900 Tipper.....	\$100,000
- Isuzu FRR 5T Tipper	\$119,000
- Hino Tipper 5T.....	\$121,000
- Londonderry RFS Tanker	\$246,000

Office Equipment

New Computer Purchases.....	\$318,000
Other Hardware and Systems.....	\$575,000

Buildings

Tamara Children’s Centre	
Upgrades.....	\$329,000
Penrith Library Upgrades	\$393,000
Glenmore Park Child and	
Family Precinct.....	\$457,000

Infrastructure

Road Dedications	\$2.05m
Drainage Dedications	\$605,000

Roadworks and Drainage

Total Roadwork / Drainage Works	
(excluding dedications)	\$8m
Drainage Works	
(excluding dedications)	\$526,000
Roadworks	
(excluding dedications)	\$7.5m

Includes:

Bus Shelters.....	\$86,000
Pathpaving.....	\$2.2m

Other Assets

Library Book Purchases	\$940,000
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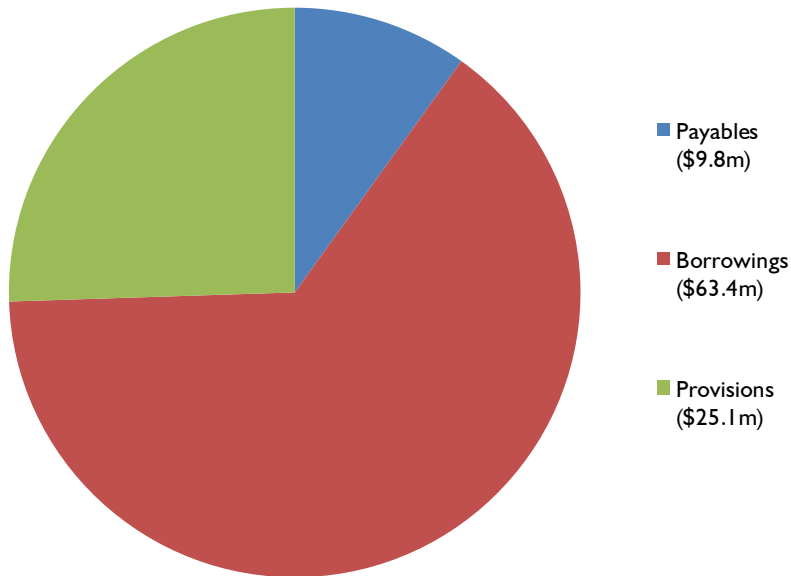


Liabilities

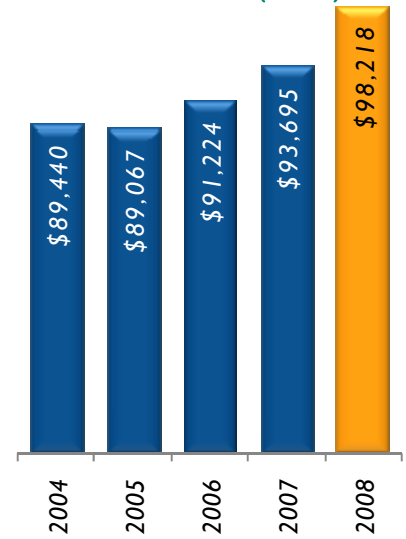
Summary

- Liabilities ▲ 4.8% to \$98.2m
- Borrowings ▲ \$5.6m to \$63.4m
- Payables ▼ by 16.5% to \$9.8m

Liabilities 2008



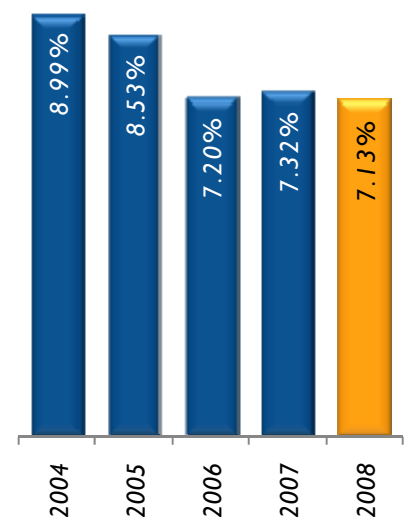
Total Liabilities (\$'000)



The Debt Service Ratio for 2008 was 7.13%. The Debt Service Ratio is a measure of the percentage of revenue (excluding capital grants and contributions and specific purpose operating grants and contributions) that is required to meet Council's annual loan repayments. The Debt Service Ratio indicator can be misleading if comparisons are made without understanding the underlying situation. Much of Council's recent additions to the loan portfolio have income streams to fund the loan repayments. Knowledge of the principal and interest components of loan payments, along with any revenue streams used to fund these repayments is therefore required if any comparison to other Councils is to be meaningful.

Total borrowings now stand at \$63.4m, an increase of \$5.6m since 2007. In addition to Council's annual borrowing program of \$3.2m to fund infrastructure works, \$7.69m was drawn to fund specific projects.

Debt Service Ratio (%)



Liability Item	2008 \$'000	2007 \$'000	% Change
Payables	9,759	11,691	(16.5)
Borrowings	63,406	57,757	9.8
Provisions	25,053	24,247	3.3
Total Liabilities	98,218	93,695	4.8

Total Borrowings

2008	\$63.4m
2007	\$57.8m
2006	\$56.8m
2005	\$52.0m
2004	\$54.1m

Controlled Entities

Council operates a number of controlled entities – Ripples Leisure Centre, Penrith Whitewater Stadium (PWS), and Penrith Performing & Visual Arts (PPVA). The financial results for these entities are consolidated with Council's operations to give the overall result for the year. The operating expenses, revenues, and resultant surplus/(deficit) reported below may vary slightly to those reported by the entities for 2008 as Council has made some adjustments for entries that occurred after the date that these figures were combined with Council's figures for 2007. In addition the result reported below for the Penrith Whitewater Stadium and Ripples are draft results only. This is due to delays in receiving audited results.

Each entity reports their results to Council on an annual basis. At this time, it is resolved that the operations of each entity are underwritten by Council until the next year's results are reported.

	PPVA (\$'000)	Ripples (\$'000)	PWS (\$'000)
Operating Expenses	3,088	3,523	2,393
Operating Revenues (Exlcuding Council's Subsidy)	1,474	2,796	2,491
Surplus / (Deficit) before Subsidy	(1,614)	(727)	98
Subsidy	1,422	790	-
Surplus / (Deficit) from Ordinary Operations	(192)	63	98
Capital Grants	-	-	-
Surplus / (Deficit)	(192)	63	98
Current Assets	579	(10)	358
Non-Current Assets	384	193	1,735
Total Assets	963	183	2,093
Current Liabilities	948	408	494
Non-Current Liabilities	66	-	1,582
Total Liabilities	1,014	408	2,076
Net Assets	(51)	(225)	17



Penrith Whitewater Stadium



Joan Sutherland Performing Arts Centre



Ripples Leisure Centre

Business Activity Reporting

Business activity reporting shows certain activities of Council in accordance with the National Competition Policy (NCP) guidelines. It attempts to portray the Financial Statements of these activities as if all taxes and commercial principles that applied to private enterprise were also applied to these activities.

It must be emphasised that the business activity report is based on a number of factors:

- *prescribed assumptions as to rates of return, taxes and other costs,*
- *the inclusion of assumed costs as if they were paid,*
- *a particular view of where the boundary between the activity and other Council operations should be drawn,*
- *the allocation of costs which are charged to other functions in first instance, and*
- *determination of the purpose for which each asset is owned, even though the purpose may be one of many joint purposes.*

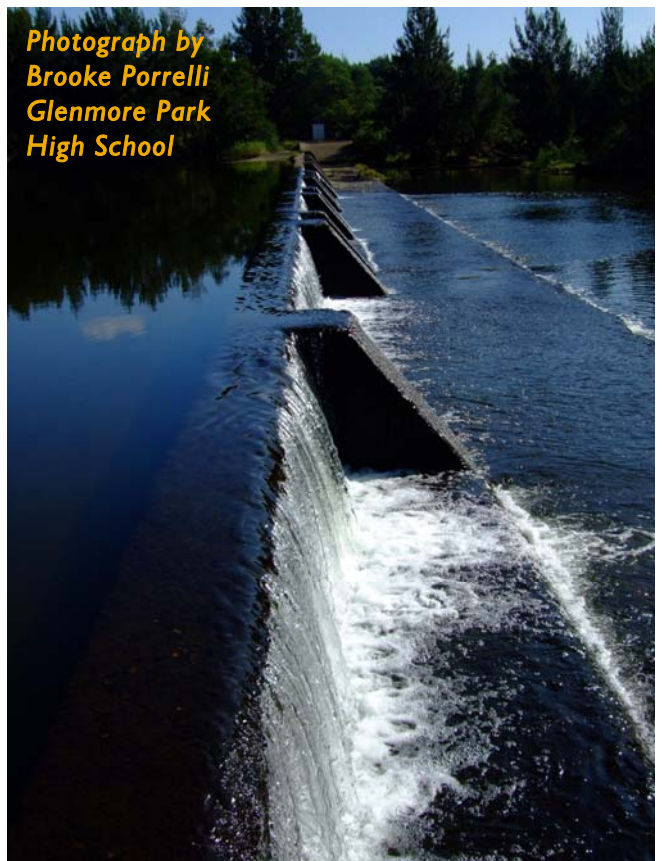
The reports also assume that each year can be separately taken and analysed. Where an activity has irregular revenue, great variations will be reported. Property Development may well show deficits in some years and large surpluses in others. This is because the property strategy results in varying sales from year-to-year.

In these statements all the businesses have generally been assumed to be operators and not owners of the applicable lands. This means for example, that Ripples is a business activity but the ownership of the land and building is outside the business activity. The business activity is then nominally charged a rental for use of the premises. The business activity reports show that if rentals, taxes and similar costs were charged some of the activities would then need a subsidy in order to pay these costs. As these costs are not charged, only assumed, the "Subsidy from Council" does not represent an amount actually paid or ever likely to be paid. It represents the difference between actual surplus and the assumed profit of a commercial operation.

An activity that is worthy of an individual comment is Property Development. The state of the real estate property market and the level of activity by Property Development will lead to significant variations in the reported profit from year to year.

Category 1 (turnover greater than \$2m)	2008 Surplus / (Deficit)	2007 Surplus / (Deficit)
Childrens' Services	(2,034)	(1,717)
Council Pools	(2,481)	(1,464)
Penrith Whitewater Stadium	145	(86)
Property Development	710	2,761
Penrith Performing & Visual Arts	(3,857)	(2,733)

Category 2 (turnover less than \$2m)	2008 Surplus / (Deficit)	2007 Surplus / (Deficit)
Cemeteries	(207)	(188)
Tennis Courts	7	(17)
St Clair Recreation Centre	(313)	(376)
Lemongrove Retirement Village	(411)	(228)
Halls	(255)	(265)
Contestable Services	159	(136)



Photograph by
Brooke Porrelli
Glenmore Park
High School