

CENTRAL TABLELANDS *Water*



Business Paper

Ordinary Meeting of Central Tablelands *Water*

14th February 2018

Blayney



9th February 2018

Notice to Members

Your attendance is requested at an Ordinary Meeting of Council to be held at the Blayney Water Filtration Plant, Blayney on Wednesday, 14th February 2018 at 10.30am. Morning tea will be served at 10.00am.

Agenda

1. Public Forum
2. Apologies for non-attendance
3. Leaves of absence granted
4. Confirmation of Minutes - Ordinary Meeting held on 13.12.17
5. Chairman's Minute
6. Councillor Representation
7. Notices of Motion
8. Reports of Staff
9. Adjourn Meeting and proceed into Committee of the Whole
10. Resume Ordinary Meeting & Report of Committee of the Whole
11. Next Meeting – Grenfell – 11th April 2018

Yours faithfully

G. Rhodes
General Manager

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HELD ON WEDNESDAY 14 FEBRUARY 2018

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01) FINANCIAL MATTERS (FM.BA.1)

(Peter McFarlane)

RECOMMENDATION:

1. That the information be noted.

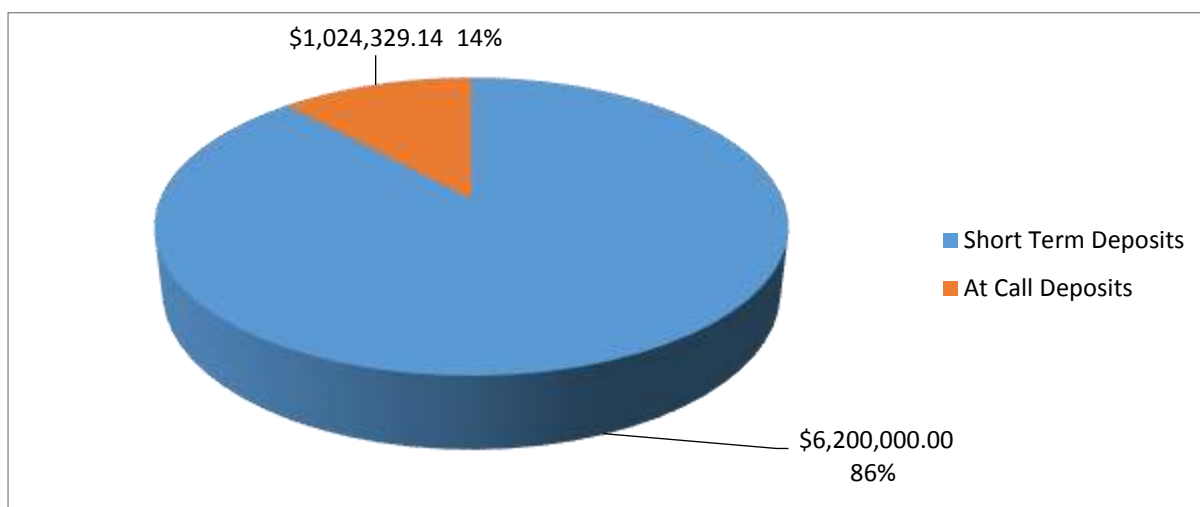
REPORT

Cash and Investments

The investment summary below represents Council’s total investments as at 31 January 2018 in accordance with clause 212 of the Local Government (General) Regulation 2005 and Section 625 of the Local Government Act 1993.

		Term (Days)	Rate	Maturity Date	% of Portfolio
Short Term Deposits	\$ 6,200,000.00				85.82%
Reliance Credit Union	\$500,000	180	2.70%	1/02/18	6.92%
Reliance Credit Union	\$500,000	180	2.70%	2/02/18	6.92%
Reliance Credit Union	\$500,000	180	2.70%	9/02/18	6.92%
RimSec - ING	\$500,000	245	2.62%	13/02/18	6.92%
AMP - Curve Securities	\$700,000	182	2.55%	5/03/18	9.69%
Reliance Credit Union	\$500,000	181	2.70%	12/03/18	6.92%
BOQ - Curve Securities	\$800,000	273	2.60%	24/04/18	11.07%
ME Bank - Curve Securities	\$500,000	151	2.50%	14/05/18	6.92%
BOQ - Curve Securities	\$500,000	182	2.55%	24/05/18	6.92%
BOQ - Curve Securities	\$700,000	182	2.55%	5/06/18	9.69%
AMP - Curve Securities	\$500,000	182	2.60%	30/07/18	6.92%
At Call Deposits	\$ 1,024,329.14				14.18%
Commonwealth Bank Cheque Account	\$ 146,552.43	At Call	1.35%	N/A	
Commonwealth Bank - BOS Account	\$ 877,719.89	At Call	1.40%	N/A	
Reliance Credit Union - Cheque Account	\$ 56.82	At Call	0.00%	N/A	
Total Value of Cash and Investments	\$ 7,224,329.14				100%

Cash and Investments By Type



BANK RECONCILIATION AS AT 31 JANUARY 2018

Balance as per Bank Statement	\$	1,024,329.14
Less: Outstanding Cheque	\$	0.00
Add: Outstanding Deposit	\$	127.50
Balance as per Cash Book	\$	<u>1,024,456.64</u>

GENERAL FUND

(a) Cash Book Balance	\$	1,024,456.64
(b) Bank Balance	\$	1,024,456.64

The above investments have been made in accordance with the Local Government Act 1993, the Local Government General Regulation 2005 and Council’s Investment Policy.

Peter McFarlane
 Director Finance & Corporate Services

Commentary on Investment Matters

The Reserve Bank held the cash rate at 1.5% at its recent meeting. Interest rates on short term investments were stable during the month with some institutions offering special rates to obtain more funding.

The expected increase in US interest rates has sparked some volatility across world share markets but the overall strength of economic growth within Australia is considered sound. Very low wage growth is however impacting on consumer capacity to increase spending.

Short term investments are expected to continue to offer some opportunities for good returns within the current market.

Council will seek to take advantage of those opportunities if funds are available for investment at the time.

Council's funds under investment are expected to fall over the course of the financial year as further payments are made for the contributions to the Orange/Carcoar Pipeline and construction works commence again on Trunk Main K.

BUDGET IMPLICATIONS

Council's interest returns have been tracking ahead of budget due to a higher average level of funds being invested. These higher returns will be reflected in Council's Quarterly Budget Review.

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

02) QUARTERLY BUDGET REVIEW STATEMENT – 31ST DECEMBER 2017
(FM.FR.1)

(Peter McFarlane)

RECOMMENDATION:

1. That the budget review statement for the quarter ended 31st December 2017 be accepted, and the variations therein be adopted.

REPORT

The Quarterly Budget Review (QBR) for the period ended 31 December 2017 is submitted for consideration by Council in accordance with clause 203 of the Local Government (General) Regulation 2005.

It is estimated that the original forecast operating budget surplus after capital amounts for 2017/2018 of \$127,503 is now estimated to be increased to \$249,307.

The major variations to the operational budget are detailed in the December 2017 QBR report, and are summarised as attached.

A significant variation was made to the Capital Budget to recognise the carryover of approximately 13.8kms of the Trunk Main K renewal to 2018/19. The unspent funds estimated to be \$2,900,000 will be returned to the Infrastructure Replacement restriction. Stage 3 of the project to complete construction of the 13.8kms will be carried over into the draft 2018/19 Capital Budget.

The adopted overall cash surplus of \$711,305 as originally estimated for 2017/2018 has now been revised to a surplus of \$733,109.

The most recent billing run for water sales was updated on the 7 February 2018. Water sales to date are tracking at around 72% of budget. On that basis an amendment to the water sales budget was not considered necessary at this review.

BUDGET IMPLICATIONS

As outlined in the report.

POLICY IMPLICATIONS

Nil

ATTACHMENTS

- 1 Quarterly Budget Review Statement - December 2017 7 Pages

Central Tablelands Water

Quarterly Budget Review Statement
for the period 01/10/17 to 31/12/17

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Central Tablelands Water

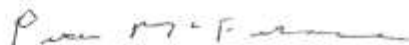
Quarterly Budget Review Statement
for the period 01/10/17 to 31/12/17

Report by Responsible Accounting Officer

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

It is my opinion that the Quarterly Budget Review Statement for Central Tablelands Water for the quarter ended 31/12/17 indicates that Council's projected financial position at 30/6/18 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed:



Date: 8/02/2018

Peter McFarlane
Responsible Accounting Officer

Budget Review Statement as at 31 December 2017

Council's Revised Income and Expenditure for the year 2017/2018

Original Budget	Operating Revenue	Revised Budget	Revised Budget
1,436,140	Availability Charges	1,436,140	
4,310,161	Water Charges	4,310,161	
113,000	Interest	128,000	
85,623	Other Revenues	185,623	
52,071	Grants & Subsidies	52,071	
101,580	Developer and Capital Contributions	141,580	
81,000	Gains on Disposal of Assets	81,000	
6,179,575			6,334,575
	Operating Expenses		
2,017,279	Employee Costs	2,007,279	
143,932	Borrowing Costs	143,932	
917,015	Materials & Contracts	910,403	
8,000	Legal Costs	8,000	
55,000	Consultants	103,508	
779,896	Other Expenses	781,196	
0	Loss on Sale of Assets	0	
2,130,950	Depreciation and Impairment	2,130,950	
6,052,072			6,085,268
127,503	Operating Result for Period After Capital	Surplus/(Deficit)	249,307
	Less Non-Operating Expenditure		
7,188,864	Aquisitions of Assets	4,388,864	
436,725	Repayment of Loans	436,725	
0	Transfer to Reserves - S64 Developer Charges	0	
716,583	Transfer to Reserves - Renewal Reserves	716,583	
0	Transfer to Reserves - ELE	0	
187,178	Water Pricing Increase @ 5%	187,178	
711,305	Transfer Estimated Budget Surplus/(Deficit)	733,109	
96,375	Transfer to Reserves - Plant	96,375	
59,897	Transfer to Reserves - DA	59,897	
9,396,927		1,793,142	6,618,731
(9,269,424)			(6,369,424)
	Add Non-Operating Revenue		
265,000	Book Value of Assets Sold	265,000	
-	Loan Funds Raised	-	
106,000	Transfer from Reserves - Plant	106,000	
30,610	Transfer from Reserves - ELE	30,610	
6,736,864	Transfer from Reserves - Renewals	3,836,864	
7,138,474			4,238,474
(2,130,950)			(2,130,950)
	Add Expenses not Involving Flow of Funds		
2,130,950	Depreciation		2,130,950
\$ -	Budget (Cash) Result Surplus/(Deficit)		\$ -

Quarterly Budget Review Statement
for the period 01/10/17 to 31/12/17

Central Tablelands Water
Income & Expenses Budget Review Statement

Budget review for the quarter ended 31 December 2017
Income & Expenses - Water Fund

	Original Budget 2017/18	Approved Changes		Revised Budget 2017/18	Variations for this Dec Qtr	Notes	Projected Year End Result	Actual YTD figures
		Other than by a QBR	Sep QBR					
Income								
Rates and Annual Charges	1,436,140			1,436,140			1,436,140	714,584
User Charges and Fees	4,310,161			4,310,161			4,310,161	1,966,855
Interest and Investment Revenues	113,000			113,000	15,000	1(a)	128,000	89,903
Other Revenues	85,623			85,623	100,000	1(b)	185,623	127,105
Grants & Contributions - Operating	52,071			52,071	40,000	1(c)	52,071	26,522
Grants & Contributions - Capital	101,580			101,580			141,580	111,707
Net gain from disposal of assets	81,000			81,000			81,000	-
Total Income from Continuing Operations	6,179,575	-	-	6,179,575	155,000		6,334,575	3,036,676
Expenses								
Employee Costs	2,017,279			2,007,279			2,007,279	884,956
Borrowing Costs	143,932	(10,000)		143,932			143,932	76,126
Materials & Contracts	917,015			917,015	(6,612)	2(a)	910,403	499,675
Depreciation	1,830,950			1,830,950			1,830,950	915,475
Impairment	300,000			300,000			300,000	-
Legal Costs	8,000			8,000			8,000	-
Consultants	55,000		37,000	92,000	11,508	2(b)	103,508	9,733
Other Expenses	779,896		15,000	794,896	(13,700)	2(c)	781,196	315,251
Interest & Investment Losses	0			-			-	-
Net Loss from disposal of assets				-			-	-
Total Expenses from Continuing Operations	6,052,072	-	42,000	6,094,072	(8,804)		6,085,268	2,701,216
Net Operating Result from Continuing Operations	127,503	-	(42,000)	85,503	163,804		249,307	335,460
Discontinued Operations								
Net Operating Result from All Operations	127,503	-	(42,000)	85,503	163,804		249,307	335,460
Net Operating Result before Capital Items	25,923	-	(42,000)	(16,077)	123,904		107,227	223,753

This statement forms part of Council's Quarterly Budget Review Statement (QBR) for the quarter ended 31/12/2017 and should be read in conjunction with the total QBR report

Central Tablelands Water

Quarterly Budget Review Statement
for the period 01/10/17 to 31/12/17

Income & Expenses Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes	Details
1 (a)	Council had higher average funds invested due to the deferral of the construction of additional stages of Trunk Main K together. The Council contribution for the Orange to Carcoar pipeline was subject to a revised cash flow cycle which enabled the payments to be deferred to later in the Financial Year. Both these factors have contributed to improving the investment returns.
1 (b)	As part of the funding arrangements for the Orange to Carcoar Pipeline , Council has incurred costs that have been met by Orange City Council from the Project Grant funding proceeds. The time and costs incurred by Council have significantly exceeded what was envisaged in the adopted budget. As these funds are applied to the Orange to Carcoar Pipeline project , there has been a corresponding increase in the capital budget to reflect this additional revenue.
1 (c)	New residential development has occurred in constituent areas serviced by Council and this has resulted in additional capital contributions being received.
2 (a)	The Audit Office have just advised the 2017/18 audit fee to Council which is \$28,900 (GST Exc). This was less than the amount allowed for in the 2017/18 adopted budget. The adopted fee represents a 14% increase over the 2016/17 fee. For comparative purposes it represents a 59% increase on the 2015/16 audit fee of \$18,215 which was the year prior to the NSW Audit Office being given legislative mandate to undertake Council audits.
2 (b)	For Financial Reporting purposes Council is required to undertake a revaluation of its Operational Land and Buildings during the 2017/18 year. Funding to undertake this task was not included in the adopted 2017/18 budget. Council participated in a Centroc competitive procurement process and the cost of the engagement will be \$11,508.
2 (c)	Council's general insurance premium renewals resulted in savings of around \$16,000. \$2,300 unbudgeted cost of was incurred in formatting Councils 2016/17 Annual Report in a format suitable for inclusion on Councils website.

Quarterly Budget Review Statement
for the period 01/10/17 to 31/12/17

Central Tablelands Water

Capital Budget Review Statement

Budget review for the quarter ended 31 December 2017
Capital Budget - Water Fund

	Original Budget 2017/18	Approved Changes		Revised Budget 2017/18	Variations for this Dec Qtr	Notes	Projected Year End Result	Actual YTD figures
		Sep QBRs	Dec QBRs					
Capital Expenditure								
New Assets								
- Plant & Equipment								
- Land & Buildings								18,375
- Asset Management System	80,000			80,000			80,000	
- Office Equipment	20,000			20,000			20,000	
- Wallaby Pipeline	35,000			35,000			35,000	3,272
Renewal Assets (Replacement)								
- Plant & Equipment	452,000			452,000			452,000	267,130
- Land & Buildings	10,000			10,000			10,000	2,018
- Water Supply Network								
Trunk Main 'K' Relocation	4,639,430			4,639,430	(2,900,000)	4 (a)	1,739,430	75,891
Pump replacements	46,350			46,350			46,350	24,731
Rural Scheme Replacement	18,810			18,810			18,810	
CTW/OCC Pipeline Project	1,887,274			1,887,274	100,000	4 (b)	1,987,274	771,307
Loan Repayments (Principal)	436,725			436,725			436,725	214,202
Total Capital Expenditure	7,625,589			7,625,589	(2,800,000)		4,825,589	1,376,926
Capital Funding								
User Fees & Charges Funding	436,725			436,725			436,725	214,202
Other Revenue					100,000		100,000	77,112
Capital Grants & Contributions								
Reserves:								
- External Restrictions/Reserves								
- Internal Restrictions/Reserves	6,842,864			6,842,864	(2,900,000)		3,942,864	944,251
New Loans								
Receipts from Sale of Assets								
- Plant & Equipment	346,000			346,000			346,000	141,361
- Land & Buildings								
Total Capital Funding	7,625,589			7,625,589	(2,800,000)		4,825,589	1,376,926
Net Capital Funding								

This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 31/12/2017 and should be read in conjunction with the total QBRs report

Central Tablelands Water

Quarterly Budget Review Statement
for the period 01/10/17 to 31/12/17

Capital Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes Details

4 (a) Stage 2 of the Trunk Main K renewal project is scheduled to commence in early March, 2018. This stage involved the construction of 7.6kms of pipeline. In addition to the 12.6kms that was completed in 2016/17, this will leave 13.8kms to be completed in 2018/19. Therefore \$2.90M of the 2017/18 approved budget of \$4.56M will not be required in 2017/18. These funds will be returned to Councils Infrastructure Renewal restriction. The funding to complete the remaining 12.6kms will be allocated in the 2018/19 operational budget.

4 (b) Additional Council resources have been allocated to the Orange to Carcoar Pipeline project. The adopted budget allocated \$25,000 to the project that was to be reimbursed to Council by Orange City Council from grant funds received from Restart NSW. Actual reimbursements to date have significantly exceeded that amount and are expected to continue during the pipeline commissioning phase of the project. Please refer to details of variation 1 (c) in relation to the Income and Expenditure variations.

03) FINANCIAL MATTERS – DEBT COLLECTION (FM.FR.1)

(Peter McFarlane)

RECOMMENDATION:

1. That the information regarding debt collection be noted.

REPORT

Collection of outstanding water access and user charges on a timely basis is critical for funding both Council's operations and capital programs. Council's outstanding water charges has trended as follows over the last few years.

<u>Financial Year</u>	<u>% Outstanding</u>
2014/15	2.67%
2015/16	4.20%
2016/17	4.28%

Whilst the ratio is acceptable by industry standards (<5%), the ratio has been trending upwards which has been to the detriment of Council's overall cash flow.

Council has a debt recovery policy that has been applied since May 2016. This policy has various mechanisms that can be used to recover debts due to Council. This includes, the issue of reminder notices, use of restriction devices, disconnection and legal action. Council has used each method successfully over the years.

Council staff have been reviewing the outstanding account listing in conjunction with its debt collection agent, Outstanding Collections. It has been ascertained that some debts have been outstanding for a number of years. A small number of large accounts totalling around \$17,000 have been identified. These accounts have a long history of various forms of debt collection action without a successful recovery.

Council's debt collection agent has advised that consideration should be given to holding a Section 713 sale of land for unpaid water charges. Section 713 of the Local Government Act 1993 allows Council to sell any land (by public auction) where any rate or charge has remained unpaid for at least 5 years. The accounts to be considered for that action satisfy that criteria.

Central Tablelands Water is working with its constituent Councils and its debt collection agent with a view to holding a sale later in 2018. Some of the debtors involved also have outstanding general rates and other charges with the constituent Councils. The economies that could be obtained by holding a common sale and sharing the costs with the constituent Councils is potentially substantial. It may also present an opportunity to attract a greater pool of potential buyers.

There is quite a number of regulatory steps involved before a sale can be held and discussions will continue with the constituent Councils to assess if such a sale is the best way forward for all Councils.

A further report may be presented to Council with a recommendation to proceed down this path following more collaboration between all parties.

BUDGET IMPLICATIONS

Council's cash flow and investment income are enhanced as debts are recovered.

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

04) INTEGRATED PLANNING & REPORTING REQUIREMENTS (GO.PR.1)

(Gavin Rhodes)

RECOMMENDATION:

That Council:

1. Approve the proposed IP&R Program, key timelines, activities and workshops, including the postponement of the April Council meeting from 11 April 2018 to 2 May 2018;
2. Agree on the date for the Strategic Business Plan Review Workshop with Councillors in March 2018, and
3. Provide the support and resources to the General Manager to ensure this project is completed on time and Council achieves compliance with the OLG requirements for IP&R.

REPORT**Background:**

Council is required to have a range of planning and resourcing strategies in place to comply with:

- the Office of Local Government Integrated Planning and Reporting Framework
<https://www.olg.nsw.gov.au/councils/integrated-planning-and-reporting/process/requirements-county-councils>
- Department of Industry – Water NSW Water and Sewerage Strategic Business Planning Guidelines
http://www.water.nsw.gov.au/_data/assets/pdf_file/0004/549652/utilities_nsw_water_sewerage_strategic_planning_guidelines.pdf

In developing these plans and resourcing strategies, Council is also required to comply with various sections of the **Local Government Act**:

LOCAL GOVERNMENT (GENERAL) REGULATION 2005 - REG 219

Business activity strategic plan of county council

219 BUSINESS ACTIVITY STRATEGIC PLAN OF COUNTY COUNCIL

- (1) A business activity strategic plan is a plan developed and endorsed by a county council that:
- (a) identifies the main business activity priorities of the council covering a period of at **least 10 years** from when the plan is endorsed, and
 - (b) establishes strategic objectives together with strategies for achieving those objectives, and
 - (c) has been developed having due regard to the **community strategic plans** of the county council's constituent councils and in consultation with those councils.
- (2) Following an ordinary election of councillors for the constituent councils of a county council, the county council must review the business activity strategic plan before 30 June following the election. The council may endorse the existing plan, endorse amendments to the existing plan or develop and endorse a new business activity strategic plan, as appropriate to ensure that the council has a business activity strategic plan covering at least the next 10 years.
- (3) Within 28 days after a business activity strategic plan is endorsed, the council must post a copy of the plan on the council's website and provide a copy to the Director-General. A copy of a business activity strategic plan may be provided to the Director-General by notifying the Minister of the appropriate URL link to access the plan on the council's website.

Additionally, Council must take into account the strategies and service levels of their constituent councils, as well as any major regional infrastructure planning (eg Water Security Pipeline) as outlined:

LOCAL GOVERNMENT ACT 1993 - SECT 394

County councils to consider regional strategies

394A COUNTY COUNCILS TO CONSIDER REGIONAL STRATEGIES

A county council must, when exercising its functions, take into account any strategic regional priorities and other plans, programs, strategies and policies of a joint organisation that apply to any relevant part of the county council's area of operations or that are relevant to the county council's operational functions.

COMPARISON OF THE COMPONENTS OF THE TWO FRAMEWORKS:

The structure and components of the two frameworks are very similar and compliance with one should result in compliance with the other. (with due consideration of the additional plans within the Water Best Practice Guidelines specific to water authorities)

OLG/IPR REQUIREMENT	DPI-WATER STRATEGIC BUSINESS PLAN REQUIREMENT
Community Strategic Plan	Strategic Business Plan (having regard to the strategies and directions outlined in the constituent member councils CSP and DP)
4 year Delivery Plan	Service Delivery strategy and Customer Service Plan
1 year Operational Plan	
Workforce Management Plan (4 year)	Workforce Plan
Asset Management Plan (10 year)	Total Asset Management Plan (30 year)
LTFP (10 year)	Partly in TAMP but also in the Financial Plan section

Council is required to submit to Office of Local Government **by 30 June** the following:

- Strategic Business Plan
- 4 Year Delivery Plan
- 1 Year Operational Plan
- Workforce Management Plan
- Total Asset Management Plan
- 10 Year Long Term Financial Plan.

Each of these plans have different review requirements as outlined:

PLAN	STATUS AND REVIEW REQUIREMENT
Strategic Business Plan (SBP)	<p>The current Plan was adopted in 2015 following consultation with constituent councils.</p> <p>Requires update and review.</p> <p>The Councillors will need to work through the current priorities in the SBP and the 4 Year Delivery Plan which will occur in a Councillor workshop during March (date proposed is 14 March)</p>
4 Year Delivery Plan	<p>A new plan must be developed and adopted by Council. There are currently 5 “Future Directions” and 27 Strategic Outcomes which relate to the old CSP and constituent CSP’s.</p>

	The plan needs a major review and consolidation and should form part of the strategic review that should be conducted by the Councillors
1 Year Operational Plan (18/19)	A new plan must be developed and adopted by Council
Workforce Management Plan	The current plan was for the period 2012-16 so is now out of date and will require a new plan to be developed.
Assets Plan	<p>A 30 year Assets Plan was developed and adopted in 2015. This should still satisfy the requirements of DPI – Water (which require a 30 year plan) as well as OLG who require a 10 year plan aligned with the LTFP, an assets policy and strategy.</p> <p>However, the capital works program will require a detailed update and the Councillors will need to consider this (as it will have flow on impact to the financial planning documents)</p>
Long Term Financial Plan (10 year)	There is a current LTFP for 2017-2027 but this will require a review and update pending any changes or additions to Councils financial reporting, particularly the capital works component.

There are also a number of other plans required as part of the NSW Water/DPI Best Practice Guidelines that CTW currently have in place but which will require a major review in the next 12-18 months. These include:

- Integrated Water Cycle Management
- Drinking Water Quality Management
- Environmental Management
- Demand Management
- Drought Management
- Developer Servicing Plan

This will require the engagement of specialist consultants to assist council with this review and funding will need to be included in the 18/19 budget for this.

Plan and Key dates to achieve compliance

The following plan outlines the key activities and timelines to ensure Council meets the 30 June submission date. There is a significant amount of work to be done by staff to review and develop a new suite of plans. **Councillors are also required** to commit time to complete a high level strategic review which may include a review of service levels, fees and charges and overall strategic priorities

Additionally, CTW needs to engage with our constituent Council members to ensure that the CTW Strategic Business Plan has been developed “*having due regard to the **community strategic plans** of the county council's constituent councils and in consultation with those councils.*” (Local Government Act 1993)

DATE	ACTIVITY	ATTENDANCE REQUIRED BY
14 February	CTW Council meeting <ul style="list-style-type: none"> - Adopt this report and approve the project plan to achieve compliance 	CTW Councillors and Snr Staff
26 February	Internal Staff Meeting – Project Planning work to be completed on each of the plans, agreeing on key dates, resource requirements	GM, Directors, Assets Officer and Operational Managers
14 March <i>(date and venue to be confirmed)</i>	Review of Strategic Business Plan (SBP) and Delivery Program Half day workshop with Councillors to review the current SBP and Delivery Plan and to consolidate the strategies and actions	Councillors and Snr Staff Facilitated by Consultant
11 April	IP&R Planning Workshops (replacing the scheduled Council meeting) This would be an all day workshop with two sessions: <ol style="list-style-type: none"> 1. Morning Session – Presentation of the draft IPR Plans including the SBP, Delivery Plan, Operational Plan and Budget for 18/19 2. Afternoon Session – Engagement with Constituent Councils The purpose of this session will be to: <ul style="list-style-type: none"> - Present draft CTW Strategic Business Plan - Discuss any issue the Member Councils wish to raise regarding service delivery, levels, and strategic direction - Consider convening a “Futures Workshop” for later in 2018 to discuss and plan for water security and delivery not only for the current CTW member councils but the wider region (concept ideas at this stage) 	Councillors and Snr Staff (all day) Afternoon session to include the Mayors, General Managers and Directors of Technical Services from Weddin, Cabonne and Blayney Councils.

12- 24 April	Adjustments to plans and preparation of final draft	General Manager and Snr Staff
2 May	CTW Council meeting (the meeting postponed from April) - Approve final draft of all plans ready for Public Exhibition	Councillors and Snr Staff
7 May to 1 June	Plans on exhibition	General Manager
4 – 6 June	Make any amendments to plans resulting from exhibition period, and prepare report for Council	General Manager
13 June	CTW Council Meeting - Adopt final plans	Councillors and Snr Staff
22 June	Submit plans to Office of Local Government and place on Council website	General Manager

**CTW Councillors responsibilities/involvement highlighted in bold*

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

05) JOINT ORGANISATION UPDATE (CM.CF.3)

(Gavin Rhodes)

RECOMMENDATION:

1. That Council note the report.

REPORT

The information below has been provided by the Executive Officer of Centroc, Ms Jenny Bennett regarding an update on Joint Organisations:

“On Friday 3 November a media release was issued from the Deputy Premier and Minister for Local Government. <http://www.olg.nsw.gov.au/content/joint-organisations-strengthen-regional-nsw>.

Further advice from the Director of Reform Implementation 8 November is below and shows that member Councils must approve a JO proposal to be lodged with the OLG 28 February 2018.

The Centroc Board met 23 November 2017 and gave consideration to becoming a JO. Included in its considerations was legal advice. Please request past reports and attachments. The Centroc Board subsequently resolved as follows:

- 1. Support in principle Joint Organisation legislation;*
- 2. Seek an extension of time for Councils to opt in to allow for the development of the regulations; and*
- 3. Invite the Office of Local Government to present to the region as soon as possible.*

Mr Chris Presland of the Office of Local Government made a presentation on Joint Organisations to the region Tuesday 12 December 2017. Attendees at the meeting were from all Centroc Councils with the exception of Lithgow. Feedback from attendees was generally positive about the opportunity to leverage becoming a member of a Joint Organisation with a boundary similar to that of Centroc. Attendees were in agreement that the Joint Organisation would offer a better structural arrangement than a Section 355 Committee of Forbes Shire Council as is current with Centroc.

The disappointment of Centroc members was expressed at the presentation Tuesday 12 December regarding the lack of clarity due to the Regulations for Joint Organisations not being developed. It is understood that the Office of Local Government will commence consultation on the Regulations in February 2018. The region has sought advice particularly with regard to any liability of the Joint Organisation being extended to member Councils. Mr Presland agreed to undertake and follow-up both in this regard and in relation to enabling aggregated procurement. At the time of writing no further advice has been provided by the Office of Local Government where Mr Presland was on leave until 29 January 2018.

At the time of writing advice regarding the extension will be provided to the Executive given recent feedback from the Office of Local Government on timelines and the

feedback from the meeting 12 December 2017 that the region should be able to meet the 28 February deadline.

Consultation regarding membership

Direction from the Office of Local Government is that full members of a Joint Organisation must fall into a regional planning area. Centroc members share a planning boundary with Orana Regional Organisations of Councils (OROC).

Advice from OROC is that there is no interest in forming a Joint Organisation with any Centroc members, rather they have State permission to include Councils in the Far West in their JO.

Centroc members agreed at the workshop Tuesday 12 December to recommend to members they proceed with JOs with the membership of Centroc within the planning boundary. That is Bathurst Regional Council, Blayney Shire Council, Cabonne Council, Cowra Shire Council, Forbes Shire Council, Lachlan Shire Council, Lithgow City Council, Oberon Council, Orange City Council, Parkes Shire Council and Weddin Shire Council.

Associate members will be at the discretion of the membership and developed as part of the Charter. The Charter will be developed subsequent to the Proclamation of the Joint Organisation and advice from the Office of Local Government is that it will be similar to the Charter developed during the Pilot period.

Financial implications

The Office of Local Government has advised that there is \$3.3m available in seed funding to establish JOs across NSW. Also, the Office of Local Government provides advice that Councils that are members of Joint Organisations will be able to take advantage of investment opportunities that are delivered through the Joint Organisation. It is noteworthy that Centroc was recently successful in December 2017 in securing a 100% funded \$1.08m bridge assessment program with other grant applications informed by member priority through project teams in energy, water and tourism being lodged or underway.

Effecting becoming a member of a Joint Organisation

The Office of Local Government has provided Councils with guidance regarding becoming a member of a Joint Organisation. This includes the resolve as printed above and filling in an online form. The online form included seeking advice regarding a name and advice on any non-financial support required to ensure the Joint Organisation proposal is successful.

Name

The preferred name for the Joint Organisation of Councils is suggested as “Central NSW Councils Joint Organisation.” This name builds on the location of the region in Central NSW, its history as a Regional Organisation of Councils and emphasises its function as a collaboration of Councils.

Non-financial support required to ensure the Joint Organisation proposal is successful

The following non-financial support would be useful in ensuring the success of Joint Organisations:

- Optimising aggregated procurement for Joint Organisations;*
- Dedicated resource in the Office Of Local Government for Joint Organisations including collaboration between Joint Organisations;*
- Support for a JO Chairs Group with dedicated access to Ministers and senior bureaucrats;*
- Giving consideration to the role of JOs in the funding and strategic framework;*
- Standardised tools for prioritisation, communication, etc; and*
- Minimising the devolution of State agency roles to the JO.*

JO Status in NSW

Councils across the State are discussing and resolving their inclusion or otherwise in JOs. It is understood that the following is the current status:

- Illawarra, Hunter, SEROC, Namoi, the New England and Councils up the north coast are joining JOs. The exception is Wingecarribee, who are giving consideration to their position given their proximity to Sydney where JOs are not an option. The topic of discussion for many Councils is which JO not whether or not to join.*

- RAMROC and REROC have three options before them on the composition of JOs. Again the discussion is which JO not whether to join one or not. For example Snowy Valley Council has resolved to open discussion with the following Councils with a view to joining a JO along the Hume:*

a) Wagga Wagga City

b) Albury City

c) Junee Shire

d) Lockhart Shire

e) Greater Hume Shire

f) Cootamundra-Gundagai Regional

- OROC has some issues with some Councils saying ‘subject to Dubbo’ and Dubbo not declaring its hand. Mid Western and other OROC Councils have joined. Brewarrina has resolved not to join any JOs.*

- Far Western Councils surrounding Broken Hill are looking at a JO as the Minister has given them permission to do so.*

- At the time of writing Lachlan and Parkes have resolved to join a JO along Centroc subregional planning boundaries. Other Centroc members have advised that reports will be going to February meetings where the mood is generally positive.*

- On 22 January Lithgow City Council resolved not to join a JO. At the time of writing Brewarrina and Lithgow are the only Councils in NSW to have resolved in this way.*

While Lithgow has resolved not to take part, the feedback from the General Manager, Mr Graeme Faulkner, is that the door is open for positive discussion. At the time of writing, the Chair, Deputy Chair and Past Chair are giving consideration to a potential positive approach to Lithgow.

Given the direction of Councils around the State, there is no change to the current direction recommended.”

Noting the JO update above, Central Tablelands Water as a county council will be eligible to join the JO as an associate member at the discretion of the JO membership, which will be considered during the development of the JO Charter. The Charter will be developed subsequent to the Proclamation of the Joint Organisation and advice from the Office of Local Government is that it will be similar to the Charter developed during the JO Pilot period.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

06) INNOVATION FUND (CM.ES.3)

(Gavin Rhodes)

RECOMMENDATION:

1. That Council note the report.

REPORT

As reported at the June 2017 Council meeting, Central Tablelands Water partnered with Blayney Shire Council to submit a funding application for the NSW Government's Innovation Fund. The joint application was titled "*Blayney Alliance Regional Renewable Energy Strategy Project*" and was successful in receiving \$183,281 of funding.

The NSW Government's Innovation Fund worth \$4million aims to help small councils in regional NSW overcome some of the challenges they face in supporting their communities and maintaining quality local services. The one-off grants are provided to help councils develop new ideas or innovative ways of working and improve their performance to benefit their local communities.

The aim of the Blayney Alliance Regional Renewable Energy Strategy Project is to assist in reducing the climate change impact on the environment, whilst at the same time providing energy efficiencies and operational cost savings for both organisations.

CTW is currently in the process of finalising an Energy Audit which will identify potential sites that will benefit from renewable energy options such as solar and the use of battery storage. These potential sites include the administration office, depots and filtration plants. A visual inspection of CTW sites was undertaken by Skillset Environment on 8 February 2018 with the final Energy Audit Report expected by the end of February 2018.

CTW's share of the joint project budget summary is outlined below.

Budget Summary:

CTW Innovation Funding	\$23,000
CTW's financial co-contribution	\$10,000
<u>CTW's in-kind co-contribution</u>	<u>\$ 3,000</u>
Total CTW Project Cost	\$36,000

All funding associated with the Innovation Fund is to be expended by 30 June 2018.

BUDGET IMPLICATIONS

CTW's financial co-contribution was approved in the September 2017 QBRS.

The in-kind contribution from CTW staff includes project management, staff training, administration and financial control.

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

07) REGIONAL WATER SECURITY PIPELINE PROJECT UPDATE (WS.AM.1)

(Gavin Rhodes)

RECOMMENDATION:

1. That the information be noted.

REPORT

In 2015, Central Tablelands Water (CTW) agreed to proceed with the Regional Water Security Pipeline Project. The project aims to improve water security and contingency through the connection of CTW and Orange City Council (OCC) water systems.

Pre-commissioning commenced in January, with commissioning and demonstration and training scheduled to take place across February and March 2018.

The General Manager would like to acknowledge the tireless efforts of CTW's Water Network Manager, Water Quality Manager, Water Treatment and Operational staff during the pre-commissioning and commissioning process thus far. Their skills and professionalism have been clearly displayed during this demanding and vital pre-acceptance stage, whilst simultaneously continuing to deliver a high quality water supply to CTW's consumers during the peak summer period.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

08) TRUNK MAIN K RENEWAL (WS.AM.1)

(Gavin Rhodes)

RECOMMENDATION:

1. That the information be noted.

REPORT

Trunk Main K supplies Grenfell with water from the Central Tablelands Water (CTW) system. Built in 1946, Trunk Main K stretches across 34 kilometres from Gooloogong to Grenfell. The pipeline is cast iron, and while the main has reliably delivered water to the town of Grenfell for the last 70 years, there are some areas of the pipeline that are beginning to fail. The Capital Works budget for replacement of Trunk Main K is \$6,182,364 extending across the 2015/16 – 2017/18 financial years.

Stage 1 construction 12.6km pipeline between McDonald's Lane pump station and Grenfell North Reservoir, was completed in June 2017. Stage 2 construction was due to commence in August 2017, however, was delayed owing to the CTW resources required during construction of the Regional Water Security Pipeline Project with Orange City Council.

As the commissioning of the Water Security Pipeline Project has now commenced and continues to draw upon CTW staff resources, Stage 2 of the Trunk Main K Project will now commence on 5th March 2018. Owing to land use during the autumn and winter months along the pipeline route, it is likely that a third stage will be required in the 2018/19 financial year to complete the replacement. This will not prevent commissioning and operation of Stage 1 and Stage 2 in 2018.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

09) SAFE & SECURE FUNDING EXPRESSION OF INTEREST FUNDING SUBMISSION (GR.SL.2)

(Gavin Rhodes)

RECOMMENDATION:

1. That Council note the report.

REPORT

As reported at the December 2017 Council meeting, the NSW Government announced in June 2017 the Safe and Secure Water Program targeting water and sewerage projects in regional NSW to ensure infrastructure meets contemporary standards for water security, public health, environmental and safety outcomes into the future. The Program provides co-funding to successful applicants for water and sewerage infrastructure.

On 27th November 2017, CTW submitted an Expression of Interest (EOI) for 50% funding for construction of a 12 ML reservoir at Carcoar Water Treatment Plant and completion of Trunk Main K. The construction of a 12 ML reservoir at the head of the network would enable CTW to provide contingency across the broad CTW network during normal operations as well as during emergencies, where regional linkages may be operated.

The General Manager has been advised by the Safe & Secure Water Program that CTW's EOI was assessed at a Technical Review Panel meeting held 6 February 2018. Notification of the assessment outcome is expected by mid-February 2018.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

10) MAINTENANCE OF COUNCIL'S SYSTEMS (WS.MO.4)

(Gavin Rhodes)

RECOMMENDATION:

1. That the information be noted.

REPORT

a) *Meter Reading*

The third meter read for the 2017/18 financial year commenced on 11th January 2018 at Blayney and was finalised on 2nd February 2018 at Eugowra.

b) *Meter Change Program*

The meter change program continued throughout the County area with four meters replaced that were reading over 7,500kLs.

c) *Water Filtration Plants*

A control actuator was designed and built for the Carcoar Water Filtration Plant. It will be installed in the near future.

d) *Pump Stations*

A new pump was installed at the Polona Street Pump Station in Blayney.

e) *Drinking Water Management System (DWMS)*

NSW Health are currently providing funded assistance for the development of various formal procedures for CTW's DWMS. These procedures include the recommissioning of bores, operations and maintenance manual for rechlorination facilities, and incident responses affecting water quality.

f) *Trunk Mains*

Inspections were carried out on Trunk Mains B, C, D, G, L, V and X over the past 2 months.

g) *Hydrants*

Inspections were carried out on hydrants throughout all towns of the CTW supply network over the past 2 months.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

11) PERFORMANCE OF COUNCIL'S SYSTEMS (WS.MO.4)

(Francis Dorman)

RECOMMENDATION:

1. That the information be noted.

REPORT

a) Main Breaks

The main failures recorded during the past two months are listed in the table below.

	Location	Date	Size	Comment
Blayney	Hill St	12/12/2017	300mm	DNR
	Frape St	8/1/2018	100mm	R&RP
	Queen St	10/1/2018	100mm	R&RP
	Hills Ln	15/1/2018	100mm	R&RP
Canowindra	Tilga St	30/1/2018	75mm	DNR
Carcoar	Naylor St	27/12/2017	100mm	DNR
Manildra	Orange St	12/12/2017	100mm	DNR
Mandurama	Mid Western Hwy	29/12/2017	225mm	R&RP
	Trunk Main B	21/1/2018	250mm	R&RP
	Mandurama / Neville Rd	1/2/2018	100mm	DNR

b) Service Complaints and Requests

A summary of service complaints and requests received for the last two months are as follows:

Row Labels	Count of Town/Village
BLAYNEY	27
BURST METER	1
LEAKING METER	14
LEAKING SERVICE	4
MAIN BREAK	1
METER NOT SHUTTING OFF	3
QUALITY COMPLAINT	2
RESTORATION WORK	1
STOP VALVE FAILURE	1
CANOWINDRA	17
LEAKING METER	4
LEAKING SERVICE	8
LOW PRESSURE	1
MAINTENANCE - GENERAL	1
NO WATER COMPLAINT	1

PATHCOCK FAILURE	1
QUALITY COMPLAINT	1
CARCOAR	2
HYDRANT LEAKING	1
MAIN BREAK	1
CUDAL	3
LEAKING METER	1
LEAKING SERVICE	2
EUGOWRA	5
LEAKING METER	1
LEAKING SERVICE	3
METER NOT SHUTTING OFF	1
GRENFELL	5
BURST METER	1
LEAKING SERVICE	3
METER NOT SHUTTING OFF	1
LYNDHURST	1
METER NOT SHUTTING OFF	1
MANDURAMA	1
MAIN BREAK	1
MANILDRA	1
HYDRANT LEAKING	1
MILLTHORPE	4
LEAKING METER	1
MAIN BREAK	2
METER NOT SHUTTING OFF	1
QUANDIALLA	1
LEAKING METER	1
Grand Total	67

c) Lake Rowlands

The level of Lake Rowlands has decreased from 89% (01.12.17) to its present level of 84% (01.02.18).

d) New Water Services

During the past two months there have been three new domestic water services connected to Council's mains.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

12) QUESTIONS ON NOTICE

(Gavin Rhodes)

No questions on notice were received.

ATTACHMENTS

Nil

13) WATER LEAKAGE – ACCOUNT 273030007(CR.EQ.1)

(Gavin Rhodes)

RECOMMENDATION:

That, as these matters deal with items that are subject to the affairs of an individual and confidentiality, Council consider it in Committee of the Whole and that in terms of Sections 10A (2) of the Local Government Act, the press and the public be excluded from the meeting of the Committee of the Whole.

ATTACHMENTS

Nil

14) **PROCEED TO COMMITTEE OF THE WHOLE**

(Gavin Rhodes)

RECOMMENDATION:

1. That, as business for the Ordinary Meeting has now concluded, Council proceed into Committee of the Whole to discuss the items referred to in the report.

Council should exclude the press and public at this point, for confidential discussion on the items referred to Committee

ATTACHMENTS

Nil

15) **REPORT OF THE COMMITTEE OF THE WHOLE**

(Gavin Rhodes)

RECOMMENDATION:

1. That the recommendations of the Committee of the Whole be adopted.

ATTACHMENTS

Nil