



**Central
Tablelands
Water**

Business Paper

**Extraordinary Meeting of
Central Tablelands Water**

30 June 2020

Video Conference

25 June 2020

Notice to Members

Your attendance is requested at an Extraordinary Meeting of Council to be held via video conference platform Zoom on Tuesday, 30 June 2020 at 1:00pm.

Agenda

1. Opening meeting
2. Acknowledgment of country
3. Recording of Meeting Statement
4. Apologies
5. Reports of Staff
6. Conclusion of the meeting

Yours faithfully

A handwritten signature in dark ink, appearing to read "G. Rhodes", is positioned above the printed name and title.

G. Rhodes
General Manager

ACKNOWLEDGMENT OF COUNTRY

I would like to acknowledge the Wiradjuri people who are the Traditional Custodians of the Land. I would also like to pay respect to their people both past and present and extend that respect to other Aboriginal Australians who are present.

RECORDING OF MEETING STATEMENT

In accordance with the Central Tablelands Water Code of Meeting Practice, this meeting will be audio recorded and will be uploaded to Council's website within 2 weeks after the meeting. The audio recording will allow members of the public to listen to the proceedings of the Council meetings. The objective of this service is to eliminate geographic and other access barriers for the community wishing to learn more about Council's decision making processes. By speaking at the Council Meeting you agree to be audio recorded. Please ensure that if and when you speak at this Council Meeting that you ensure you are respectful to others and use appropriate language at all times. Whilst Council will make every effort to ensure that audio recordings are available, it takes no responsibility for, and cannot be held liable for technical issues beyond its control. Technical issues may include, recording device failure or malfunction, or power outages. Audio recordings are a free public service and are not an official record of Council meetings. Recordings will be made of all Council meetings (excluding confidential items) and published within 2 weeks after the meeting. For a copy of the official public record, please refer to Council's Business Papers and Minutes page on Council's website. Council does not accept any responsibility for any verbal comments made during Council meetings which may be inaccurate, incorrect, defamatory, or contrary to law and does not warrant nor represent that the material or statements made during the meeting are complete, reliable, accurate or free from error. The audio recording is primarily set up to capture the proceedings of the Council meeting and members of the public attending a Council meeting need to be aware they may be recorded as part of the proceedings.

INDEX OF REPORTS
OF THE EXTRAORDINARY MEETING OF CENTRAL TABLELANDS WATER
HELD ON TUESDAY 30 JUNE 2020

GENERAL MANAGER REPORTS

- | | | |
|-----------|---|----------|
| 01 | DEMAND MANAGEMENT REPORT (WS.AG.1) | 3 |
| 02 | LOCAL GOVERNMENT REMUNERATION TRIBUNAL (GR.LR.4) | 5 |

FINANCIAL & CORPORATE SERVICES REPORTS

- | | | |
|-----------|--|----------|
| 03 | DRAFT OPERATIONAL PLAN 2020/2021 INCORPORATING 2020/2021 REVENUE
POLICY AND DRAFT 2020/21 TO 2029/30 LONG TERM FINANCIAL PLAN
(FM.PL.1) | 7 |
|-----------|--|----------|

01) DEMAND MANAGEMENT REPORT (WS.AG.1)

Author: General Manager

IP&R Link: Strategic Priority 1 – Provide a high quality and reliable drinking water supply – 1.1 – Service provision through fit for purpose infrastructure – 1.3 Best practice asset management – 1.4 – Mitigate environmental impacts on service delivery – 1.5 – Efficient use of water.

RECOMMENDATION:

That Council:

1. Note the report, and
2. Endorse the easing of water restrictions for the entire CTW supply network from Level 5 to Level 4 commencing Monday 6 July 2020 due to the recent inflows in the Lake Rowlands catchment.

REPORT

As a result of receiving substantial inflows from the recent rain events in the Lake Rowlands catchment during April, May and June, the level of Lake Rowlands has increased to 52% and continues to rise.

However, the Central Tablelands region is still drought declared, and as a regional water supply authority, it is imperative that CTW continues to prudently manage its finite resource.

The Bureau of Meteorology (BOM) climate outlook for the period July to September 2020 (as at 25/6/20) is encouraging, forecasting the following rainfall in the Neville area:

Rainfall (mm)	Chance (%)
100	100
150	95
200	75
250	49
300	33

Together with the current increased level of Lake Rowlands and the three month BOM rainfall outlook for the region forecasting above median rainfall, the Senior Management Team recommends an easing of water restrictions from Level 5 to Level 4 across the entire CTW supply network.

Although CTW's Drought Management Plan restriction triggers allows for an easing to Level 3 restrictions when Lake Rowlands reaches 50%, it is critical that CTW and its consumers continue to focus on conserving water, with the aim of building on the Lake

Rowlands storage level during Winter and Spring as much as possible prior to Summer.

CTW will continue to closely monitor the level of Lake Rowlands and the BOM climate outlook prior to recommending any further changes to the restriction level.

CTW's emergency drought projects and strategies continue to be planned and implemented as required.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

02) LOCAL GOVERNMENT REMUNERATION TRIBUNAL (GR.LR.4)**Author:** General Manager**IP&R Link:** Strategic Priority 3 – Regional leadership and collaboration**RECOMMENDATION:**

That Council endorse its policy of paying the maximum fees to the Chairman and Members of Central Tablelands County Council, as determined by the Local Government Remuneration Tribunal for Category County Council – Water.

REPORT

Council has received advice from the Local Government Remuneration Tribunal (LGRT) that there will be no increase to mayoral/chairpersons and councillor fees for the 2020/21 financial year.

The LGRT is required to determine the remuneration categories of councils and mayoral offices at least once every 3 years under section 239 of the *Local Government Act 1993* (the Act). The last review of the categories was undertaken in 2017 and has been reviewed this year as part of its 2020 determination.

The following table lists the Tribunal's determinations for 2020-2021:

	Councillor/Member Annual Fee		Mayor/Chairperson Additional Fee*	
	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>
<i>Principal CBD</i>	27,640	40,530	169,100	222,510
<i>Major CBD</i>	18,430	34,140	39,160	110,310
<i>Metropolitan Large</i>	18,430	30,410	39,160	88,600
<i>Metropolitan Medium</i>	13,820	25,790	29,360	68,530
<i>Metropolitan Small</i>	9,190	20,280	19,580	44,230
<i>Major Regional City</i>	18,430	32,040	39,160	99,800
<i>Major Strategic Area</i>	18,430	30,410	39,160	88,600
<i>Regional Strategic Area</i>	18,430	30,410	39,160	88,600
<i>Regional Centre</i>	13,820	24,320	28,750	60,080
<i>Regional Rural</i>	9,190	20,280	19,580	44,250
<i>Rural</i>	9,190	12,160	9,780	26,530
County Council – Water	1,820	10,140	3,920	16,660
<i>County Council – Other</i>	1,820	6,060	3,920	11,060

Sections 248 and 249 of the Act require councils to fix and pay an annual fee based on the LGRT's determination for the 2020/21 financial year. Whilst there is no increase in fees paid for the category of County Council – Water for the 2020/21 financial year, if Council does not fix a fee, Council must pay the minimum fee determined by the Tribunal.

Council's policy in previous years has been to pay the maximum fees as determined by the LGRT.

BUDGET IMPLICATIONS

Councillor fees are provided for in FY20/21 Operational Plan.

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

03) DRAFT OPERATIONAL PLAN 2020/2021 INCORPORATING 2020/2021 REVENUE POLICY AND DRAFT 2020/21 TO 2029/30 LONG TERM FINANCIAL PLAN (FM.PL.1)

Author: Director Finance and Corporate Services

IP&R Link: Strategy Priority 2 – An efficient, sustainable and customer focussed organisation – Key Result Area 2.2 Financial Management - Develop a long term financial management plan 2.2.2 Review schedule of fees and charges annually as part of annual operational plan. 2.2.1

RECOMMENDATION:

That Council endorses the draft Operational Plan 2020 – 2021 – Parts 1 & 2 and draft Long Term Financial Plan 2020/21 to 2029/30 – and they be placed on public display for a period of 28 days.

REPORT

The 2020/21 draft Operational Plan has been prepared and is presented to Council.

It is noted that Council had a detailed Workshop on the Operational Plan for 20/21 on the 27th May, 2020. The draft Operational Plan is in accord with the matters discussed at that Workshop.

It should be noted that this Operational Plan has been prepared in the context of economic recession and considerable uncertainty due to the global COVID 19 pandemic. These are very uncertain times where the degree of confidence in future predictions and assumptions is much more uncertain than in previous years.

The aim of the plan is to ensure that Central Tablelands Water (CTW) can survive this difficult period and can continue to provide a reliable, efficient and quality water service to its consumers.

CTW will seek to support all its stakeholders in ensuring that the communities that we serve can come through this difficult period and find a sustainable path forward into the future.

The plan provides a pathway to a financially sustainable future albeit with significant challenges along the way.

The main features of the plan are:

Fees and Charges

- 5.80% increase in user charges from \$3.10 to \$3.28 per kl.
- 1.7% increase in availability charges with a standard 20mm meter connection Increasing from \$240 to \$244 per annum.
- Based on these proposed changes a typical residential consumer who consumes 181 kls annually will expect to pay an additional \$33.48 annually or 65 cents per week.
- Interest on overdue accounts will be set at 0% from 1 July, 2020 to 31 December 2020 and 7% from 1 January, 2021 to 30 June, 2021 as per the rates set by the Office of Local Government.
- Developer Charges have been set in accord with adopted Development Servicing Plan (DSP) being \$9,483 per equivalent tenement (ET) for the full developer charge and \$4,403 per ET for infill blocks. It should be noted that a new DSP is currently being finalised and is expected to be adopted by the end of 2020.
- A new fee of \$2.62 per kl has been added for the supply of non-potable water, which may be sourced from Council's bores.

Operational Expenditure

- Salary and Wage costs estimated to increase by 3.0%
- Employee numbers to remain at 23 (21.8 FTE)
- Plant fleet to remain at existing levels.
- General Insurance costs expected to increase by around 20%.
- Chemical costs expected to increase by 3%
- Electricity cost rates expected to increase by 3% (allowance factored in for increased pumping costs due to bore usage)
- Information Technology Costs expected to increase by 25% due to additional software licencing and maintenance costs associated with new operational system reporting software used by Technical Services Department.
- An allowance of \$80K allowance for water purchases has been included. This includes estimated existing costs associated with water purchases from Water NSW (including water licencing charges). These costs will now be collated together rather than in various budgets including Catchment Areas and Pump Stations.

- \$150K has been included for completion of a revised Integrated Water Cycle Management Plan (IWCM) (50% grant funding is available under the Safe and Secure Water Program)
- Estimated annual depreciation for 20/21 is \$2,389K, however this can be impacted significantly by changes in the commissioning dates of new infrastructure such as the renewal of Trunk Main K.
- 11K has been included for governance programs in 20/21.

Grants Income

The following grants have been included in the 2020/21 Operational Plan:

- A 630K for completion of the Lake Rowlands Augmentation Option Study. This is the balance of the \$1M funding remaining after the hold point for the project in June, 2020.
- An amount of \$4,343K for a new reservoir at Carcoar Water Filtration Plant.
- A \$75K grant under the Safe and Secure Water Program for 50% of the costs of revising the Integrated Water Cycle Manage Plan.

Major Capital Expenditure Projects

The following major projects are included in the 20/21 Capital Budget:

- \$630 K for completion of the Lake Rowlands Augmentation Option Study. (total funding is \$1M)
- \$4,703K for design and construction of a new reservoir at Carcoar Water Filtration Plant
- \$60K for a Water Quality Testing Facility on the Carcoar to Orange Pipeline.
- \$40K to complete the land acquisition near the Carcoar Water Filtration Plant
- \$459K for vehicle replacement
- \$50K for a Chlorination unit at Grenfell North.

Estimated Operating Result 2020/21

The budget result is expected to be a deficit of \$147K before Capital Grants and Contributions. The result after Capital Grants and Contributions is a surplus of \$5,036K

Long Term Financial Plan (LTFP) – 2020/21 to 2029/30

Three scenarios have been prepared in the Long Term Financial Plan.

1. Base case using the draft operational budget for 20/21 as the base year.
2. Based on a capital cost estimate for the raising of Lake Rowlands dam wall coming in at \$14M (as opposed to the \$10M in draft base case)
3. Based on no increase in charges in 20/21 and substantial loss of revenue over the 10 year period and the impact upon Council's infrastructure renewal program.

The base case indicates that Council can fund its operations and the planned Capital program with a planned \$12.5M borrowing program over the next 10 years. The base case indicates that the planned \$3M borrowing in 2029/30 may not be required if Council's projected cash reserves are achieved.

Scenario 2 indicates that Council can fund 50% of an estimated \$14M capital cost for the augmentation of Lake Rowlands however the additional interest cost and additional depreciation would mean that fees and charges may have to rise further than projected in the base case to ensure that the operating result before capital can remain in surplus.

Scenario 3 highlights the compounding effects of not increasing charges on a regular basis to ensure that cost recovery can occur. The income forgone by freezing fees and charges for a single year can be a very significant amount when the cumulative effect over a 10 year LTFP is calculated.

BUDGET IMPLICATIONS

As per the Report.

POLICY IMPLICATIONS

Revenue Policy changes.

ATTACHMENTS

Draft 20/21 Operational Plan and Draft Long Term Financial Plan 2020/21 to 2029/30 will be distributed separately.