

CENTRAL TABLELANDS Water



Business Paper

Ordinary Meeting of Central Tablelands Water

21st October 2015

Central Tablelands Water

Blayney



16 October 2015

Notice to Members

Your attendance is requested at an Ordinary Meeting of Council to be held at the Blayney Shire Council on Wednesday, 21 October 2015 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 19.08.15
5. Chairman's Minute
6. Election of Chairman and Deputy Chairman
7. Council Committees
8. Meeting Times and Dates
9. Presentation of Annual Financial Statements by John O'Malley
Intentus
10. Reports of Staff
 - Corporate & Financial Services
 - Engineering & Operational Services
11. Adjourn Meeting and proceed into Committee of the Whole
12. Resume Ordinary Meeting & Report of Committee of the Whole
13. Next Meeting – Canowindra 9th December 2015

Yours faithfully

G. Rhodes
General Manager

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HELD ON WEDNESDAY 21 OCTOBER 2015

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01) Election of Chairman and Deputy Chairman (GO.CO.2)

(Gavin Rhodes)

RECOMMENDATION:

1. That Council adopt the ordinary voting system for election of Chairman and Deputy Chairman.

REPORT

The Local Government Regulations (Sch 8 Parts 1&2) state that ‘an election for chairperson of a county council is to be held: (a) at the first meeting of the county council after an ordinary election of members of the county council, and (b) at the first meeting of the county council after each anniversary of that ordinary election until the next ordinary election of members of the county council is held.’

The procedures for election of the Chairman and Deputy Chairman can be summarised as follows:

- nominations are to be announced and elections are to be conducted at the same council meeting.
- a nomination is to be made in writing by 2 or more councillors, one of who may be the nominee.
- Council must resolve that the election proceed by preferential ballot, ordinary ballot or open voting.
- preferential ballots and ordinary ballots must be secret ballots.

Nomination forms are enclosed with the business paper. Nominations can be made at the meeting, prior to the conduct of elections.

Council has in the past opted to use the ordinary voting system for election of both Chairman and Deputy Chairman.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

02) Council Committees (GO.CO.2)

(Gavin Rhodes)

RECOMMENDATION:

1. That Council confirm the Audit Committee comprise of the Chairman (or delegate), two (2) external independents, the General Manager as an observer, and the Director Finance and Corporate Services assuming the role of Secretariat to the Audit Committee (responsible for the coordination of the audit committee, functions and processes).

REPORT

Council has only 1 constituted committee, namely, the Audit Committee and is represented by the Chairman and General Manager on the Centroc and WBC Alliance Boards.

Audit Committee

On 10 August 2011, Council resolved that membership of the Audit Committee, as outlined in the Audit Committee Charter, be amended to comprise of the Chairman (or delegate), two (2) external independents, the General Manager as an observer, and the Director Finance and Corporate Services assuming the role of Secretariat to the Audit Committee (responsible for the coordination of the audit committee, functions and processes).

Centroc Board and WBC Alliance Board

The Centroc and WBC Alliance boards meet three or four times a year and are represented on the boards by the Chairman and General Manager.

Both board meetings are generally full morning meetings and are followed by lunch.

WHS/Risk Management Committee

The General Manager intends to form an internal WHS/Risk Management Committee by the end of the year. This WHS/Risk Management Committee will have representation from Senior Management, Management, Operational and Administration Staff. This committee will report to the General Manager and Audit Committee.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

03) Meeting Times and Dates (GO.CO.2)

(Gavin Rhodes)

RECOMMENDATION:

1. That Council hold its ordinary meetings on the 2nd Wednesday of alternate months, as follows:

Wednesday	9 th December 2015	-	Canowindra
Wednesday	10 th February 2016	-	Grenfell
Wednesday	13 th April 2016	-	Blayney
Wednesday	8 th June 2016	-	Canowindra
Wednesday	10 th August 2016	-	Grenfell
Wednesday	12 th October 2016	-	Blayney
2. Council consider the Draft Operational Plan and Budget at the April ordinary meeting each year.

REPORT**Special Meetings**

Council has held special meetings as determined by Council, or call of the Chairman, by giving 5 days written notice, or such shorter notice as emergency circumstances dictate.

Ordinary Meetings

Council has previously held its ordinary meetings on the 2nd Wednesday of alternate months, as follows:

February	-	Grenfell
April	-	Blayney
June	-	Canowindra
August	-	Grenfell
October	-	Blayney
December	-	Canowindra

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

04) Strategic Business Plan (FM.PL.2)

(Gavin Rhodes)

RECOMMENDATION:

1. That, following the statutory period of public exhibition, Council formally adopt the draft 2015 Strategic Business Plan, as endorsed at the August 2015 meeting of Council.

REPORT

At its August 2015 meeting Council resolved to 'endorse the draft Strategic Business Plan 2015 as presented and place it on public exhibition for a period of 28 days and, subject to any amendments that may result from submissions received, proceed to adopt the draft Plan at its meeting in October 2015'.

The General Manager can report that there have been no submissions received and, therefore, Council can now proceed to formally adopt the draft 2015 Strategic Business Plan.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

05) Intentus - Interim Audit Management Letter Y/E 30/06/2015 (CM.AU.1)

(Gavin Rhodes)

RECOMMENDATION:

1. That the information be noted.

REPORT

Following completion of the interim audit review for the year ended 30 June 2015, Council's auditors Intentus have issued their interim management letter to the General Manager.

The auditors state in the letter that *"Generally, our audit confirmed that the financial management, procedures and systems have been controlled effectively in a manner relevant to Council's structure and resources. In the course of our review, one matter was noted which we have outlined in the attached audit memorandum to provide Council an opportunity to strengthen its internal control environment."*

All matters raised by the auditors have been addressed by Senior Management.

A copy of the auditor's letter is attached.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

- 1 Interim Audit Letter - Intentus 7 Pages



The General Manager
Central Tablelands Water
PO Box 61
BLAYNEY NSW 2799

FM I 120

RECEIVED

11 JUN 2015

File No: CM-AU-2

Refer to: Case/Record

Noted.

for 12/6/15

mu

Matters arising were discussed with yourself at the completion of our visit.

The purpose of our visit is to obtain sufficient appropriate audit evidence to enable us to express an opinion on the Council's annual financial report. Our audit procedures have been primarily designed to achieve this purpose and in order to do so in a cost-effective and efficient manner our approach will concentrate on areas of materiality and high risk.

The scope of our audit does not include a comprehensive review of all procedures and systems and our comments are therefore limited to the operational areas examined, which were:

- Expenditure compliance testing
- Payroll compliance testing
- Receipting compliance testing
- Plant system compliance testing
- Store system compliance testing
- Review of monthly reconciliations
- Review of Council's minutes
- Review of water billings
- Review of journals
- Review of system access

In seeking to achieve an efficient audit we have also taken into account, to the relevant extent, the internal control structure, consisting of:

- a) the control environment, incorporating management's policies and procedures;
- b) the information system, incorporating the financial reporting process used to prepare the Council's financial reports; and
- c) internal controls, being those policies and procedures which management has established to provide reasonable assurance that specific organisation objectives will be achieved.



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The scope of our audit does not include a comprehensive review of all procedures and systems and our comments are therefore limited to the operational areas examined.

Comments and Observations

Generally, our audit confirmed that the financial management procedures and systems have been controlled effectively and in a manner relevant to Council's structure and resources.

In the course of our review, one matter was noted which we have outlined in the attached audit memorandum to provide opportunity for Council to further improved its internal control environment.

Other Matter

During our on-site visit, we noted that the Service Level Agreement between Council and Blayney Shire Council for the Sharing and Provision of Computer Resources expired on the 28th February 2009. We were informed that discussion between both parties will be commencing soon to determine the new terms and conditions in relation to the sharing and provision of computer resources and that a new Service Level Agreement will be drafted subsequent to agreement of the new term and conditions by both parties. We will follow this up in our next on-site visit.

Acknowledgement

We would like to take this opportunity to extend our thanks to all Council staff for their co-operation and assistance during our visit.

Should you require any further assistance in any matter please do not hesitate to contact me.

Yours faithfully
intentus

Per: 
John O'Malley
Director

ASSESSING THE IMPACT OF RISKS IDENTIFIED

(RISK MATRIX)

When identifying a weakness in control processes we have assigned a risk rating by considering the likelihood and consequence of each risk using the following tables and matrix:

Likelihood of Risk Occurring

Classification	Assessment	Likelihood
Likely	High	High – risk will occur in most circumstances or occurs regularly.
Possible	Medium	Medium – risk has occurred a number of times or is likely to be repeated from time to time.
Unlikely	Low	Low – risk has occurred on an isolated occasion, or risk has not yet occurred, but could occur over time.

Consequence of Risk Occurring

Classification	Assessment	Example of Consequence
Major	High	Would produce a threat to the survival or effective performance of the entity. Regulatory breaches and fraud risks are included in this category.
Medium	Medium	Functions of the entity could be subject to significant review or changes to operations and/or key internal controls are not operating effectively.
Minor	Low	A threat to the efficiency or effectiveness of some aspects of operations, but at a level that can be dealt with internally.

When the likelihood and consequence of a risk is combined, a risk rating can be determined using the following matrix.

		Likelihood		
Consequence		1. Unlikely	2. Possible	3. Likely
		Low	Medium	High
3. Major	High	Medium	High	High
2. Medium	Medium	Low	Medium	High
1. Minor	Low	Low	Low	Medium

Status of Issue Resolution

For matters identified in previous visits, we have used the following categories to classify our observations on the completion status of issues.

Status	Example of Consequence
UNRESOLVED	No action has been taken to address the issue identified, or action taken has not proved effective.
ONGOING	Management actions have been taken to address the issue identified, but have not been demonstrated to be fully effective.
COMPLETED	Management have asserted that the issue has been resolved. Upon our next cycle of visits, we will test the action taken and whether it has proved effective.
RESOLVED	Management actions have been reviewed and we have confirmed their appropriateness to address the issue raised.

**AUDIT MEMORANDUM
CENTRAL TABLELANDS WATER
AUDIT FOR THE YEAR ENDING
30 JUNE 2015**

Our previous management letter reported the following issues:

Issue (raised in prior audit visit)	Risk Weighting	Findings (from our current visit)	Resolution
<p>1. During our review of the water billing system we found that no independent review was performed on the quarterly water billing process and reconciliation.</p>	MEDIUM	<p>Our review of the water billing system confirmed that the following is now independently reviewed by the Director of Finance and Corporate Services:</p> <ul style="list-style-type: none"> • Water Billing Consumption Report; • Water Trial Billing Report (initial run); • Update Report; and • Water Trial Billing Report (final run). <p>We tested two (2) quarters and note that for the December quarter the 'Water Billing Consumption Report' was not independently reviewed.</p>	ONGOING
<p>2. Our review of receipting system in relation to cancelled receipts revealed the following discrepancies:</p> <ul style="list-style-type: none"> • There were six (6) instances where cancelled receipts did not appear in the End of Day Reports, no cancelled receipt report was printed; • There were sixteen (16) instances where cancelled receipts inclusive of explanation and signature of staff responsible were not attached to the End of Day Reports; • There was inconsistency on how the cancelled receipts were documented. We noted that different reports were used by different staff for example 'Cash Receipts- Audit Trail', 'Cash Receipting Bank Deposit Listing' and the 'Receipting Update Report'. • On the 09/07/2013 the cancellation recorded in SynergySoft was \$150.00, however in the End of Day Report it was recorded as \$186.41. 	MEDIUM	<p>Our review of receipting system in relation to cancelled receipts revealed the following discrepancies at our current visit:</p> <ul style="list-style-type: none"> • There were six (6) instances where the cancelled receipt was not attached to the Audit Trail Report; • There were two (2) instances where an explanation was not provided by the cashier for the cancellation, and the attached receipt and/or Audit Trail Report was not signed by the cashier; and • There were three (3) instances where the cancellation was not independently reviewed on the Audit Trail Report. <p>It is noted that the total population of cancelled receipts was tested, eighteen (18) items, totaling \$2,750.97. Consequently, the issues above would not cause a material misstatement.</p>	ONGOING

	Issue (raised in prior audit visit)	Risk Weighting	Findings (from our current visit)	Resolution
3.	During our review of the plant system we found that no independent review was performed on the monthly plant cost recovery report generated.	MEDIUM	<p>Our review of the plant system confirmed that the monthly plant cost recovery report is now independently reviewed by the Director Operations and Technical Services.</p> <p>We tested four (4) months and note that the report for the month of February and March 2015 were not independently reviewed.</p>	ONGOING
4.	<p>It was noted that three (3) of the responses to bank confirmations listed a former Council employee (Tony Perry) as an authorised signatory. The three banks in question are:</p> <ul style="list-style-type: none"> - Commonwealth Bank Australia - Reliance Credit Union - National Australia Bank 	MEDIUM	This matter will be reviewed at our final audit visit when confirmations are received.	ONGOING

AUDIT MEMORANDUM
CENTRAL TABLELANDS WATER
INTERIM MANAGEMENT LETTER
AUDIT FOR THE YEAR ENDED 30 JUNE 2015

1. Water Billing Journals

Risk Weighting: HIGH

Justification:

Consequence – MEDIUM

Likelihood – HIGH

Consequence	High			
	Medium			
	Low			
		Low	Medium	High
		Likelihood		

Time frame for resolution: As soon as possible

Audit Observations

On discussion with the Director of Finance and Corporate Services and Revenue Officer, it is noted that the water billing journals were not independently reviewed. It is noted that only general ledger journals were signed as evidence of authorisation and review.

Implications

Not having an independent review and authorisation of journals may result in incorrect or unauthorised journals being posted.

Recommendations

We recommend that Council ensure that all journals processed are signed by both the preparer and the reviewer and appropriate supporting documentation is held on file with a copy of the signed Journal.

Management comments

Independent review of water billing journals is now being performed, ensuring that all supporting documentation is attached.

06) Annual Financial Statements - 30/06/2015 (FM.FR.1)

(Gavin Rhodes)

RECOMMENDATION:

1. That the audited financial reports for the year ended 30 June 2015, together with the auditor's report, be received and noted.

REPORT

Councils Financial Statements, for the year ended 30 June 2015, have been finalised and the audit completed. A complete copy of the audited Financial Statements and Auditors Report has been included with this business paper.

Council's Auditor, Mr John O'Malley, a Partner with Intentus Chartered Accountants, will be present at the meeting to speak to his report and answer any questions that may emanate from it.

The Income Statement shows a net operating surplus for the year of \$74,000 with Council's Net Assets and Total Equity increasing from \$58,910,000 to \$59,592,000.

The Income Statement also reveals a net operating deficit before capital grants and contributions of \$130,000 after allowing for depreciation of \$1,808,000.

Section 418 of the Local Government Act (1993) states that public notice must be given of the date of the meeting at which it is proposed to present the audited financial reports to the public.

Accordingly, in compliance with Section 418, a public notice has been circulated in the relevant local newspapers advising the public that the audited financial reports for the year ended 30 June 2015 can be inspected at Council's Blayney office or on Council's website and that any member of the public is invited to make a submission on those reports.

A copy of the final audit reports from Intentus Chartered Accountants, in regards to the 2014/2015 audit, is attached.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

- | | | |
|---|------------------------------------|---------|
| 1 | Independent Audit Report 2014-2015 | 6 Pages |
| 2 | General Purpose Audit Report | 2 Pages |
| 3 | Special Purpose Audit Report | 2 Pages |



Thorough, Attentive, Earnest

12 October 2015

The Chairman
Central Tablelands Water
PO Box 61
BLAYNEY NSW 2799

Dear Mr Chairman

**INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT – Section 417(3)
CENTRAL TABLELANDS WATER YEAR ENDED 30 JUNE 2015**

We advise having completed our audit of the financial statements of Central Tablelands Water for the financial year ended 30 June 2015. Our audit resulted in the issuing of an unmodified audit report on both the general purpose and special purpose financial statements of Council.

In accordance with Section 417 of the Local Government Act 1993 we submit our report on the conduct of the audit of Central Tablelands Water for the year ended 30 June 2015. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements on Council's business units outline the legislative framework of our audit and should be referred to in order to establish the context in which our comments are made.

Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant technical and ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

The following comments are provided in accordance with Section 415(3) of the Local Government Act 1993 and Regulation 227 of the Local Government (General) Regulation 2005 to assist in the understanding of the financial statements and our reports.



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Review of Financial Results**(a) Operating Result**

As disclosed in Council's Income Statement the year's operations resulted in a net operating surplus of \$74,000 (2014 surplus - \$284,000). Selected items of note in the operating statement include:

- The operating result *before* capital amounts was a deficit of \$130,000 (2014 surplus – \$149,000).
- User Charges and Fees were consistent with the prior year at \$3,706,000 (2014 - \$3,696,000).
- Operating grants and contributions declined to \$57,000 (2014 - \$131,000). During the 2014 year council took a lead role in the administration of the WBC alliance Shared Services Project and received contributions of \$74,000 in total from participating councils. With that project completed, there was no equivalent boost to funding in the 2015 year.
- Grants and Contributions for capital purposes experienced an increase of \$69,000 to \$204,000 (2014 - \$135,000) the increase came mainly through growth in section 64 developer contributions.
- Expenses for Materials & Contracts and other expenses were higher following the return to normal levels of maintenance work following an extensive mains replacement program in 2014.

Council's other major items of income and expenditure remained relatively consistent with the prior period.

b) Financial Position

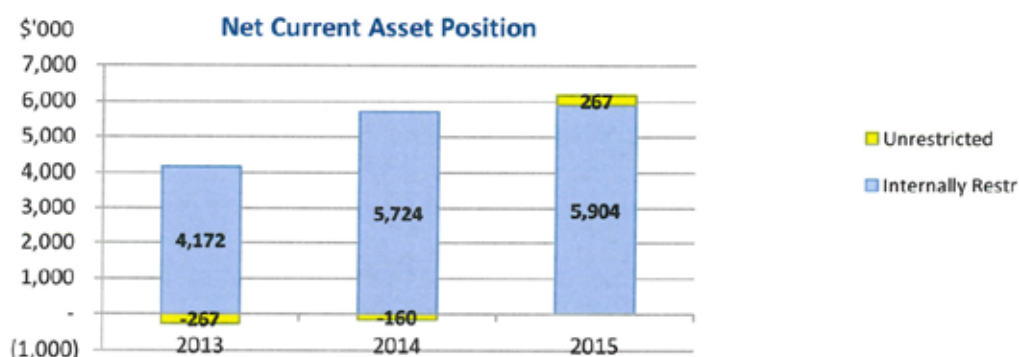
The Statement of Financial Position discloses that for the year ended 30 June 2015 Council's net assets stood at \$59,592,000 (2014 - \$58,910,000), which represents an increase of \$682,000. The increase comprises:

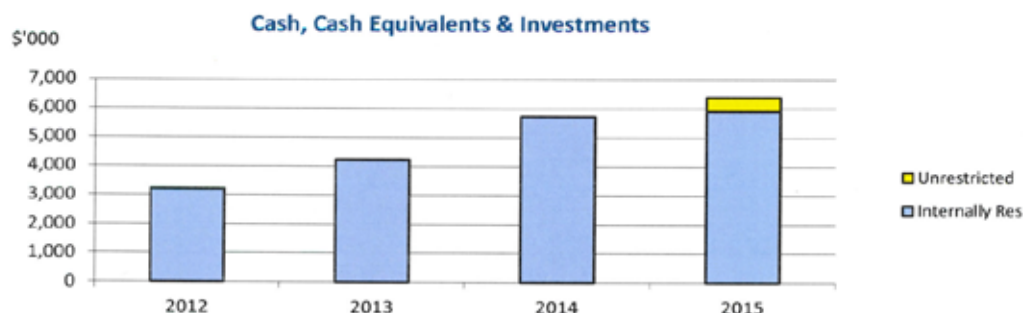
- the net operating result after capital amounts of \$74,000;
- an \$828,000 net revaluation increment attributable to the indexed revaluation of water infrastructure;
- an impairment loss of (\$222,000) taken to the asset revaluation reserve following the de-recognition of Bogolong Dam; and
- The transfer to the "available for sale revaluation reserve" an unrealised gain of \$2,000.

To assess the health of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets. The notes to the financial statements indicate clearly where restrictions exist, and the effect of the restrictions is summarised below:

	2015 \$'000	2014 \$'000
Net Current Assets	5,634	5,022
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(5,904)	(5,724)
Add: Employee Leave Entitlements to be paid > 12 months	537	542
Unrestricted net current asset surplus/(deficit)	267	(160)
Unrestricted net current assets comprise: -		
Assets		
Cash	500	5
Receivables	317	349
Inventories	335	332
Other	25	24
Less: General Purpose Liabilities	(1,447)	(1,412)
Plus: Employee Leave Entitlements to be paid > 12 months	537	542
Unrestricted net current asset surplus/(deficit)	267	(160)

Council has returned to a surplus unrestricted net current assets position following improved financial performance over the last three years.





Liquidity

Note 6 to the accounts discloses total cash and investments have grown to \$6,404,000 (2014 - \$5,729,000). Of this amount \$5,904,000 (2014 - \$5,724,000) is subject to internal restrictions agreed upon by the Council for designated purposes. These internal restrictions may be altered at the discretion of Council, consistent with their operational plan.

The unrestricted balance of \$500,000 (2014 - \$5,000) represents funds available to cover non-budgeted discretionary expenditure and short-term cash flow requirements.

(c) Performance Indicators

Note 13 to the Financial Statements provide a measure of Council's performance using a number of selected ratios as follows:

Operating Performance Ratio

This ratio expresses council's ability to keep operating expenses, including depreciation, within its continuing operating revenue. The outcome of -2.95% (2014 - 2.87%) represents the shortfall between continuing operating revenue and continuing operating expenses. The shortfall follows the previously mentioned shift from capital to maintenance works.

Unrestricted Current Ratio

The Unrestricted Current Ratio is a measure of Council's liquidity that demonstrates Council's ability to satisfy obligations out of short-term and immediate asset balances.

Council's ratio of 7.78:1 (2014 - 7.40:1), is stronger again than the prior period indicating healthy liquidity.

Debt Service Cover Ratio

The Debt Service Cover Ratio measures the ability of council to service debt by expressing that capacity as a multiple of the operating result from continuing operations, excluding capital items and depreciation and impairment, over the principal and interest costs.

At 3.23 times (2014 - 3.76) Central Tablelands Water's ratio indicates that it can comfortably meet its current levels of debt.

Annual Water Charges Coverage Ratio

The Annual & Water Charges Coverage Ratio indicates the proportion of total revenue that is generated by annual and user charges. The ability of the Council to meet user expectations in relation to water services is directly influenced by the discretion it can exercise in the allocation of its resources. A high level of coverage should mean that the Council would have more discretion over the allocation of funds, and also that a small increase in user charges will yield a greater increase in total revenue. Central Tablelands County Council's ratio of 91.87% (2014 - 90.34%) is consistent with prior years and indicates that outside of environmental factors, the council's pricing structure is the main determining factor of their income.

Annual Water Charges, Interest & Extra Charges Outstanding Percentage

The percentage is a measure of management efficiency in recovering debts due. Whilst prevailing economic conditions and the timing of billing runs may influence Council's ability to collect revenue, the efficiency, timing and application of collection procedures are still the largest determinants of the outcome.

The ratio for Central Tablelands Water stands at just 3.19% (2014 – 2.67%) which remains impressive in comparison with industry benchmarks.

(d) Cash Flow Statement

The Statement of Cash Flows reports a net decrease in cash assets held of \$277,000 (2014 decrease - \$496,000) as follows:

	2015 \$'000	2014 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	1,867	2,179	(312)
Investing activities	(1,785)	(2,339)	554
Financing activities	(359)	(336)	(23)
Net increase / (decrease) in cash held	(277)	(496)	219

Cash flows from operating activities

The cash flows provided by operating activities have decreased against the prior financial year. The main contributor being an increase in materials and contract costs.

Cash flows from investing activities

The major cash inflows and outflows from investing activities related to the purchase of investments and purchase of water supply network infrastructure.

Cash flows from financing activities

The net cash flow used in financing activities was \$359,000 (2014 - \$336,000), which related solely to the principal repayment of borrowings during the year.

(e) **Comparison of Actual and Budgeted Performance**

Council's surplus from ordinary activities after capital amounts of \$74,000 was \$205,000 better than Council's original estimates.

It is beyond the intent of this report to provide a detailed analysis of individual budget variations. Note 16 to Council's financial statements addresses the contributing factors to these variations in detail.

(f) **Other Matters**

National Competition Policy

In accordance with the requirements of National Competition Policy guidelines, Central Tablelands Water has prepared special purpose financial statements on its business units for the year ended 30 June 2015. Council has determined that it has one business unit within its operations: Water Supply.

The Office of Local Government's July 1997 guidelines 'Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality' outlines the process for identifying and allocating costs of activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, rate of return on investments in business units and dividends paid.

An unqualified audit report on the special purpose statements for the year ended 30 June 2015 has been issued.

Management Letters

Our most recent management letter was issued on 9 June 2015. Issues raised with management requiring attention have been satisfactorily dealt with.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements of Central Tablelands (Water) County Council (Council) for the year ended 30 June 2015 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Conclusion

- a) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the general purpose financial statements and allowed proper and effective audit of these statements;
- b) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the special purpose financial statements and allowed proper and effective audit of these statements; and
- c) All information relevant to the conduct of the audit has been obtained.

intertus

intertus

14 Sale Street
Orange
Dated: 12 October 2015

John O'Malley
John O'Malley
Director



**INDEPENDENT AUDITOR'S REPORT
ON THE GENERAL PURPOSE FINANCIAL STATEMENTS OF
CENTRAL TABLELANDS WATER**

Report on the Financial Statements

We have audited the accompanying financial statements of Central Tablelands Water for the financial year ended 30 June 2015. The financial statements comprise the Statement by Councillors and Management, Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Statement of Cash Flows, the original budget disclosures in Notes 2(a) and 16, accordingly, we express no opinion on them.

Councils' Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Liability limited by a scheme approved under Professional Standards Legislation

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements of Central Tablelands (Water) County Council (Council) for the year ended 30 June 2015 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Audit Opinion

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2;
- (b) the Council's financial statements:
 - (i) have been prepared in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position, the results of its operations and cash flows; and
 - (iv) are in accordance with applicable Australian Accounting Standards, and other mandatory professional reporting requirements.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that have come to light in the course of the audit.



intentus

14 Sale Street
Orange

Dated: 12 October 2015



John O'Malley
Director



**INDEPENDENT AUDITOR'S REPORT
ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS OF
CENTRAL TABLELANDS WATER**

Report on the Financial Statements

We have audited the special purpose financial statements of Central Tablelands Water for the year ended 30 June 2015, comprising the Statement by Council, Income Statement by Business Activities, Statement of Financial Position by Business Activities, and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

Councils' Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial statements are appropriate to meet the financial reporting requirements of the Council and the Office of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. The Council's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Liability limited by a scheme approved under Professional Standards Legislation

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements of Central Tablelands (Water) County Council (Council) for the year ended 30 June 2015 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Audit Opinion

In our opinion, the special purpose financial statements of Central Tablelands Water are presented fairly in accordance with the requirements of those applicable accounting policies detailed in Note 1, the accounting requirements of the Local Government Act 1993 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the Office of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. As a result, the financial statements may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Office of Local Government or for any purpose other than for which the statements were prepared.



intentus

14 Sale Street

Orange

Dated: 12 October 2015



John O'Malley
Director

07) Financial Matters (FM.BA.1)

(Raelene Mulligan)

RECOMMENDATION:

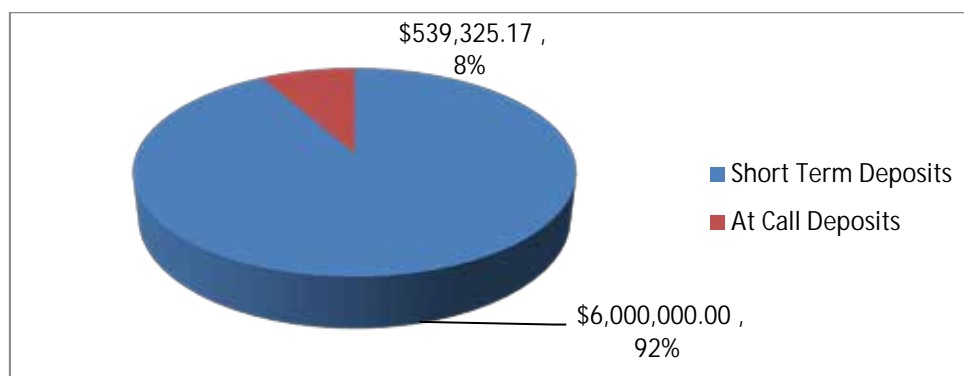
1. That the information be noted.

REPORT**Cash and Investments**

The below investment summary represents Councils total investments as at 30th September 2015 in accordance with clause 212 of the Local Government (General) Regulation 2005.

On the 17th September 2015, CTW received a dividend at the rate of 10.99 cents in the dollar on the ACES Floating Rate CDO which was written off in FY 2012/2013. The total dividend payment received was \$13,214.34.

		Term (Days)	Rate	Maturity Date	% of Portfolio
Short Term Deposits	\$ 6,000,000.00				91.75%
National Australia Bank	\$ 500,000.00	180	2.90%	23/10/2015	7.65%
National Australia Bank	\$ 500,000.00	182	2.90%	27/10/2015	7.65%
National Australia Bank	\$ 500,000.00	182	2.88%	24/11/2015	7.65%
IMB Treasury	\$ 500,000.00	180	2.80%	7/12/2015	7.65%
Bank of Queensland	\$ 500,000.00	225	2.95%	27/01/2016	7.65%
National Australia Bank	\$ 500,000.00	225	2.95%	26/01/2016	7.65%
Reliance Credit Union	\$ 500,000.00	180	2.85%	2/02/2016	7.65%
Reliance Credit Union	\$ 500,000.00	180	2.85%	26/02/2016	7.65%
Bank of Queensland	\$ 500,000.00	154	2.80%	9/02/2016	7.65%
Reliance Credit Union	\$ 500,000.00	180	2.80%	12/03/2016	7.65%
National Australia Bank	\$ 500,000.00	181	2.85%	15/03/2016	7.65%
Reliance Credit Union	\$ 500,000.00	184	2.80%	21/03/2016	7.65%
At Call Deposits	\$ 539,325.17				8.25%
Commonwealth Bank Cheque Account	\$ 539,299.86	At Call	1.85%	N/A	
Commonwealth Bank - BOS Accounts	\$ -	At Call	1.40%	N/A	
Reliance Credit Union - Cheque Account	\$ 25.31	At Call	0.00%	N/A	

Cash and Investments By Type**Bank Reconciliation as at 30th September 2015****BANK RECONCILIATION**

Balance as per Bank Statement	\$	539,325.17
Add: Outstanding deposits	\$	3,217.56
	\$	542,542.73
Less: Outstanding Cheques	\$	70.00
Less: Deposits not processed		
Balance as per Cash Book	\$	542,472.73

GENERAL FUND

(a) Cash Book Balance	\$	542,472.73
(b) Bank Balance	\$	539,325.17

The above investments have been secured in accordance with the Act, regulations and Councils Investment Policy.

Raelene Mulligan

Raelene Mulligan
Director Finance & Corporate Services

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil.

08) Quarterly Budget Review Statement - 30th September 2015 (FM.FR.1)

(Raelene Mulligan)

RECOMMENDATION:

1. That the budget review statement for the quarter ended 30th September 2015 be accepted, and the variations therein be adopted.

REPORT

The Quarterly Budget Review Statement (QBRS) for the period ended 30 September 2015 is submitted for examination by Council (refer to Attachment).

It is estimated that there will be a decrease of the original budget surplus of \$145,129 to \$24,129.00.

There are four variations to the operating budget recommended. These variations are listed on page 4 of the QBR and are recommended to allow for the estimated decrease in the operating surplus.

There are two changes to the capital budget at this stage.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

- 1 Quarterly Budget Review Statement - September 2015 7 Pages

Central Tablelands Water

Quarterly Budget Review Statement
for the period 01/07/15 to 30/09/15

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4. Capital Budget Review Statement	6
- Capital Budget Review variations	7

Central Tablelands Water

Quarterly Budget Review Statement
for the period 01/07/15 to 30/09/15

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 30/09/15 indicates that Council's projected financial position at 30/6/16 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed: 
Raelene Mulligan
Responsible Accounting Officer

Date: 15th October 2015

Budget Review Statement as at 30th September 2015

Council's Revised Income and Expenditure for the year 2015/2016

Original Budget	<u>Operating Revenue</u>		
1,209,344	Availability Charges	1,209,344	
3,739,657	Water Charges	3,739,657	
176,000	Interest	176,000	
333,850	Other Revenues	346,850	
55,296	Grants & Subsidies	55,296	
145,120	Developer and Capital Contributions	145,120	
43,000	Gains on Disposal of Assets	43,000	
<u>5,702,267</u>			5,715,267
	<u>Operating Expenses</u>		
1,363,221	Employee Costs	1,443,721	
197,948	Borrowing Costs	197,948	
1,130,713	Materials & Contracts	1,171,713	
8,000	Legal Costs	8,000	
74,000	Consultants	74,000	
900,010	Other Expenses	912,510	
0	Profit/Loss on Sale of Assets	0	
1,883,246	Depreciation - System Assets	1,883,246	
<u>5,557,138</u>			5,691,138
145,129	<u>Operating Result for Period</u>	Surplus/(Deficit)	24,129
	<u>Less Non-Operating Expenditure</u>		
1,452,230	Acquisitions of Assets	1,386,230	
382,708	Repayment of Loans	382,708	
145,120	Transfer to Reserves - S64 Developer Charges	145,120	
584,754	Transfer to Reserves - Renewal Reserves	584,754	
58,451	Water Pricing Increase @ 5%	58,451	
660,770	Estimated Budget Surplus/(Deficit)	539,770	
96,801	Transfer to Reserves - Plant	96,801	
56,771	Transfer to Reserves - DA	56,771	1,481,667
<u>3,437,605</u>			3,250,605
(3,292,476)			(3,226,476)
	<u>Add Non-Operating Revenue</u>		
288,000	Book Value of Assets Sold	288,000	
-	Loan Funds	-	
39,000	Transfer from Reserves - Plant	39,000	
-	Transfer from Reserves - ELE		
1,082,230	Transfer from Reserves - Renewals	1,016,230	
<u>1,409,230</u>			1,343,230
(1,883,246)			(1,883,246)
	<u>Add Expenses not Involving Flow of Funds</u>		
1,883,246	Depreciation		1,883,246
<u>\$ 0</u>	Budget Result Surplus/(Deficit)		\$ -

Central Tablelands Water

Income & Expenses Budget Review Statement

Budget review for the quarter ended 30 September 2015

Income & Expenses - Water Fund

Quarterly Budget Review Statement
for the period 01/07/15 to 30/09/15

	Original Budget 2015/16	Approved Changes Other than by a QBRs	Sep QBRs	Dec QBRs	Revised Budget 2015/16	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
Income									
Rates and Annual Charges	1,209,344				1,209,344			1,209,344	298,950
User Charges and Fees	3,739,657				3,739,657			3,739,657	662,796
Interest and Investment Revenues	176,000				176,000			176,000	11,398
Other Revenues	333,850				333,850	13,000	1a	346,850	92,500
Grants & Contributions - Operating	55,296				55,296			55,296	14,935
Grants & Contributions - Capital	145,120				145,120			145,120	21,604
Net gain from disposal of assets	43,000				43,000			43,000	3,266
Share of Interests in Joint Ventures									
Total Income from Continuing Operations	5,702,267	-	-	-	5,702,267	13,000		5,715,267	1,105,448
Expenses									
Employee Costs	1,363,221				1,363,221	80,500	2b	1,443,721	410,725
Borrowing Costs	197,948				197,948			197,948	52,095
Materials & Contracts	1,130,713				1,130,713	41,000	2c	1,171,713	210,240
Depreciation	1,883,246				1,883,246			1,883,246	471,668
Legal Costs	8,000				8,000			8,000	-
Consultants	74,000				74,000			74,000	36
Other Expenses	900,010				900,010	12,500	2d	912,510	179,843
Interest & Investment Losses	0				-			-	
Net Loss from disposal of assets					-			-	
Total Expenses from Continuing Operations	5,557,138	-	-	-	5,557,138	134,000		5,691,138	1,324,608
Net Operating Result from Continuing Operations	145,129	-	-	-	145,129	(121,000)		24,129	(219,159)
Discontinued Operations					-			-	
Net Operating Result from All Operations	145,129	-	-	-	145,129	(121,000)		24,129	(219,159)
Net Operating Result before Capital Items	9	-	-	-	9	(121,000)		(120,991)	(240,763)

This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 31/03/2015 and should be read in conjunction with the total QBRs report

Central Tablelands Water

Quarterly Budget Review Statement
for the period 01/07/15 to 30/09/15**Income & Expenses Budget Review Statement**
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes Details

1 (a) \$13,000 received 13th September 2015 as an interim dividend for ACES CDO which was impaired in 2009.

2 (b) The increase in employee costs relates to the transfer of the meter change program from capital budget to the Income Statement (\$50,000). Further costs relate to the appointment of an additional Network Operator in the Grenfell area (\$30,500)

2 (c) \$41,000 increase relates to materials and contracts associated with the meter change program

2 (d) Plant running expenditure is estimated to be \$12,500 for the meter change program

Central Tablelands Water

Capital Budget Review Statement

Budget review for the quarter ended 30 September 2015

Capital Budget - Water Fund

Quarterly Budget Review Statement
for the period 01/07/15 to 30/09/15

	Original Budget 2015/16	Approved Changes		Revised Budget 2015/16	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
		Other than by a QBR	Sep QBR					
Capital Expenditure								
New Assets								
- Plant & Equipment	370,000	-	-	370,000	40,000	3a	410,000	73,158
- Land & Buildings	-	-	-	-	-	-	-	-
- Office Equipment	-	-	-	-	-	-	-	-
Renewal Assets (Replacement)								
- Plant & Equipment	35,000	-	-	35,000	-	-	-	-
- Land & Buildings	1,047,230	-	-	1,047,230	(106,000)	3b	941,230	15,553
- Water Supply Network	-	-	-	-	-	-	-	-
- Land & Buildings	-	-	-	-	-	-	-	-
Loan Repayments (Principal)	382,708	-	-	382,708	-	-	382,708	93,069
Total Capital Expenditure	1,834,938	-	-	1,834,938	(66,000)		1,768,938	181,780
Capital Funding								
User Fees & Charges Funding	382,708	-	-	382,708	-	-	382,708	93,069
Capital Grants & Contributions	-	-	-	-	-	-	-	-
Reserves:								
- External Restrictions/Reserves	-	-	-	-	-	-	-	-
- Internal Restrictions/Reserves	1,121,230	-	-	1,121,230	(66,000)	-	1,055,230	15,553
New Loans	-	-	-	-	-	-	-	-
Receipts from Sale of Assets	-	-	-	-	-	-	-	-
- Plant & Equipment	331,000	-	-	331,000	-	-	331,000	3,266
- Land & Buildings	-	-	-	-	-	-	-	-
Total Capital Funding	1,834,938	-	-	1,834,938	(66,000)		1,768,938	111,888
Net Capital Funding	-	-	-	-	-		-	(69,893)

This statement forms part of Council's Quarterly Budget Review Statement (QBR) for the quarter ended 31/03/2015 and should be read in conjunction with the total QBR report

Central Tablelands Water

Quarterly Budget Review Statement
for the period 01/07/15 to 30/09/15

Capital Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes Details

3 (a) \$40,000 is required for the purchase of a Hilux dual cab utility for the new employee at Grenfell

3 (b) The reduction of \$106,000 relates to the transfer of the meter change program to the Income Statement as advised by Councils external auditors. \$445,000.00 was originally budgeted for the low level storage at the CWFP. These funds have been transferred to the CTW - Orange City Council pipeline project for this financial year. This is an internal transfer within Water Supply Network allocations.

09) Local Government NSW Annual Conference 2015 (GR.LR.2)

(Gavin Rhodes)

RECOMMENDATION:

1. That Council note the report.

REPORT

At the August 2015 Council meeting, Council resolved to support and put forward the following motion to the Local Government NSW Annual Conference 2015:

“Motion:

That to strengthen the Local Government position on council owned and operated local water utilities (i.e. county councils or general purpose councils providing water supply and sewerage services), LGNSW adopts a revised policy that reads as follows:

1. *LGNSW strongly defends continued ownership and control of water supply and sewerage assets by Local Government, asserts county councils be full members of relevant joint organisations, and asserts joint organisations be flexible in working alongside regional groupings of local water utilities; and*
2. *LGNSW pursues this policy by making representation to the NSW Government requesting:*
 - a. *A commitment by the NSW Government, including as part of the review of the Local Government Act and any related legislation, that local water utilities remain in the ownership and management of Local Government where that is currently the case;*
 - b. *That the joint organisations model be established and implemented:*
 - i. *With county councils being full members of relevant joint organisations or having the flexibility of being full members of relevant joint organisations; and,*
 - ii. *With the flexibility for joint organisations to work alongside regional groupings of local water utilities (i.e. regional water and sewerage utilities alliances).”*

The motion listed above originated from the LGNSW Rural & Regional Issues Workshop held at Sydney in June 2015 as well as in consultation with the five (5) water county councils within the state being Riverina Water County Council, Goldenfields Water County Council, Rous Water County Council, MidCoast Water County Council and Central Tablelands Water County Council.

The main issues generated from the LGNSW Rural & Regional Workshop and County Council discussions were on the significant importance of Local Government retaining ownership of local water utilities, and on flexibility of Joint Organisations to accommodate appropriate regional groupings of local water utilities.

Central Tablelands Water was represented at the 2015 LGNSW Annual Conference by the Deputy Chairman, Cr Kevin Walker, Cr Anthony Durkin and the General Manager. The General Manager is pleased to report that the motion put forward at the LGNSW Annual Conference was successfully received and moved without debate.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

10) Maintenance of Council's Systems (WS.MO.4)

(Darrell Sligar)

RECOMMENDATION:

1. That the information be noted.

REPORT

a) Meter Reading

The second meter read for the 2015/16 financial year commenced in Blayney on 8th October.

b) Meter Change Program

The meter change program continued throughout the county area with fifteen meters being changed due to consumption, eleven meters were found to be faulty after the last meter read.

c) Service Replacement Program

Council staff replaced six full services and sixteen partial services in Moorbel in the past two months.

d) Trunk Main Maintenance

Debris removal was carried out on TM'A' Lake Rowlands to Carcoar Plant, TM'D' at Coombing Creek Carcoar, TM'C' Limestone Creek, TM'P' Somers, Mandurama after heavy rain in late August.

e) Valve Maintenance

Two sluice valves were refurbished in Blayney during September.

f) Hydrant Maintenance

Hydrant Maintenance was carried out in Blayney, Mandurama, Lyndhurst, Canowindra, Moorbel, Eugowra, Manildra and Cudal during the past two months.

g) Reservoir Maintenance

Two reservoirs in Grenfell have had new tank filling valves installed replacing faulty units.

Four reservoirs were cleaned, sterilised and placed back into service, Blayney CWT, Carcoar CWT, Mandurama and Moorbel.

h) Reticulation Flushing

Town flushing has been carried out in South Blayney in September.

i) Reticulation Maintenance

A 150m section of 40mm polyethylene pipe has been replaced on the Young Road, Grenfell replacing a damaged section.

j) *Filtration Plant Maintenance*

4 Sludge lagoons have been cleaned and placed back into service at Carcoar.

No. 1 Filter Cell at Blayney has been refurbished replacing damaged nozzles, new garnet, sand and filter coal.

k) *Grenfell Depot*

A general clean up along with a tool and depot stocktake was carried out in early October

l) *Staff Training*

Eight staff completed chemcert refreshers during the past two months.

Council's trainee Filtration Plant Operator completed the second part of DPI Waters Course; this now allows him to operate a water filtration plant unsupervised.

m) *Pump Station Maintenance*

All pipework at Quandialla surface pumps has been replaced with HDPE, this will eliminate all future corrosion.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

11) Performance of Council's Systems (WS.MO.4)

(Darrell Sligar)

RECOMMENDATION:

1. That the information be noted.

REPORT*n) Main breaks*

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

Location		Date	Size	Comment
Blayney	Adelaide Street	29.08.15	150mm	Tree Root
	Doust Street	13.08.15	150mm	S/L
Carcoar	Icely Street	26.08.15	100mm	DNR
	Icely Street	01.09.15	100mm	Tree Root
Trunk Main 'F'	Millthorpe	27.08.15	150mm	S/L
Trunk Main 'C'	Gooloogong	22.09.15	200mm	Weld
Trunk Main 'U'	Cargo	06.10.15	150mm	DNR

o) Service Complaints and Requests

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

BLAYNEY	25
BURST METER	1
CHECK METER READING	1
CUSTOMER DAMAGED SERVICE	1
DIRTY WATER COMPLAINT	7
LEAKING METER	5
LEAKING SERVICE	4
MAINTENANCE - GENERAL	1
METER NOT SHUTTING OFF	3
NO WATER COMPLAINT	1
QUALITY COMPLAINT	1
CANOWINDRA	10
HYDRANT LEAKING	1
LEAKING METER	3
LEAKING SERVICE	5
MAINTENANCE - GENERAL	1
CARCOAR	5

HYDRANT LEAKING	1
LEAKING METER	1
LEAKING SERVICE	2
NO WATER COMPLAINT	1
CARGO	1
NO WATER COMPLAINT	1
CUDAL	3
LEAKING METER	3
EUGOWRA	7
LEAKING METER	2
LEAKING SERVICE	4
MAINTENANCE - GENERAL	1
GRENFELL	6
LEAKING METER	3
LEAKING SERVICE	1
LOW PRESSURE COMPLAINT	1
NO WATER COMPLAINT	1
LYNDHURST	3
HYDRANT LEAKING	2
LEAKING METER	1
MANDURAMA	3
MAINTENANCE - GENERAL	3
MANILDRA	2
LEAKING METER	1
LEAKING SERVICE	1
MILLTHORPE	2
BURST METER	1
NO WATER COMPLAINT	1
Grand Total	67

p) Lake Rowlands

The level of Lake Rowlands increased to 108% on the 25th August after heavy rains, the present level is 100% as at 13th October. 8,650 megalitres was discharged from Lake Rowlands during the past two months.

q) New Water Services

During the past two months there have been four new domestic water services connected to Councils mains including a 116 metre main extension in cargo, all costs associated with the extension were paid for by the developer.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

12) Questions on Notice

(Gavin Rhodes)

No questions on notice were received.

ATTACHMENTS

Nil

13) **Deferment of Section 64 Developer Charges (WS.AG.1)**
Deferment of Section 64 Developer Charges (WS.AG.1)
Deferment of Section 64 Developer Charges (WS.AG.1)

(Gavin Rhodes)

RECOMMENDATION:

1. That, as this matter deals with items that are subject to the affairs of an individual, Council consider it in Committee of the Whole and that in terms of Section 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

**Minutes of the Ordinary Meeting of Central Tablelands Water held at Weddin
Shire Council, on Wednesday, 19 August 2015,
commencing at 10.32am**

<u>Present</u>	Cr. David Somervaille	(Chairman)	Blayney
	Cr. Geoff Braddon OAM		Blayney
	Cr. Alan Griffiths		Weddin
	Cr. Geoffrey McClelland		Weddin
	Gavin Rhodes	(General Manager)	
	Darrell Sligar	(Director Operations & Technical Services)	
	Raelene Mulligan	(Director Finance & Corporate Services)	

APOLOGIES**15/053 RESOLVED:**

That a leave of absence be granted to Cr. Durkin and Cr. Walker following receipt of an apology for non-attendance.

(Cr. Braddon/Cr. McClelland)

CONFIRMATION OF MINUTES**15/054 RESOLVED:**

That the Minutes of the Ordinary Meeting of Central Tablelands Water, held on 10 June 2015, being minute numbers 15/034 to 15/052 inclusive, be confirmed.

(Cr. Griffiths/Cr. McClelland)

CHAIRMAN'S MINUTE

No Chairman's minute was presented.

COUNCILLOR REPRESENTATION

Cr. Somervaille advised that he represented Council at the following during July and August:

- Official opening of the Macquarie River Pipeline Project at Suma Park Orange;
- Meeting with Riverina Water and Goldenfields Water County Councils in Temora, and
- Centroc Board meeting at Parliament House in Canberra.

01) FINANCIAL STATEMENT BY COUNCIL (FM.FR.1)**15/055 RESOLVED:**

1. That the statement required by Section 413(2)(c) of the Local Government Act, 1993 in relation to Council's Financial Reports for the period ending 30 June 2015 be completed.

2. That Intentus Chartered Accountants be invited (in accordance with regulations) to complete the audit for the financial year ending 30th June 2015.

(Cr. Griffiths/Cr. McClelland)

02) FINANCIAL MATTERS (FM.BA.1)

15/056 RESOLVED:

That the information be noted.

(Cr. Griffiths/Cr. McClelland)

03) AUDIT COMMITTEE - ANNUAL REPORT 2014/2015 AND JULY 2015 MEETING MINUTES

15/057 RESOLVED:

That Council receive and note the Audit Committee Annual Report 2014/2015 and the July 2015 Audit Committee Meeting Minutes.

(Cr. Braddon/Cr. Griffiths)

04) GOVERNMENT INFORMATION PUBLIC ACCESS ACT 2009 (GIPA) - AGENCY INFORMATION GUIDE - REVIEW (IM.CO.1)

15/058 RESOLVED:

That Council adopt the Draft Agency Information Guide 2016 in accordance with the Government Information Public Access Act 2009 (GIPA).

(Cr. Braddon/Cr. Griffiths)

05) DISCLOSURE OF INTERESTS (GO.CO.3)

15/059 RESOLVED:

That the information be noted.

(Cr. Braddon/Cr. Griffiths)

06) STRATEGIC BUSINESS PLAN (FM.PL.2)

15/060 RESOLVED:

That Council endorse the draft Strategic Business Plan 2015 as presented and place it on public exhibition for a period of 28 days and, subject to any amendments that may result from submissions received, proceed to adopt the draft Plan at its meeting in October 2015.

(Cr. Braddon/Cr. McClelland)

07) LOCAL GOVERNMENT NSW CONFERENCE (CM.CF.1)

15/061 RESOLVED:

That Council give approval for the Chairman, General Manager and one other Councillor to attend the 2015 Local Government NSW Conference in Sydney, from Sunday 11 October 2015 to Tuesday 13 October 2015, and any Councillor interested in attending should contact the General Manager to arrange registration.

(Cr. Griffiths/Cr. McClelland)

08) PROPOSAL TO RESCHEDULE DATE OF OCTOBER 2015 COUNCIL MEETING (GO.CO.2)

15/062 RESOLVED:

That Council approve the rescheduling of the October Council Meeting from 14 October 2015 to 21 October 2015 due to the Chairman, General Manager and possibly one other Councillor being unavailable as they will be attending the LGNSW Annual Conference in Sydney.

(Cr. Griffiths/Cr. McClelland)

At 10.56am, Ms Jenny Bennett Executive Officer for CENTROC and Cr. Bill West Chairman of CENTROC provided a Pilot Joint Organisation update presentation to Council.

The meeting reconvened at 11.47am.

09) MOTIONS FOR LOCAL GOVERNMENT NSW ANNUAL CONFERENCE 2015 (GR.LR.2)

15/063 RESOLVED:

That Council resolve to support and put forward the following motion to the Local Government NSW Annual Conference 2015:

Motion:

That to strengthen the Local Government position on council owned and operated local water utilities (i.e. county councils or general purpose councils providing water supply and sewerage services), LGNSW adopts a revised policy that reads as follows:

- 1. LGNSW strongly defends continued ownership and control of water supply and sewerage assets by Local Government, asserts county councils be full members of relevant joint organisations, and asserts joint organisations be flexible in working alongside regional groupings of local water utilities; and*

2. *LGNSW pursues this policy by making representation to the NSW Government requesting:*

- a. A commitment by the NSW Government, including as part of the review of the Local Government Act and any related legislation, that local water utilities remain in the ownership and management of Local Government where that is currently the case;*
- b. That the joint organisations model be established and implemented:*
 - i. With county councils being full members of relevant joint organisations or having the flexibility of being full members of relevant joint organisations; and,*
 - ii. With the flexibility for joint organisations to work alongside regional groupings of local water utilities (i.e. regional water and sewerage utilities alliances).*

(Cr. Braddon/Cr. McClelland)

10) WBC ALLIANCE - EXECUTIVE OFFICER'S REPORT (CM.AG.6)

15/064 RESOLVED:

That the information be noted.

(Cr. McClelland/Cr. Braddon)

11) HENRY LAWSON FESTIVAL COMMITTEE AND COORDINATORS LETTER OF THANKS (CR.SD.1)

15/065 RESOLVED:

That Council note the report.

(Cr. McClelland/Cr. Griffiths)

12) MILLTHORPE VILLAGE COMMITTEE - REQUEST TO WAIVE WATER SUPPLY CONNECTION FEE (CR.SD.1)

15/066 RESOLVED:

That Council grant a 50% concession off the water connection fee on the condition that the water refilling station has Central Tablelands Water signage.

(Cr. McClelland/Cr. Griffiths)

13) FILTRATION PLANT INSPECTIONS MARCH 2015 (WS.AG.1)

15/067 RESOLVED:

That the information be noted.

(Cr. McClelland/Cr. Griffiths)

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

15/068 RESOLVED:

That the information be noted.

(Cr. Braddon/Cr. McClelland)

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

15/069 RESOLVED:

That the information be noted.

(Cr. Braddon/Cr. McClelland)

16) QUESTIONS ON NOTICE

No questions on notice were received.

**17) WATER LEAKAGE - ACCOUNT 61915000006 (CR.EQ.1)
WATER LEAKAGE - ACCOUNT 20120007 (CR.EQ.1)
GENERAL MANAGERS CONTRACT (GO.CO.4)**

15/070 RESOLVED:

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

(Cr. Braddon/Cr. Griffiths)

18) PROCEED TO COMMITTEE OF THE WHOLE

15/071 RESOLVED:

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.

(Cr. Braddon/Cr. McClelland)

REPORT OF THE COMMITTEE OF THE WHOLE

WATER LEAKAGE - ACCOUNT 61915000006 (CR.EQ.1)

RECOMMENDATION:

That Council grant the consumer a one-off concession of 50% off the consumption charge as recorded on the June 2015 water account.

(Cr. McClelland/Cr. Griffiths)

Cr. Braddon requested that it be recorded that he voted against the motion.

WATER LEAKAGE - ACCOUNT 61915000006 (CR.EQ.1)

RECOMMENDATION:

That Council decline the customer's request of a water leakage concession.

(Cr. Braddon/Cr. McClelland)

GENERAL MANAGERS CONTRACT (GO.CO.4)

RECOMMENDATION:

That the General Managers performance assessment report be noted and endorsed.

(Cr. Braddon/Cr. McClelland)

RECOMMENDATION:

That as the deliberation of the Committee is concluded, the Council reconvene the Ordinary Meeting.

(Cr. Griffiths/Cr. McClelland)

19) REPORT OF THE COMMITTEE OF THE WHOLE

15/072 RESOLVED:

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

(Cr. Braddon/Cr. McClelland)

Next Meeting: The next meeting of Central Tablelands Water will be held in Blayney on the 21st October 2015.

There being no further business, the Chairman declared the meeting closed at 12.15pm.