

# CENTRAL TABLELANDS *Water*



**Business Paper**

**Ordinary Meeting of Central Tablelands *Water***

**12<sup>th</sup> October 2016**

**Blayney**





6 October 2016

## Notice to Members

Your attendance is requested at an Ordinary Meeting of Council to be held at Central Tablelands Water, 30 Church Street Blayney on Wednesday, 12<sup>th</sup> October 2016 at 10.30am. Morning tea will be served at 10.00am.

### Agenda

1. Presentation of Financial Statements FY2015-2016 – Mr John O'Malley - Intentus
2. Public Forum
3. Apologies for non-attendance
4. Leaves of absence granted
5. Confirmation of Minutes - Ordinary Meeting held on 10.08.16
6. Chairman's Minute
7. Councillor Representation
8. Notices of Motion
9. Reports of Staff
10. Adjourn Meeting and proceed into Committee of the Whole
11. Resume Ordinary Meeting & Report of Committee of the Whole
12. Next Meeting – Canowindra 14<sup>th</sup> December 2016

Yours faithfully

G. Rhodes  
**General Manager**



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**OF THE ORDINARY MEETING OF CENTRAL TABLELANDS WATER**  
**HELD ON WEDNESDAY 12 OCTOBER 2016**

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**01) OATH OR AFFIRMATION OF OFFICE BY COUNCILLORS (GO.CO.2)**

(Gavin Rhodes)

**RECOMMENDATION:**

1. That the Oath or Affirmation of Office by Councillors be conducted.

**REPORT**

In accordance with Sec 233A of the amended Local Government Act 1993, Councillors (including the Chairperson) are now required to take an oath or affirmation of office. The oath or affirmation of office must be taken by each Councillor at or before the first meeting of a newly-elected Council after being elected.

The General Manager has been advised by the Office of Local Government's Council Governance Team that all elected members of council should take the oath or affirmation regardless of pending merger implications.

The General Manager must ensure that a record is kept of the taking of the oath or affirmation. This can be done by way of a signed statement containing the oath or affirmation or by recording the taking of the oath or affirmation by each Councillor in the minutes of the Council meeting.

A Councillor who fails, without a reasonable excuse, to take the oath or affirmation of office, will not be entitled to attend Council meetings until they do so and will be taken to be absent without leave. If a Councillor is absent without leave for three consecutive ordinary Council meetings their office is automatically declared vacant and a by-election must be held.

The oath or affirmation Councillors are required to take are listed below. Councillors may choose one of the options which will be duly recorded in the minutes of the Council Meeting. A copy of the oath and affirmation are enclosed with the business paper.

**OATH**

I (name of Councillor) swear that I will undertake the duties of the office of councillor in the best interests of the consumers of Central Tablelands Water and the Central Tablelands Water County Council and that I will faithfully and impartially carry out the functions, powers, authorities and discretions vested in me under the Local Government Act 1993 or any other Act to the best of my ability and judgment.

**AFFIRMATION**

I (name of Councillor) solemnly and sincerely declare and affirm that I will undertake the duties of the office of Councillor in the best interests of the consumers of Central Tablelands Water and the Central Tablelands Water County Council and that I will faithfully and impartially carry out the functions, powers, authorities and discretions vested in me under the Local Government Act 1993 or any other Act to the best of my ability and judgment.

**BUDGET IMPLICATIONS**

Nil

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

Nil

**02) 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 (Schedule 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



**03) 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.

**Consultative Committee**

The General Manager intends to form a Consultative Committee by the end of the year. This Consultative Committee will provide the following:

- (i) a forum for consultation between the employer and its employees that encourages a free and open exchange of views; and
- (ii) positively co-operate in workplace reform to enhance the efficiency and productivity of the employer and to provide employees with access to career opportunities and more fulfilling, varied and better paid work.

The Consultative Committee will have representation from Senior Management, Operational and Administration Staff. This committee will report to the General Manager.

**BUDGET IMPLICATIONS**

Nil

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

Nil

**04) 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	14 <sup>th</sup> December 2016	-	Canowindra
Wednesday	8 <sup>th</sup> February 2017	-	Grenfell
Wednesday	12 <sup>th</sup> April 2017	-	Blayney
Wednesday	14 <sup>th</sup> June 2017	-	Canowindra
Wednesday	9 <sup>th</sup> August 2017	-	Grenfell
Wednesday	11 <sup>th</sup> October 2017	-	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 2<sup>nd</sup> 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

**05) ANNUAL FINANCIAL STATEMENTS (FM.FR.1)**

(Raelene Mulligan)

**RECOMMENDATION:**

1. That the audited financial reports for the year ended 30 June 2016, together with the auditor's report, be received and noted.

**REPORT**

Council's Financial Statements, for the year ended 30 June 2016, have been finalised and the audit completed. A complete copy of the audited Financial Statements and Auditor's 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 \$532,000 with Council's Net Assets and Total Equity increasing from \$59,592,000 to \$60,978,000.

The Income Statement also reveals a net operating surplus before capital grants and contributions of \$245,000 after allowing for depreciation of \$1,822,000.

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 2016 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 2015/2016 audit, are attached.

**BUDGET IMPLICATIONS**

Nil

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

- |   |                                    |         |
|---|------------------------------------|---------|
| 1 | Independent Audit Report 2015-2016 | 6 Pages |
| 2 | General Purpose Audit Report       | 2 Pages |
| 3 | Special Purpose Audit Report       | 2 Pages |



Thorough, Attentive, Earnest

19 September 2016

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 2016**

We advise having completed our audit of the financial statements of Central Tablelands Water for the financial year ended 30 June 2016. 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 2016. 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 is 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. Our audit did not involve an analysis of the prudence of business decisions made by Council or management.



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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.

#### **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 \$532,000 (2015 surplus - \$74,000). Selected items of note in the operating statement include:

- The operating result *before* capital amounts was a surplus of \$245,000 (2015 deficit – \$130,000).
- User Charges and Fees were consistent with the prior year at \$3,941,000 (2015 - \$3,706,000).
- Other revenue of \$197,000 (2015 - \$52,000) was significantly higher following the recovery through litigation, of a portion of previously written off investments, primarily through Lehmann Brothers.
- Grants and Contributions for capital purposes experienced an increase of \$83,000 to \$287,000 (2015 - \$204,000) the increase came mainly through the contribution by Newcrest mining for mains extensions along Newbridge road.
- Employee costs were higher at \$1,766,000 (2015 - \$1,594,000) a contributor to this increase was the recruitment of a new Director of Engineering several months prior to the retirement of her predecessor in order to facilitate a smooth transition.
- Expenses for Materials & Contracts and other expenses were a little lower than 2015 when maintenance was ramped up.

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

**b) Financial Position**

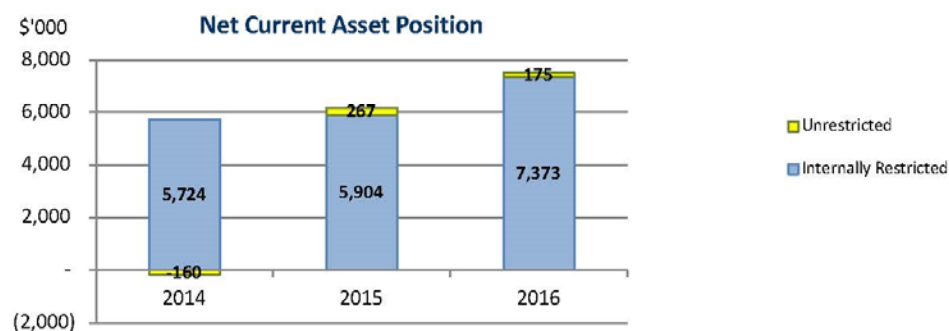
The Statement of Financial Position discloses that for the year ended 30 June 2016 Council’s net assets stood at \$60,978,000 (2015 - \$59,592,000), which represents an increase of \$1,386,000. The increase comprises:

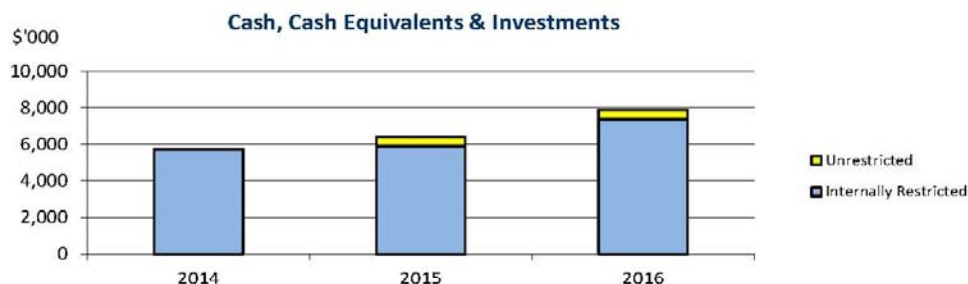
- the net operating result after capital amounts of \$532,000; and
- a \$854,000 net revaluation increment attributable to the indexed revaluation of water infrastructure;

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:

	2016 \$'000	2015 \$'000
<b>Net Current Assets</b>	7,046	5,634
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(7,373)	(5,904)
Add: Employee Leave Entitlements to be paid > 12 months	502	537
<b>Unrestricted net current asset surplus/(deficit)</b>	<u>175</u>	<u>267</u>
<b>Unrestricted net current assets comprise: -</b>		
Assets		
Cash	500	500
Receivables	354	317
Inventories	349	335
Other	35	25
Less: General Purpose Liabilities	(1,565)	(1,447)
Plus: Employee Leave Entitlements to be paid > 12 months	502	537
<b>Unrestricted net current asset surplus/(deficit)</b>	<u>175</u>	<u>267</u>

Council has for the second consecutive year reported an 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 \$7,873,000 (2015 - \$6,404,000). Of this amount \$7,373,000 (2015 - \$5,904,000) 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 - \$500,000) represents funds available to cover non-budgeted discretionary expenditure and meet 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 including:

**Operating Performance Ratio**

This ratio expresses council’s ability to keep operating expenses, including depreciation, within its continuing operating revenue. The outcome of 5.27% (2015 – -2.95%) represents the surplus / (shortfall) between continuing operating revenue and continuing operating expenses.

**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 8.1:1 (2015 – 7.78:1), 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 3.99 times (2015 – 3.23) 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 88.73% (2015 – 91.87%) is a little lower than the prior year mainly due to the increased other revenue and capital contributions. The council’s pricing structure remains 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 4.20% (2015 – 3.19%) which although a little higher, remains impressive in comparison with industry benchmarks.

**(d) Cash Flow Statement**

The Statement of Cash Flows reports a net increase in cash assets held of \$469,000 (2015 decrease - \$277,000) as follows:

	2016 \$'000	2015 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	2,446	1,867	579
Investing activities	(1,594)	(1,785)	191
Financing activities	(383)	(359)	(24)
<b>Net increase / (decrease) in cash held</b>	<b>469</b>	<b>(277)</b>	<b>746</b>

**Cash flows from operating activities**

The cash flows provided by operating activities have increased against the prior financial year. The main contributors being an increase in other revenue coupled with a decrease in material 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 \$383,000 (2015 - \$359,000), 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 \$532,000 was \$387,000 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.

**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 2016 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: 19 September 2016



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 2016. 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. Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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



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**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 2016 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: 19 September 2016



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 2016, 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.



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(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 2016. 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 2016 has been issued.

**Management Letters**

Our most recent management letter was issued on 10 June 2016. Issues raised with management requiring attention have been satisfactorily dealt with.

**Revaluation of Assets**

Council's infrastructure, property, plant and equipment are required to be carried at fair value with revaluations of each asset class to be performed at least every five years. During the year, water infrastructure asset values were indexed. This resulted in a net increase of \$854,000 that was credited directly to Equity (Asset Revaluation Reserve).

**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 2016 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.



intentus

14 Sale Street  
Orange  
Dated: 19 September 2016



John O'Malley  
Director

**06) INTENTUS – INTERIM AUDIT MANAGEMENT LETTER YE 30/06/2016**  
**(CM.AU.1)**

(Raelene Mulligan)

**RECOMMENDATION:**

1. That the information be noted.

**REPORT**

Following completion of the interim audit review for the year ended 30 June 2016, 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**

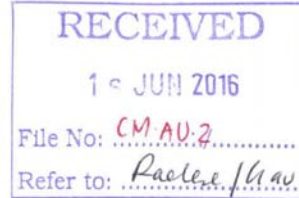
- 1 Interim Audit Letter - Intentus 12 Pages



Thorough, Attentive, Earnest

10 June 2016

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



Dear Gavin,

**RE: REPORT ON INTERIM AUDIT – YEAR ENDING 30 JUNE 2016**

As part of our statutory audit for the year ending 30 June 2016, we advise having completed our interim review of the Council's operations. The dates of our visit were the 2<sup>nd</sup> and 3<sup>rd</sup> May 2016.

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

**Scope**

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, a number of matters were noted which we have outlined in the attached audit memorandum to provide opportunity for Council to further improved its internal control environment.

***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		
		1. Unlikely	2. Possible	3. Likely
Consequence		Low	Medium	High
	3. Major	High	Medium	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
<b>UNRESOLVED</b>	No action has been taken to address the issue identified, or action taken has not proved effective.
<b>ONGOING</b>	Management actions have been taken to address the issue identified, but have not been demonstrated to be fully effective.
<b>COMPLETED</b>	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.
<b>RESOLVED</b>	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 2016**

**REVIEW OF MATTERS PREVIOUSLY REPORTED**

Our previous management letters reported the following issues:

Issue (raised in prior audit visit)	Date Raised	Risk Weighting	Findings (from our current visit)	Resolution
<p><b>1.</b> During our review of water billing journals, we noted that water billing journals were not independently reviewed and authorised.</p>	<p>9 June 2015</p>	<p><b>HIGH</b></p>	<p>We are pleased to report that water billing journals have been independently reviewed and authorised by a supervisor.</p>	<p><b>RESOLVED</b></p>
<p><b>2.</b> During our review of the water billing system, we noted the following:</p> <p><b>2014</b> No independent review was performed on the quarterly water billing process and reconciliation.</p> <p><b>2015</b> Our review of the water billing system confirmed that the following reports have been independently reviewed by the Director of Finance and Corporate Services:</p> <ul style="list-style-type: none"> <li>• Water Billing Consumption Report;</li> <li>• Water Trial Billing Report (initial run);</li> <li>• Update Report; and</li> <li>• Water Trial Billing Report (final run).</li> </ul> <p>However from the two (2) quarters tested we noted that for the December quarter the 'Water Billing Consumption Report' was not independently reviewed.</p>	<p>16 Sept 2014 &amp; 9 June 2015</p>	<p><b>MEDIUM</b></p>	<p>Our current review of the water billing system revealed that for the March quarter, the Water Billing Consumption Report was not independently reviewed.</p> <p>We also note that no reconciliation was performed on the amount confirmed in the SEMA report to reports produced by Synergy soft (Water Trial Billing Report, Water billing Update Reports and Water Billing total for each GL Code by Batch number).</p>	<p><b>ONGOING</b></p>
<p><b>3.</b> During our review of the plant system, we noted that the monthly plant cost recovery report generated was not consistently reviewed and authorised by a supervisor.</p>	<p>16 Sept 2014 &amp; 9 June 2015</p>	<p><b>MEDIUM</b></p>	<p>We are pleased to report that the monthly plant cost recovery report generated has been independently reviewed and authorised by the Director Operations and Technical Services.</p>	<p><b>RESOLVED</b></p>

Issue (raised in prior audit visit)	Date Raised	Risk Weighting	Findings (from our current visit)	Resolution
<p><b>4.</b> Our review of receiving system in relation to cancelled receipts revealed the following discrepancies;</p> <p><b>2014</b></p> <ul style="list-style-type: none"> <li>• There were six (6) instances where cancelled receipts did not appear in the End of Day Reports, no cancelled receipt report was printed;</li> <li>• 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;</li> <li>• 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 Receiving Bank Deposit Listing' and the 'Receiving Update Report'.</li> <li>• 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.</li> </ul> <p><b>2015</b></p> <ul style="list-style-type: none"> <li>• There were six (6) instances where the cancelled receipt was not attached to the Audit Trail Report;</li> <li>• 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</li> <li>• There were three (3) instances where the cancellation was not independently reviewed on the Audit Trail Report.</li> </ul> <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>	<p>16 Sept 2014 &amp; 9 June 2015</p>	<p><b>MEDIUM</b></p>	<p>During our current review of cancelled receipts, we are pleased to note the following;</p> <p>a) That cancelled receipts issued have been printed and attached to the end of day audit trail report.</p> <p>b) That cancelled receipts have been signed off by cashier responsible for the cancellation and sufficient explanation for cancellation have been provided.</p> <p>c) That cancelled receipts have been independently reviewed and authorised by a supervisor.</p> <p>However our current testing revealed two (2) instances where cancellation of receipts were performed by issuing receipts with negative balances and no explanations were provided by the cashier responsible. Also reversals were not independently reviewed and authorised by a supervisor.</p>	<p><b>ONGOING</b></p>

Issue (raised in prior audit visit)	Date Raised	Risk Weighting	Findings (from our current visit)	Resolution
<p>5. It was noted at the 30 June 2015 year end visit, that Council maintains ledger account number 550009 which includes all costs incurred in relation to the installation, replacement and general maintenance of water meters. At the end of each period, the balance of this account is capitalised as part of the cost of reticulation mains. There are no assets disposed of in this process.</p> <p>When meter replacement and maintenance costs are capitalised without first removing the existing cost from the asset register, the overall cost of reticulation mains will be overstated. Each year this will have a compounding effect in that the overstatement of reticulation mains will increase.</p> <p>We note that while part of this ledger account will include the cost of new meters installed during the year, we have no way of identifying and separating these amounts from the replacement and maintenance costs.</p>	<p>12 Nov 2015</p>	<p><b>MEDIUM</b></p>	<p>This matter will be reviewed during our year end visit.</p>	<p><b>ONGOING</b></p>

**AUDIT MEMORANDUM  
CENTRAL TABLELANDS WATER  
INTERIM MANAGEMENT LETTER  
AUDIT FOR THE YEAR ENDED 30 JUNE 2016**

**1. EXPENDITURE - PURCHASE ORDERS**

**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***

Based on our review of Council’s expenditure system, we noted that there was a lack of consistency around when and how purchase orders were to be used. We noted that purchase order does not need to be approved by a supervisor before it is sent to suppliers of goods or services.

Although a register is kept in relation to which employee has what series of pre-numbered purchase orders, Council does not have information on how many purchase orders have been used as purchase order books with their duplicate copies are never returned. Also numerous Council employees are holding purchase order books.

We note that the main reason for this is due to the lack of a formal Council procurement policy relating to purchase orders.

***Implications***

Purchase orders are a key document required in establishing the quantity and price at which goods / services are to be purchased. It also acts as a key document when goods are received, as it acts as a ‘source of truth’ which can be reviewed to ensure that the goods received are in the condition and quantity expected per the purchase order. It is also a binding and legal agreement between parties for goods and services, thus the inconsistent use of purchase orders may increase the risk of purchases being made:

- at sub-optimal prices;
- in inappropriate volumes;
- unauthorised; or
- fraudulent.

Also, when there are numerous employees having access to purchase order under a manual system and a proper record is not kept, there is a risk that financial commitments and or potential misappropriation may not be identified in a timely manner or at all.

***Recommendations***

**We recommend** that Council ensures the following;

- That the Procurement Policy be updated to include that a purchase order must be authorised by a supervisor with the proper delegation limit before it is sent to suppliers;
- That payment be processed only if there is an authorised purchase order;
- That access to purchase orders be restricted to certain staff in accordance with their roles and responsibilities;
- That staff be reminded of the proper use of purchase orders as stated in the procurement policy particularly at offsite facilities; and
- That Council consider using the on-line purchase order module in SynergySoft.

***Management comments***

A draft procurement policy has been created, which includes the auditors recommendations.

Management will ensure that payments are processed only when there is an authorised purchase order.

Management will ensure that purchase orders are restricted to certain staff, in accordance with roles and responsibilities. Management will further investigate the current purchase order stock, and implement a procedure that ensures all purchase orders are accounted for and used purchase order books with duplicates are to be returned to the office.

The use of the Synergysoft on-line purchasing module will be investigated in the near future.



**2. STORES**

**Risk Weighting: MEDIUM**

*Justification:*

Consequence – MEDIUM

Likelihood – MEDIUM

Consequence	High		
	Medium		
	Low		
		Likelihood	
		Low	High

**Time frame for resolution:** As soon as possible

***Audit Observations***

On review of the stores system, it was noted that there is lack of evidence of approval for the store items issued. However, we do note that for works such as a meter change a 'Work Order Form' is completed.

***Implications***

The resultant inconsistent process poses an increased risk of stores items being issued:

- unauthorised; or
- fraudulently.

***Recommendations***

**We recommend** that Council ensures the following:

1. That approval/authorisation be attached to the 'Stores Issues Spreadsheet' which is reviewed by the Director of Finance & Corporate Services;
2. That the 'Stock Issue Batch Transaction Listing' from SynergySoft is attached to the 'Stores Issues Spreadsheet' and the 'Stores Returned Spreadsheet'. It is noted that this needs to be printed by the Storeman when producing the spreadsheet as Synergysoft will not allow a copy to be printed subsequently;
3. That the job number allocation on the 'Stores Issues Spreadsheet' be reviewed to ensure that work is actually being completed on the job listed; and
4. That the 'Stores Returned Spreadsheet' includes when the store item was originally issued and the 'issue number' is included.

***Management comments***

Management notes the auditor's recommendations, and can confirm that procedural changes relating to Stores as recommended have been implemented.

**3. STORES SPOT CHECKS**

**Risk Weighting: LOW**

*Justification:*

Consequence – LOW

Likelihood – MEDIUM

Consequence	High			
	Medium			
	Low			
		Low	Medium	High
		Likelihood		

**Time frame for resolution:** As soon as possible

***Audit Observations***

From review of the stores system, it was noted that this is mainly controlled by the Storeman at the Blayney depot. The Storeman also has access to SynergySoft and thus he is able to update the stores items in the system, for example when an item is issued and returned. In addition, we note that a stores stocktake is only performed at June year end by the Storeman and the Director of Finance and Corporate Services and that there is no formal Council Stocktake policy.

***Implications***

Segregation of duties is an important aspect of internal control that acts as a preventative measure against fraud and error. Without appropriate segregation of duties, the risk of error and fraud increases. An opportunity exists to misappropriate stock through fictitious and/or inaccurate purchase order or where stock is not actually received or the ability to accept the good physically and amend the information in the system.

These and a range of other matters related to procurement have been considered by the ICAC who have produced a useful guide “Corruption Risks in NSW Government Procurement” accessible on [this link](#).

***Recommendations***

**We recommend** that Council ensures the following:

- That access to the Synergysoft store system be reviewed;
- That a representative from the Finance Department performs a stores spot check at least quarterly, which is then independently reviewed;
- That the Storeman is only notified the morning of when the spot check is to be performed;
- That when the store spot check is carried out, items are randomly selected from the stores listing in Synergysoft and compare to the physical count, and that certain items are also selected from the stores and agreed back to the listing;
- That any variances noted during the store spot check be documented and followed up; and
- That a formal Council’s stocktake policy be established.

***Management comments***

Management will commence random quarterly stores spot checks, noting and documenting any variances found. A stocktake policy statement has been incorporated into the procurement policy and stocktake procedures.

4. SUNDRY DEBTOR RECONCILIATION

Risk Weighting: LOW

Justification:

Consequence – MEDIUM

Likelihood – LOW

Consequence	High			
	Medium			
	Low			
		Low	Medium	High
		Likelihood		

Time frame for resolution: As soon as possible

**Audit Observations**

During our review of the sundry debtor’s reconciliation process, Council staff were unable to provide a completed reconciliation for the month of January 2016.

**Implications**

Failure to complete key reconciliations on a timely basis means that potential errors will remain undetected for longer. This may also result in reconciling items being more difficult to resolve at a later date.

**Recommendations**

We recommend that Council ensure reconciliations are completed in a timely manner, signed by the preparer and reviewer and kept in one central location.

**Management comments**

Management will ensure that all reconciliations are processed monthly. A checklist will be developed and signed monthly to ensure that all reconciliations are completed.

**07) FINANCIAL MATTERS (FM.BA.1)**

(Raelene Mulligan)

**RECOMMENDATION:**

1. That the information be noted.

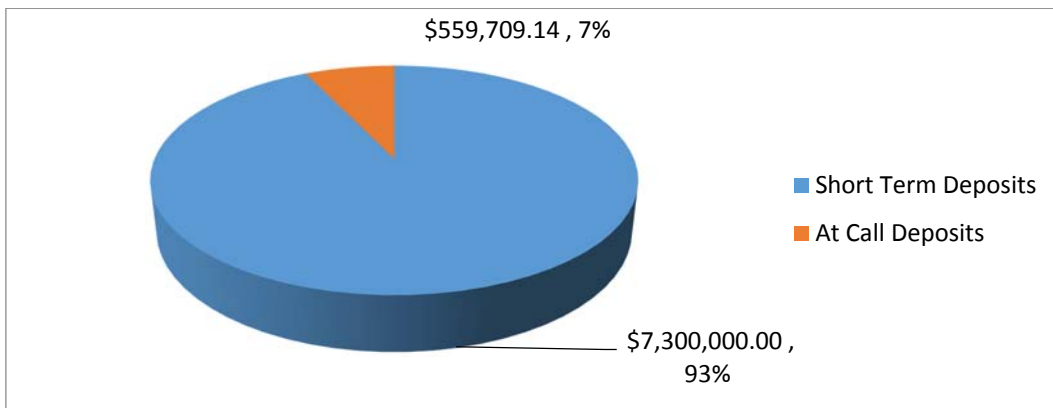
**REPORT**

**Cash and Investments**

The below investment summary represents Council's total investments as at 30<sup>th</sup> September 2016 in accordance with clause 212 of the Local Government (General) Regulation 2005.

		<b>Term (Days)</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>% of Portfolio</b>
<b>Short Term Deposits</b>	<b>\$ 7,300,000.00</b>				<b>92.88%</b>
NAB Term Deposit - NAB Orange	800,000	215	3.08%	24/10/16	10.18%
BOQ - Curve Securities	500,000	181	3.10%	24/10/16	6.36%
AMP - Curve Securities	500,000	181	3.00%	21/11/16	6.36%
AMP - Curve Securities	500,000	181	3.00%	5/12/16	6.36%
RimSec - NAB	500,000	182	2.92%	13/12/16	6.36%
RimSec - AMP	500,000	90	2.75%	13/12/16	6.36%
NAB Term Deposit - NAB Orange	700,000	217	2.85%	30/01/17	8.91%
BOQ - Curve Securities	800,000	182	2.85%	23/01/17	10.18%
AMP - Curve Securities	500,000	181	2.85%	30/01/17	6.36%
Reliance Credit Union	500,000	180	2.80%	2/02/17	6.36%
Reliance Credit Union	500,000	180	2.80%	26/02/17	6.36%
AMP - Curve Securities	500,000	210	2.95%	7/03/17	6.36%
Reliance Credit Union	500,000	180	2.95%	12/03/17	6.36%
<b>At Call Deposits</b>	<b>\$ 559,709.14</b>				<b>7.12%</b>
Commonwealth Bank Cheque Account	\$ 127,312.83	At Call	1.85%	N/A	
Commonwealth Bank - BOS Accounts	\$ 432,371.00	At Call	1.90%	N/A	
Reliance Credit Union - Cheque Account	\$ 25.31	At Call	2.00%	N/A	
<b>Total Value of Investment Funds</b>	<b>\$ 7,859,709.14</b>				<b>100%</b>

**Cash and Investments By Type**



**Bank Reconciliation as at 30<sup>th</sup> September 2016**

Balance as per Bank Statement	\$	559,709.14
Less: Bpay receipted into incorrect month	-\$	10,922.33
Add: Outstanding Deposit	\$	4,233.00
Balance as per Cash Book	\$	<u>553,019.81</u>

**GENERAL FUND**

(a) Cash Book Balance	\$	447,962.68
(b) Bank Balance	\$	466,663.83

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 – 30<sup>TH</sup> SEPTEMBER 2016**  
**(FM.FR.1)**

(Raelene Mulligan)

**RECOMMENDATION:**

1. That the budget review statement for the quarter ended 30<sup>th</sup> September 2016 be accepted, and the variations therein be adopted.

**REPORT**

The Quarterly Budget Review Statement (QBR) for the period ended 30 September 2016 is submitted for examination by Council (refer to Attachment).

It is estimated that there will be an increase of the original budget surplus of \$149,486 to \$208,486.

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 increase in the operating surplus.

There are no changes to the capital budget at this stage.

**BUDGET IMPLICATIONS**

Nil

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

- 1 Quarterly Budget Review Statement - September 2016 7 Pages

Central Tablelands Water

**Quarterly Budget Review Statement**  
for the period 01/07/16 to 30/09/16

<b>Table of Contents</b>	<b>page</b>
1. Responsible Accounting Officer's Statement	2
2. Budget Review Statement Summary	3
3. Income & Expenses Budget Review Statement's	4
- Income Statement variations	5
4. Capital Budget Review Statement	6
- Capital Budget Review variations	7

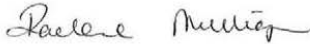
Central Tablelands Water

**Quarterly Budget Review Statement**  
for the period 01/07/16 to 30/09/16

**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 30/09/16 indicates that Council's projected financial position at 30/6/17 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:** 5th October 2016

Raelene Mulligan  
Responsible Accounting Officer



## Budget Review Statement as at 30th September 2016

Council's Revised Income and Expenditure for the year 2016/2017

<b>Original Budget</b>			
1,219,967	<b>Operating Revenue</b>		
4,048,734	Availability Charges	1,219,967	
173,000	Water Charges	4,048,734	
63,798	Interest	173,000	
55,777	Other Revenues	163,798	
138,675	Grants & Subsidies	55,777	
80,000	Developer and Capital Contributions	138,675	
	Gains on Disposal of Assets	80,000	
<u>5,779,951</u>			5,879,951
	<b>Operating Expenses</b>		
1,794,427	Employee Costs	1,811,427	
171,560	Borrowing Costs	171,560	
887,823	Materials & Contracts	887,823	
8,000	Legal Costs	8,000	
25,000	Consultants	45,000	
830,750	Other Expenses	834,750	
0	Loss on Sale of Assets	0	
1,912,903	Depreciation - System Assets	1,912,903	
<u>5,630,465</u>			5,671,465
149,486	<b>Operating Result for Period</b>	<b>Surplus/(Deficit)</b>	208,486
	<b>Less Non-Operating Expenditure</b>		
4,780,679	Acquisitions of Assets	4,780,679	
409,096	Repayment of Loans	409,096	
138,675	Transfer to Reserves - S64 Developer Charges	138,675	
579,934	Transfer to Reserves - Renewal Reserves	579,934	
178,660	Water Pricing Increase @ 5%	178,660	
820,340	Estimated Budget Surplus/(Deficit)	879,340	
101,531	Transfer to Reserves - Plant	101,531	
60,180	Transfer to Reserves - DA	60,180	1,938,320
<u>7,069,095</u>			7,128,095
(6,919,609)			(6,919,609)
	<b>Add Non-Operating Revenue</b>		
299,000	Book Value of Assets Sold	299,000	
-	Loan Funds	-	
45,000	Transfer from Reserves - Plant	45,000	
226,027	Transfer from Reserves - ELE	226,027	
4,436,679	Transfer from Reserves - Renewals	4,436,679	
<u>5,006,706</u>			5,006,706
(1,912,903)			(1,912,903)
1,912,903	<b>Add Expenses not Involving Flow of Funds</b>		
	Depreciation		1,912,903
<u>\$ 0</u>	<b>Budget Result Surplus/(Deficit)</b>		<u>\$ 0</u>

**Quarterly Budget Review Statement**  
for the period 01/07/16 to 30/09/16

Central Tablelands Water  
**Income & Expenses Budget Review Statement**

Budget review for the quarter ended 30 September 2016  
**Income & Expenses - Water Fund**

	Original Budget 2016/17	Approved Changes		Revised Budget 2016/17	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
		Other than by a QBR	Sep QBR					
<b>Income</b>								
Rates and Annual Charges	1,219,967			1,219,967			1,219,967	305,919
User Charges and Fees	4,048,734			4,048,734		1a	4,048,734	838,824
Interest and Investment Revenues	173,000			173,000			173,000	3,936
Other Revenues	63,798			63,798	100,000		163,798	132,739
Grants & Contributions - Operating	55,777			55,777			55,777	13,845
Grants & Contributions - Capital	138,675			138,675			138,675	18,600
Net gain from disposal of assets	80,000			80,000			80,000	(8,191)
Share of interests in Joint Ventures	-			-			-	
<b>Total Income from Continuing Operations</b>	<b>5,779,951</b>	<b>-</b>	<b>-</b>	<b>5,779,951</b>	<b>100,000</b>		<b>5,879,951</b>	<b>1,305,672</b>
<b>Expenses</b>								
Employee Costs	1,794,427			1,794,427	17,000		1,811,427	508,496
Borrowing Costs	171,560			171,560		2b	171,560	45,739
Materials & Contracts	887,823			887,823			887,823	233,194
Depreciation	1,912,903			1,912,903			1,912,903	481,944
Legal Costs	8,000			8,000			8,000	-
Consultants	25,000			25,000		2c	45,000	-
Other Expenses	830,750			830,750	4,000	2d	834,750	179,101
Interest & Investment Losses	0			-			-	
Net Loss from disposal of assets	-			-			-	
<b>Total Expenses from Continuing Operations</b>	<b>5,630,465</b>	<b>-</b>	<b>-</b>	<b>5,630,465</b>	<b>41,000</b>		<b>5,671,465</b>	<b>1,448,474</b>
<b>Net Operating Result from Continuing Operations</b>	<b>149,486</b>	<b>-</b>	<b>-</b>	<b>149,486</b>	<b>59,000</b>		<b>208,486</b>	<b>(142,803)</b>
Discontinued Operations								
<b>Net Operating Result from All Operations</b>	<b>149,486</b>	<b>-</b>	<b>-</b>	<b>149,486</b>	<b>59,000</b>		<b>208,486</b>	<b>(142,803)</b>
Net Operating Result before Capital Items	10,811	-	-	10,811	59,000		69,811	(161,402)

This statement forms part of Council's Quarterly Budget Review Statement (QBR) for the quarter ended 31/03/2016 and should be read in conjunction with the total QBR report

Central Tablelands Water

**Quarterly Budget Review Statement**  
for the period 01/07/16 to 30/09/16

**Income & Expenses Budget Review Statement**  
**Recommended changes to revised budget**

Budget Variations being recommended include the following material items:

Notes	Details
1a	\$100,000 was received in July 2016 as an additional adjusted dividend from legal action to recoup ACES Investment
2b	An additional \$17,000 is required for employee costs, relating to an increase in payroll tax (\$12,000), and training expenses (\$5,000).
2c	Consultancies are expected to increase by \$20,000, for the undertaking of an independent customer service satisfaction survey (\$12,000) and the completion of the Quality Management System in 2016-2017 (\$8,000).
2d	Increase in other expenditure is attributed to additional delegates expenditure (\$4,000).

**Quarterly Budget Review Statement**  
for the period 01/07/16 to 30/09/16

Central Tablelands Water  
**Capital Budget Review Statement**

Budget review for the quarter ended 30 September 2016  
**Capital Budget - Water Fund**

	Original Budget 2016/17	Approved Changes		Revised Budget 2016/17	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
		Other than by a QBRS	Sep QBRS					
<b>Capital Expenditure</b>								
New Assets								
- Plant & Equipment	344,000			344,000			344,000	39,920
- Land & Buildings								
- Office Equipment	5,000			5,000			5,000	
Renewal Assets (Replacement)								
- Plant & Equipment								
- Land & Buildings	10,000			10,000			10,000	12,455
- Water Supply Network	4,421,680			4,421,680			4,421,680	120,769
- Land & Buildings								
Loan Repayments (Principal)	409,096			409,096			409,096	99,425
<b>Total Capital Expenditure</b>	<b>5,189,776</b>	<b>-</b>	<b>-</b>	<b>5,189,776</b>	<b>-</b>		<b>5,189,776</b>	<b>272,569</b>
<b>Capital Funding</b>								
User Fees & Charges Funding	409,096			409,096			409,096	
Capital Grants & Contributions								
Reserves:								
- External Restrictions/Reserves								
- Internal Restrictions/Reserves	4,436,680			4,436,680			4,436,680	280,760
New Loans								
Receipts from Sale of Assets								
- Plant & Equipment	344,000			344,000			344,000	(8,191)
- Land & Buildings								
<b>Total Capital Funding</b>	<b>5,189,776</b>	<b>-</b>	<b>-</b>	<b>5,189,776</b>	<b>-</b>		<b>5,189,776</b>	<b>272,569</b>
<b>Net Capital Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>0</b>

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 31/03/2016 and should be read in conjunction with the total QBRS report

Central Tablelands Water

**Quarterly Budget Review Statement**  
for the period 01/07/16 to 30/09/16

**Capital Budget Review Statement**  
**Recommended changes to revised budget**

Budget Variations being recommended include the following material items:

**Notes**   **Details**

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**09) CANCER CARE WESTERN NSW INC – LETTER OF THANKS (CR.SD.1)**

(Gavin Rhodes)

**RECOMMENDATION:**

1. That Council note the report.

**REPORT**

The General Manager received a letter from Cancer Care Western NSW on 4 July 2016, conveying their sincere thanks and support for the commitment provided by Central Tablelands Water in making a donation towards further cancer research and facility improvements at Western Care Lodge.

A copy of the letter from Cancer Care Western NSW is attached to this report.

**BUDGET IMPLICATIONS**

Nil

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

- 1 Cancer Care West Letter 1 Page



# Cancer Care Western NSW Inc. WESTERN CARE LODGE # 14707

P.O. Box 2800  
ORANGE NSW 2800  
Phone: (02) 6391 2300  
Fax: (02) 6391 2399

COI 1508 Website: www.ccwest.org.au  
Email: [themanager@ccwest.org.au](mailto:themanager@ccwest.org.au)  
ABN: 88 995 371 685  
CFN: 20279

**RECEIVED**  
CR.SD.L  
- 4 JUL 2016

File No: .....  
refer to: *Davett*

To Central Tablelands Water

*For October Council Meeting Jpl.*

Once again, thank you so very much for your kind donation to us. The manager will provide your receipt for you, as I am off sick for the last three weeks. Your donation will help replace some items such as a dishwasher

This last year we have supported the Clinical Cancer Trials with now over 100 people being able to access trials in a regional area. The trials offered are in Breast, Prostrate, Lung, bloods such as leukemia, hodgkinsons ect. Bowel, and GI Cancers.

Shortly the facility at OHS will provide support for up to 200 patients to access trials. They have also been accepted by two major international and national pharmaceutical companies , and some other exciting news with a national trial will be forthcoming shortly.

I have worked with two patients who I have seen have at this point 3 extra years with their loved ones , with little physical effect on their bodies, with the new drugs which target the immune system.

This year our organisation is also replacing some much needed electrical equipment, and we also have a lovely fountain donated. Our other wish list of additional car parking was also provided.

Your donation will be put to good use. As usual , we love our work and it is made easier when people support us. We do not get paid for our work, so it makes it all worthwhile when we see the smiles and the friendships made at Western Care Lodge.

We are the lucky ones as we get to meet the most amazing people.

With thanks

Jan Savage

Chairman John Carpenter  
Phone 02 63 603055

Vice Chairman Stuart Porges  
phone 02 63 652204

Fundraising Chairperson Jan Savage  
phone 02 63 627665

**10) COUNCILLOR EXPENSES AND FACILITIES POLICY (CM.PO.1)**

(Gavin Rhodes)

**RECOMMENDATION:**

1. That Council endorse the draft Councillor Expenses and Facilities Policies as presented in the General Manager's Report and place them on public display for a period of 28 days with a view to adoption at the December 2016 meeting of Council.

**REPORT**

Council is required under Sections 252 and 253 of the *Local Government Act 1993* to adopt a councillor expenses and facilities policy within the first twelve months of each term of Council, but must give 28 days public notice prior to adoption in order that submissions may be received.

Whilst Council's full Policy Register is presented for adoption at this meeting, a separate resolution and public notice is required for the expenses and facilities policy.

Accordingly, Council may wish to review the current policies as listed below and resolve to place them on public display for 28 days and, subject to any submissions received, adopt the policies at the December 2016 meeting of Council.

**Draft Policy on Payment of Fees to Members: (CM.PO.1)**

That:

- (a) Council pay councillors an annual fee based on the maximum fee as determined by the Local Government Remuneration Tribunal;

In addition to the annual fee, Council reimburse actual expenses incurred to any councillor who:

- i. attends a meeting of any committee of Council,
  - ii. attends an inspection within the area in compliance with a resolution of the Council,
  - iii. undertakes business of the Council outside of the area in compliance with a resolution of Council.
- (b) Council recompense councillors for travelling expenses at the rates per kilometre allowed at the time by the Australian Taxation Office, for all travelling associated with attendance at Council meetings or other business as specified in (a) above.
  - (c) Council allow councillors any reasonable use of facilities to assist in their carrying out of business on behalf of the Council, such use being entirely at the discretion of the General Manager.



**Draft Use of Facilities Policy: (CM.PO.1)**

That Council will provide:

1. The Chairman with the following facilities:
  - a. An office in the Council's Administrative Building;
  - b. Access to telephone, facsimile, computer tablet and photocopy facilities for Council business purposes;
  - c. Secretarial services for Council business as required;
  - d. Identification badge bearing Council's crest;
  - e. Payment of conference/seminar/workshop registration fees for attendance authorised by Council; and,
  - f. Arrangement and payment of travel in respect of Council commitments.
2. Council will provide the Councillors with the following facilities:
  - a. Access to computer tablet (i-pad), telephone, facsimile and photocopy facilities for Council business as required;
  - b. Secretarial services for Council business as required;
  - c. Identification badge bearing Council's crest;
  - d. Payment of conference/seminar/workshop registration fees for attendance authorised by Council; and,
  - e. Arrangement and payment of travel in respect of Council commitments.
3. Meals and refreshments will be provided to the Chairman and Councillors in conjunction with Council/Committee meetings and other functions/meetings as appropriate.
4. Expenses incurred whilst on approved travel outside the Council area will attract reimbursement according to the following guidelines:
  - a. Meals – where meals are not provided, the total bill for meals should not exceed \$100 per day.
  - b. Accommodation – where travel involves an overnight stay away from home the acceptable maximum expenditure on accommodation is:
    - i. metropolitan areas - \$350.00 per night
    - ii. country areas - \$200.00 per nightprovided that all accommodation is approved prior to travelling, where practicable.
  - c. Other expenditure items:
    - i. taxis, trains and other transport – transport costs necessarily incurred will be met. Hire cars are only to be used if prior approval has been granted.

- ii. Entertainment – these costs would not normally be reimbursable.
  - iii. Other costs – all costs necessarily incurred will be met. Receipts or other evidence of payment should be produced if seeking reimbursement.
- 5. Where possible prepayment of expenses will be made and cash advances may be made, if preferred, to offset out-of-pocket expenditure.
  - 6. All claims for reimbursement of expenses incurred are to be submitted on the standard claim form.

**BUDGET IMPLICATIONS**

Nil

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

Nil

**11) POLICY REGISTER (CM.ME.1)**

(Gavin Rhodes)

**RECOMMENDATION:**

1. That the updated Policy Register, be adopted.

**REPORT**

Over the last few months the WBC Executive Manager has been systematically working through all the policies, resolutions and procedures of CTW. Historically the “policies” were a mixture of resolutions of Council and policies with various formatting and work procedures.

As a result of the policy register review, the policy register has now been updated, with the Director Finance and Corporate Services being responsible for maintaining this register. All resolutions originally adopted have been transferred to the revised register.

An updated printed version of the Policy Register has been delivered to all councillors together with this business paper.

**BUDGET IMPLICATIONS**

Nil

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

Nil

12) **2014/2015 NSW WATER SUPPLY PERFORMANCE MONITORING REPORT (GR.SL.2)**

(Gavin Rhodes)

**RECOMMENDATION:**

1. That the 2014/2015 Water Supply Performance Report for Local Government Water Utilities be received and noted.

**REPORT**

The Minister for Lands and Water, The Hon Niall Blair MLC, has released the *2014/2015 NSW Water Supply and Sewerage Performance Monitoring Report* in which he states that the evidence shows that the NSW utilities are continuing to perform very well. **The Full Report will be tabled at this meeting.**

The Department of Primary Industries - Water (DPI Water) have also sent a copy of Council's 2014/2015 TBL Performance Report (see attached).

As reported last year, Central Tablelands Water has performed well in the 2014/2015 performance reports.

The report shows that, in 2014/2015, Council was 90% compliant with all requirements of the Best-Practice Guidelines, including full cost recovery. According to DPI Water, for Council to achieve 100% compliance, Council needs to implement Appropriate Residential Charges. The Best-Practice Guidelines state that to be compliant consumption charges should equate to 75% of water sales revenue and availability or access charges 25%. Council remains below the 75% guideline at 69%.

Notwithstanding, Council ranks fairly highly in other areas of the report when compared against water utilities of similar size and even when compared against the State median.

Council's 2014/2015 TBL Water Supply Performance Report is provided as an attachment to this business paper.

**BUDGET IMPLICATIONS**

Nil

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

- 1 2014 - 2015 TBL Water Supply Performance Report 2 Pages

**Central Tablelands Water TBL Water Supply Performance 2014-15**

**WATER SUPPLY SYSTEM** - Central Tablelands Water serves a population of 14,000 (5,490 connected properties). Water is drawn from 7 bores (7 ML/d) and from Lake Rowlands to supply Blayney, Canowindra, Grenfell, Eugowra, Millthorpe, Mandurama, Lyndhurst, Carcoar, Manildra, Cargo, Cudal, Woodstock and Gooloogong. Council has 1 storage dam (total capacity 4500 ML). The water supply network comprises 1 conventional treatment works (6 ML/d) and 1 DAFF works (9 ML/d), 45 service reservoirs (29 ML), 27 pumping stations, 15 ML/d delivery capacity into the distribution system, 318 km of transfer and trunk mains and 267 km of reticulation. 100% of water supplied is potable. With the exception of Quandialla, all the supply is fully treated.

**PERFORMANCE** - Central Tablelands Water achieved 90% implementation of the outcomes required by the NSW BPM Framework. The 2015-16 typical residential bill was \$640 which was close to the statewide median of \$593 (Indicator 14). The economic real rate of return was 0.1% which was less than the statewide median (Indicator 43). The operating cost (OMA) per property was \$626 which was well above the statewide median of \$400 (Indicator 49). Water quality complaints were above the statewide median of 3 (Indicator 25). Compliance was achieved for microbiological water quality (100% of the population, 2 of 2 zones compliant), chemical water quality and physical water quality. There were no failures of the chlorination system or the treatment system. Central Tablelands Water reported no water supply public health incidents. Current replacement cost of system assets was \$121M (\$20,900 per assessment), Cash and investments were \$6.4M, debt was \$3.1M and revenue was \$5.2M (excluding capital works grants).

**IMPLEMENTATION OF OUTCOMES REQUIRED BY THE NSW BEST-PRACTICE MANAGEMENT (BPM) FRAMEWORK**

(1) Complete Current Strategic Business Plan & Financial Plan	YES	(3) Sound water conservation implemented	YES
(2) (2a) Pricing - Full Cost Recovery, without significant cross subsidies	Yes <sup>12</sup>	(4) Sound drought management implemented	YES
(2b,2c) Pricing - Appropriate Residential Charges	Yes	(5) Complete performance reporting (by 15 September)	YES
(2d) Pricing - Appropriate Non-residential Charges	Yes	(6) Integrated water cycle management strategy	YES
(2e) Pricing - DSP with Commercial Developer Charges	Yes		YES
		<b>IMPLEMENTATION OF ALL OUTCOMES</b>	<b>90%</b>

**TRIPLE BOTTOM LINE (TBL) PERFORMANCE INDICATORS**

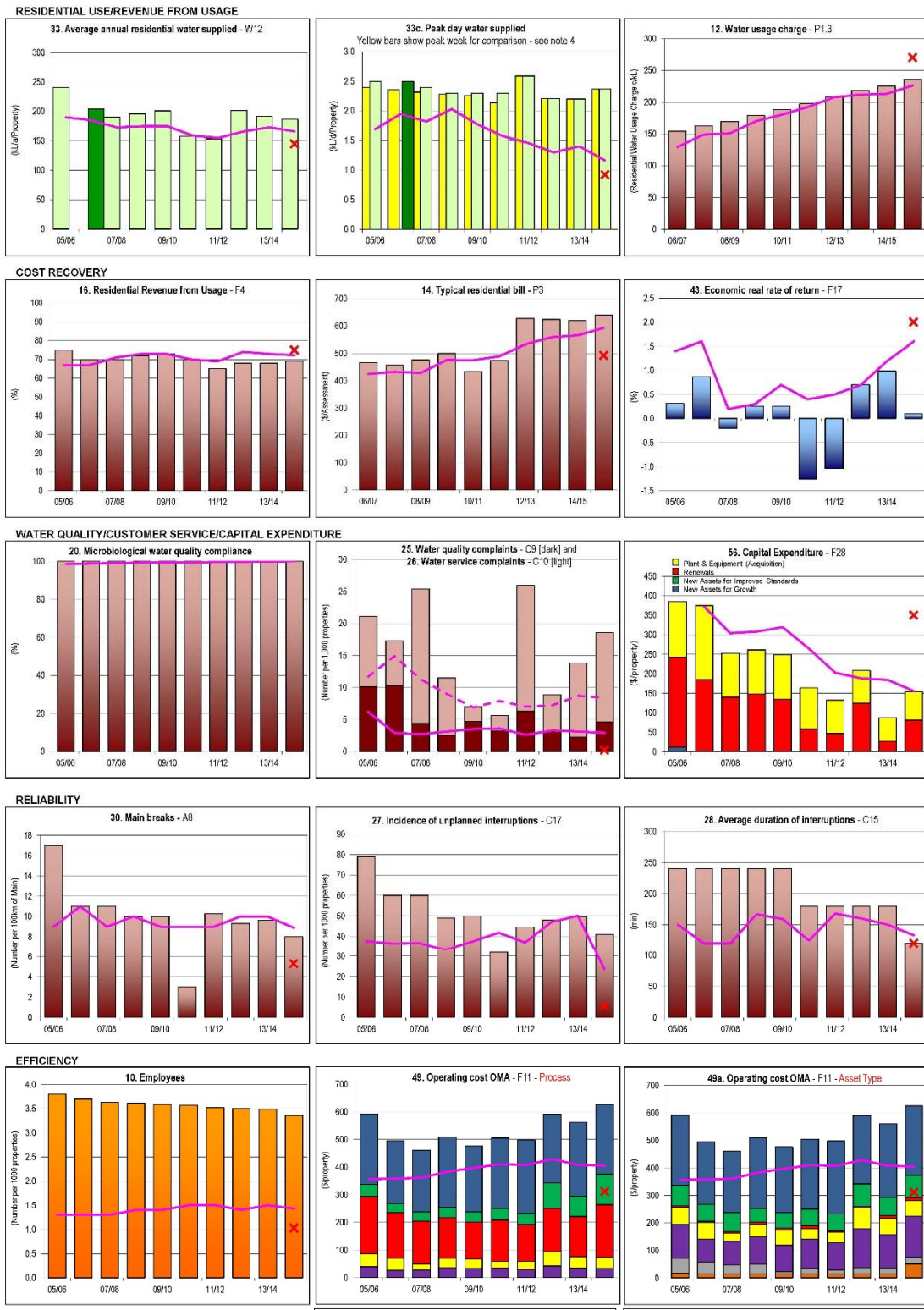
NMI No.	LWU RESULT	RANKING		MEDIANS	
		3,001 to 10,000	All LWUs	Statewide	National
		Note 1	Note 2	Note 3	Note 4
		Col 2	Col 3	Col 4	Col 5
<b>UTILITY CHARACTERISTICS</b>					
C1 1 Population served: 14000					
C4 2 Number of connected properties: 5490					
	Number of assessments: 5780				
3 Residential connected properties (% of total)	% 74			92	
4 New residences connected to water supply (%)	% 0.9	2	3	1.1	
A3 5 Properties served per kilometre of water main	Prop/km 10			31	34
6 Rainfall (% of median annual rainfall)	% 77	5	5	116	
W11 7 Total urban water supplied at master meters (ML)	ML 1,710			7,000	9,060
8 Peak week to average consumption (%)	% 277	5	5	141	
9 Renewals expenditure (% of current replacement cost of system assets)	% 0.4	3	4	0.4	
10 Employees per 1000 properties	per 1,000 prop 3.4	5	5	1.4	
<b>SOCIAL CHARGES &amp; BILLS</b>					
P1 Residential tariff structure for 2015-16: two part, independent of land value; access charge \$200					
P13 12a Residential water usage charge for 2014-15 for all usage (c/kL)	c/kL (2014-15) 225	2	2	213	185
12 Residential water usage charge for 2015-16 for all usage (c/kL)	c/kL (2015-16) 236	2	2	226	
P3 14a Typical residential bill for 2014-15 (\$/assessment)	\$ (2014-15) 620	3	3	566	589
14 Typical residential bill for 2015-16 (\$/assessment)	\$ (2015-16) 640	3	3	593	
15 Typical developer charge for 2015-16 (\$/equivalent tenement)	\$ (2015-16) 8,700	1	1	5,900	
F4 16 Residential revenue from usage charges (% of residential bills)	% 69	3	3	72	66
F5 17 Revenue per property - water (\$/property)	\$/prop 950	2	2	827	881
<b>SOCIAL HEALTH</b>					
18 Water Supply Coverage (% of Urban Population with reticulated WS)	% of population 96.3	3	3	99.5	
18a Risk based Drinking Water Management System (DWMS)?	Yes/No Yes				
19 Physical compliance achieved? Note 10	Yes/No Yes	1	1		
19a Chemical compliance achieved? Note 10	Yes/No Yes	1	1		
H4 19b % population with chemical compliance	% of population 100	1	1	100	
20 Microbiological (E. coli) compliance achieved? Note 10	Yes/No Yes	1	1		
H3 20a % population with microbiological compliance	% of population 100	1	1	100	100
<b>SERVICE LEVELS</b>					
C9 25 Water quality complaints per 1000 properties	per 1,000 prop 4	4	4	3	2
C10 26 Water service complaints per 1000 properties	per 1,000 prop 14	3	3	6	0.5
C17 27 Incidence of unplanned interruptions per 1000 properties	per 1,000 prop 41	5	4	24	91
C15 28 Average duration of interruption (min)	min 120	2	2	133	117
A8 30 Number of water main breaks per 100 km of water main	per 100km 8	2	2	9	13
31 Drought water restrictions (% of time)	% of time 0	1	1	0	
32 Total days lost (%)	% 1.5	2	3	2.9	
<b>ENVIRONMENTAL NATURAL RESOURCE MANAGEMENT</b>					
W12 33 Average annual residential water supplied - STATEWIDE (kL/property)	kL/prop 187	2	3	166	181
33a Average annual residential water supplied - COASTAL LWUs (kL/property)	kL/prop 187	2	2	150	
33b Average annual residential water supplied - INLAND LWUs (kL/property)	kL/prop 187	2	2	225	
A10 34 Real losses (leakage) (L/service connection/day)	L/connection/day 60	1	2	60	76
35 Energy consumption per Megalitre (kilo/Watt hours)	kWh/ML 797	5	5	700	
36 Renewable energy consumption (% of total energy consumption)	% 0			0	
E12 36a Net greenhouse gas emissions - WS & Sge (net tonnes CO2 equivalents per 1000 properties)	t CO2 240	2	2	410	393
<b>ECONOMIC FINANCE</b>					
F17 42 Current replacement cost per assessment (\$)	\$/assessment 20,900	1	2	16,400	
43 Economic real rate of return - Water (%)	% 0.1	4	4	1.6	1.9
44 Return on assets - Water (%)	% 0.1	4	4	1.0	
F22 45 Net Debt to equity - WS & Sge (%)	% -6	2	3	-1	11
F23 46 Interest cover - WS & Sge	4	1	1	4	2
47 Loan payment per property - Water (\$)	\$/prop 106	1	2	69	
F24 47b Net profit after tax - WS & Sge (\$'000)	\$/000 70	5	4	2340	7120
<b>ECONOMIC EFFICIENCY</b>					
48 Operating cost (OMA) per 100km of main (\$'000)	\$/000 612	1	1	1,320	
F11 49 Operating cost (OMA) per property (\$/prop) Note 8	\$/prop 626	4	4	400	455
50 Operating cost (OMA) per kilolitre (cents)	c/kL 185	5	4	129	
51 Management cost (\$/prop)	\$/prop 252	5	5	141	
52 Treatment cost (\$/prop)	\$/prop 148	3	3	58	
53 Pumping cost (\$/prop)	\$/prop 58	3	3	31	
54 Energy cost (\$/prop)	\$/prop 41	3	3	18	
55 Water main cost (\$/prop)	\$/prop 82	3	3	74	
F28 56 Capital Expenditure (\$/prop)	\$/prop 154	3	3	155	163

**NOTES:**

- Col 2 rankings are on a % of LWUs basis - best reveals performance compared to similar sized LWUs (ie. Col 1 is compared with LWUs with 3,001 to 10,000).
- Col 3 rankings are on a % of LWUs basis - best reveals performance compared to all LWUs (ie. Col 1 is compared with all LWUs).
- Col 4 (Statewide Median) is on a % of connected properties basis- best reveals statewide performance (gives due weight to larger LWUs & reduces effect of smaller LWUs).
- Col 5 (National Median) is the median value for the 76 utilities reporting water supply performance in the National Performance Report 2014-15 (www.bom.gov.au).
- LWUs are required to annually review key projections & actions in the later of their IWCM Strategy and financial plan and their Strategic Business Plan and to annually 'roll forward', review and update their 30-year total asset management plan (TAMP) and 30-year financial plan.
- 2015-16 Non-residential Tariff: Access Charge based on Meter Size\*(40mm: \$800), Two Part Tariff; Usage Charge 236c/kL.
- Non-residential water supplied was 50% of potable water supplied excluding non-revenue water. Non-residential revenue was 48% of annual rates and charges, indicating fair pricing of services between the residential and non-residential sectors.
- The operating cost (OMA) per property was \$626. Components were: management (\$252), operation (\$111), maintenance (\$169), energy (\$41) & chemical (\$33).
- Rehabilitations included 0.9% of water mains, 5.57% of service connections and 1.5% of water meters. Renewals expenditure was \$79,000/100km of main.
- Compliance with ADWGW 2011 for drinking water quality is shown as "Yes" if compliance has been achieved (indicators 19, 19a & 20).
- Central Tablelands Water has 2 fully qualified water treatment operators who meet the requirements of the National Certification Framework.
- BPM Framework - Council needs to implement Appropriate Residential Charges (75% from usage charges) (2c).

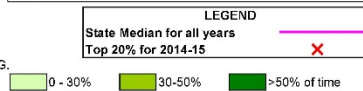
**Central Tablelands Water TBL Water Supply Performance (page 2) 2014-15**

(Results shown for 10 years together with Statewide Median and 2014-15 Top 20%)



**NOTES:**

- Costs are in Jan 2015\$ except for graphs 12 and 14, which are in Jan 2016\$
- Microbiological water quality compliance 1999-00 to 2003-04 was on the basis of 1996 NHMRC/ARMCANZ Australian Drinking Water Guidelines for E. coli; from 2004-05 to 2010-11 compliance was on the basis of the 2004 NHMRC/NRMCC Australian Drinking Water Guidelines (ADWG) and for 2011-12 to 2014-15 compliance was on the basis of the 2011 ADWG.
- Indicators 33 and 33c - Green shading of bars shows % of time Drought Water Restrictions applied in each year.
- Indicator 33c - Yellow bars show Peak Week Water Supplied for comparison with Peak Day Water Supplied shown in green.



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

(Leonie Freeth)

**RECOMMENDATION:**

1. That the information be noted.

**REPORT**

a) *Hydrant/Valve Maintenance*

Annual valve exercising has been completed in Grenfell, Quandialla, Canowindra, Lyndhurst, Mandurama, Millthorpe and most of Blayney. General hydrant maintenance undertaken at Grenfell and Canowindra. In addition, four hydrant units have been refurbished.

b) *Pump Station Maintenance*

All pump stations cleaned thoroughly during periods of wet weather.

c) *Filtration Plant Maintenance*

Safety Line installed at Carcoar Water Treatment Plant.

d) *Reservoir Maintenance*

A number of reservoirs were drained and cleaned over the last two months including Hill Street (Blayney), Eugowra, Lyndhurst, Canowindra and Grenfell East Reservoir.

e) *Trunk Main Maintenance*

Periods of wet weather over the last four months has prevented accessing Trunk Mains located on private property to undertake regular maintenance.

f) *WH&S*

Council's WH&S representative has conducted internal safety audits at Blayney and Carcoar Water Filtration Plants, as well as Canowindra and Grenfell depots with only minor safety issues being recorded. At every Audit, the WH&S representative demonstrates the usage of BA (Breathing Apparatus) Units to staff.

g) *Meters*

Reading of meters is due to commence in Blayney on the 13/10/16. 24 meters were replaced in the last two months due to age and condition.

h) *Capital Works*

Planning for Trunk Main K is well underway. Works will be delivered in three stages, with Stage 1 due to commence on 14<sup>th</sup> November 2016.

The slab has been constructed and frames erected for the new office/amenities building at Blayney Filtration Plant.

**BUDGET IMPLICATIONS**

Nil

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

Nil



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

(Leonie Freeth)

**RECOMMENDATION:**

1. That the information be noted.

**REPORT**

*i) Main Breaks*

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

Location		Date	Size	Comment
Canowindra	22 Newton Road Canowindra	30/8/2016	150mm	DNR

*j) Service Complaints and Requests*

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

<b>BLAYNEY</b>	<b>18</b>
LEAKING METER	7
LEAKING SERVICE	4
LOW PRESSURE COMPLAINT	1
MAINTENANCE - GENERAL	1
METER NEW/REPLACEMENT	1
METER NOT SHUTTING OFF	3
NO WATER COMPLAINT	1
<b>CANOWINDRA</b>	<b>15</b>
BURST METER	1
LEAKING METER	2
LEAKING SERVICE	9
MAIN BREAK	1
METER NOT SHUTTING OFF	2
<b>CARCOAR</b>	<b>5</b>
HYDRANT LEAKING	1
LEAKING SERVICE	2
METER NOT SHUTTING OFF	1
QUALITY COMPLAINT	1
<b>CARGO</b>	<b>1</b>
LEAKING SERVICE	1
<b>EUGOWRA</b>	<b>6</b>
CHECK METER READING	1
HYDRANT LEAKING	1
LEAKING METER	3

LEAKING SERVICE	1
<b>GRENFELL</b>	<b>4</b>
HYDRANT LEAKING	1
LEAKING METER	1
LEAKING SERVICE	2
<b>LYNDHURST</b>	<b>2</b>
HYDRANT LEAKING	1
METER NOT SHUTTING OFF	1
<b>MILLTHORPE</b>	<b>2</b>
HYDRANT LEAKING	1
PATHCOCK FAILURE	1

There have been numerous calls from the community reporting main breaks that when investigated is surface water caused by the large amount of rainfall the region has received.

*k) Lake Rowlands*

The level of Lake Rowlands has remained relatively steady 109% (2.08.2016) and presently 108% (30.9.2016)

The catchment has had significant rainfall, which has delivered outflows from Lake Rowlands of 6,657 ML in August and 21,377 ML in September 2016, totalling 28,033 ML over the last two months.

On 13<sup>th</sup> September 2016, Water NSW conducted a routine Dam Surveillance Inspection of Lake Rowlands. No critical issues were identified, and a report is yet to be received.

*l) Drinking Water Management System*

CTW completed the Annual Review of the Drinking Water Management System (DWMS). The review showed that water quality was maintained at a high standard throughout the year with only two minor non-compliances and no exceedance of Critical Control Points. The Annual Review was submitted to NSW Health on 25<sup>th</sup> September 2016.

*m) Cowra Emergency Water Supply*

On 1<sup>st</sup> October 2016, Cowra Shire Council contacted CTW requesting 10 L/s supply to their system through Trunk Main H, owing to a breakdown of their raw water pumps. Throughout the weekend, Cowra Shire Council increased the amount of supply required to 25 L/s to supply the whole of Cowra. The emergency water supply was shut down on 6 October 2016 following confirmation from Cowra Shire Council that their water supply issue has been resolved.

## **BUDGET IMPLICATIONS**

Nil

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

Nil

**15) QUESTIONS ON NOTICE**

(Gavin Rhodes)

No questions on notice were received.

**ATTACHMENTS**

Nil

**16) CENTRAL TABLELANDS REGIONAL WATER SECURITY PROJECT - VALUATIONS (WS.AM.1)**

**WATER LEAKAGE – ACCOUNT 2340100007 (CR.EQ.1)**

(Gavin Rhodes)

**RECOMMENDATION:**

1. That, Council adjourn into a Closed Meeting and the press and the public be excluded from the meeting of the Committee of the Whole, as these matters are considered to be confidential under Section 10A(2) of the Local Government Act, for the following reasons:
  - a. commercial information of a confidential nature that would, if disclosed:
    - i. confer a commercial advantage on a competitor of the council,  
or
  - b. personal matters concerning particular individuals (other than councillors).

**ATTACHMENTS**

Nil

**17) 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

**18) REPORT OF THE COMMITTEE OF THE WHOLE**

(Gavin Rhodes)

**RECOMMENDATION:**

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

**ATTACHMENTS**

Nil